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Halina Sobocka-Szczapa

Determinants of Organizational Effectiveness vs. Humanistic Management Problems




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SPÓŁECZNEJ AKADEMII NAUK



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Preface

We are handing over to the readers another issue from the journal "Entrepreneurship and Management", University of Social Sciences. In total, 11 articles were presented in the issue, having the character of scientific studies. The subject matter of the articles is diverse, but the advantage of those that raise issues related to the broadly understood management of organizations can be noticed. In studies in this field, we also deal with the issues of the so-called hard management, associated with the economic effects of companies, as well as the so-called soft management manifested in the humanistic approach.

Encouraging you to read all the articles, it is worth presenting the main contents contained therein.

An elaboration by Joanna M. Moczydłowska, entitled *Personal Risk Management as Condition of Organization's Safety. Review of Conceptions*, was devoted to the study of the subject of personal risk, which is a consequence of the growing importance of human resources as a business success factor. This risk results from the unpredictable behavior of employees, as well as from the way people manage their organization. The thesis of the article, which is: personal risk management is a condition for safe operation and development of the organization, emphasizes the importance of this problem in the efficient and effective operation of the subject. The article is of conceptual character and its aim is to systematize knowledge about personal risk management and identify potential research gaps.

Małgorzata Smolarek and Aneta Pachura, in their article *Organizational culture of small and medium enterprises – the context of shaping employee satisfaction*, continuing the topic of employees' importance to the functioning of the organization, emphasize the importance of their satisfaction. The paper presents findings of theoretical and empirical studies on organisational culture in terms of exploring the level of employees' satisfaction. The discussion was focused on the subject of determining employee satisfaction in small and medium-sized enterprises. The aim of the studies was to identify organisational culture in the context of seeking ways to increase employee satisfaction. The paper presents theoretical foundations for interpreting organisational culture and employee satisfaction. Study of the literature has been complemented with survey findings.

In the study of Krystyna Kietlińska and Małgorzata Jabłońska, entitled *Forms of MSME involvement in social activities*, we find continuation of the issues from the previous article regarding the functioning and the role of the sector of small and medium-sized enterprises. The micro, small and medium-sized enterprises are in the process of minimizing or eliminating the problem of social activities. Therefore, the article attempts to determine whether activity in the field of corporate social responsibility is similar or differentiated depending on the size of the enterprise. In this context, the main hypothesis was

verified, namely that the size of the enterprise is a determinant of the type of social activity. The basis for verification of the research hypothesis were examples of "good practices" in this field implemented in Polish enterprises of the MSME sector, participating in the project „Increasing the competitiveness of regions through corporate social responsibility (CSR)", the results of which were presented by the Polish Agency for Enterprise Development in 2017.

Halina Sobocka-Szczapa is the author of the study entitled *Recruitment and labor market situation*, which raises problems of business entities and is related to the issues raised in earlier articles, namely the issue of recruitment. In this context, she refers to the current situation on the labor market, which significantly contributes to the increase in the number of problems faced by organizations. The recruitment process is influenced not only by the small number of jobseekers with qualifications desired by particular organizations, but also by the expectations of these people, especially when the qualifications and skills they represent fall into the category of deficits. Difficulties associated with the recruitment of appropriate staff contribute to increasing the participation of companies in the processes of employee education, which, unfortunately, increases the costs of business.

In the study *Coaching as a Tool Supporting Conscious Career Building - Theoretical Perspective* Barbara Kamińska presented another, important – as it seems – problem for employees, and thus companies, which is coaching. Coaching despite being no panacea for all problems, has been gaining increasing popularity in Poland as well. Although different varieties of coaching exist, each of them aims to improve the client's standard of living and quality of life, facilitate his or her choice of an appropriate way to fulfil desired objectives and prepare him or her for consciously carving own paths of both personal and professional life. The article aims to present general principles of and information about coaching, its varieties and benefits, especially in the area of professional career building. Coaching is useful for both young employees facing career path choices and mature individuals who consciously climb their selected career ladders.

The article *Visual management as the support in building the concept of continuous improvement in the enterprise* of Adam Lewiński concerns another new way of supporting enterprises in improvement processes, namely visual management. This method enables enterprises to strengthen their process of continuous improvement. Due to the support of visual management, it is possible to manage information more effectively by the managerial board and to improve communication process within the particular company. In the first part, the author describes the concept of Lean Management. Then the idea of continuous improvement is explained, which is the fundament of this Japanese management concept.

In the next study *Unethical actions in economic activity in selected European and small countries*, of Małgorzata Jabłońska and Dorota Burzyńska, the considerations regarding unethical activities that we may have to deal with in economic activity are presented. A system of ethical principles that protects businesses against the spread of various pathologies, including fraud, turns out to be not very tight, because in practice there are manifestations of dishonesty that generate various costs for enterprises. They also pose a threat to their further functioning on the market. In addition, the scale and types of fraud were not fully investigated due to the fact that many unethical activities were not identified or reported to the relevant authorities. The article presents the scale of unethical activities committed in enterprises in selected European and Asian countries on the basis of reports.

The problem of unethical activities is undoubtedly connected with conducting control procedures. Such considerations have become the subject of another article by Elżbieta I. Szczepankiewicz. It is entitled *Roles and Responsibilities of Audit Committees in Public Finance Sector*. This paper describes the effect of the current legal regulations on establishing audit committees in the public finance sector. The author analysed the roles and responsibilities of audit committees in public finance sector in order to initiate a discussion on the competencies and liability of audit committee members in Poland. Having analysed the Rules of Operation of audit committees as well as other documents the author classified: the main areas of audit committees' activity in the analysed entities and similarities and differences in the functioning of audit committees in the public finance sector and public-interest entities. The importance of the issues raised is important because of the rules governing the functioning of audit committees, as well as the fact that they constitute an element of public management. Efficient and effective functioning of audit committees is seen as an opportunity to improve supervision quality in the public sector.

The penultimate article about management issues is the development of Robert Zubkowicz, entitled *Comparison of the Organizational Activity and Economic Efficiency of Selected Municipal Zoological Gardens in the World*. The research presented in the article was based on a comparative analysis of data obtained from selected zoos in the world. Data was collected from completed questionnaires and from official financial reports posted on the website of the zoo or city. A comparison was made between 22 zoological gardens: 9 from Poland, 4 from Central Europe, 9 from Western Europe and the USA.

In a recent study in this field, entitled *The fourth industrial revolution and workforce – a chance or a threat?*, Paulina Szterlik describes issues related to the fourth industrial revolution, transferring them to the ground of the organization and employee. The author believes that the fourth industrial revolution is a concept, which changes the way that modern societies live and work. It can be considered a major paradigm shift, as it prio-

ritizes the creation of a smart and sustainable environment by developing and implementing new technological solutions. He has a chance to create a new job, which will be able to help people to improve their skills and competencies. On the other, however, the technological progress is connected with redundancy and job loss. The changes can be seen as an increase in the level of social anxiety and the cause of insecurity. The identification of key areas for improvement is an adaptation to a complex economic circumstances. Therefore, identifying these changes becomes an important element in creating a job candidate profile.

The last item contained in the journal concerns economic issues and is undoubtedly an important supplement to the considerations presented so far. It is a kind of clasp that binds these considerations. Urszula Żuławska, author of the article entitled *Stability of Polish Economic Growth in the Light of Middle Income Trap* defines and indicates, on the basis of literature related to the concept of central trap (MIT), factors that contribute to the growth or slowdown of the economic growth of the Polish economy at the current stage of development. A comparison of the experience of Poland, Chile and Hungary, which have recently found itself in the group of high income countries, indicates that although in exceptional cases high economic growth rate may be based on the exploitation of raw materials, in the face of demographic threats it is necessary to exert pressure on increasing the economy's innovativeness, get a better position in the global value chain.

Studies included in the publication are characterized by high scientific and cognitive values, as evidenced by obtaining a positive review by them. The issues raised are extremely important for the functioning of entities. It is particularly important to indicate the possibility of using the experience of other sciences, the use of which in business practice could bring a definite improvement in the effectiveness of companies. In many cases, the combination of theoretical considerations with empirical analyzes has enabled a greater understanding of the presented problem. Therefore, the presented articles can be an important supplement to the literature, above all economic, but also social. They can also be used in the didactic process.

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Personal Risk Management as Condition of Organisation's Safety. Review of Conceptions

Abstract: The growth of the meaning of human resources and human capital as business' success' factor justifies exploring of personal risk's subject. This risk arises from unpredictable behaviours of employees as well as from the way of people management in an organisation. In the article the following thesis has been worded: the management of personal risk is the condition of organisation's safe working and development. The article is conceptual. Its aim is to systematise the knowledge about personal risk management and to identify potential research gaps.

Key words: personal risk, personal risk management

Introduction

The conditions of running an enterprises lie behind the fact that the risk interpreted as the possibility of that specified situations in organisation reality can happen [Carter, Demczur 2008, p. 14] is one of the most important theoretical concepts in economic sciences, including management sciences. This rule also concerns the personal risk (other human resource risk), although it needs to be equally pointed out that the personal risk is relatively new field of research. Maybe it comes from that the issues of personal risk is placed in borderlines of human resource management and risk knowledge. In this

¹The research has been realised within the confines of paper no. S/WZ/3/2017 and financed from the budget of Ministry of Science and Higher Education for learning

context it is worth to underline the fact that scientific analysis of risk not only answers the questions how the risk should be understood, measured, monitored and how to assess its consequences but also this analysis' results let the decisions made from it be the element of building the widely understood organisation's safety. Efficient, responsible, involved and loyal employees are the most important factor which decides about the success of business operations and organisation's market position. On this account, as S. Borkowska accurately writes [2007, p. 301], 'The personal risk management should be considered as one of the crucial personal issues which becomes particularly significant currently and in the future'.

The problem of risk on the ground of management sciences is the most often taken in the context of decision-making process. Such a spin arises from the fact that the management, as normative science, in the field of its interest sets ways of efforts' valuating and assessment of its results. This rule also concerns decisions of people working in relevant organisation and decisions associated with building and processing the personnel strategy.

The personnel risk should be considered as one of the specific risks isolated from the general risk. On this account, just as general risk it can be considered in different dimensions: psychosocial (e.g. the risk associated with psychological and social consequences of specified personnel decisions), mathematical and statistical where the effects of personnel decision-making are defined as possibility of financial loss' occurring or lack of expected benefits but also occurring of profits which are the consequences of personnel decisions [Buła 2003, p. 23]. On this account, the aim of the article is to systematise the knowledge about personal risk management from the viewpoint of building organisation's safety and to indicate crucial problems for further research.

The core of personal risk

A risk is one of the concepts that does not have clear-cut, accurate definition accepted by whole scientific community. The concept of personal risk (alternatively defined as risk of human factor or human resource risk) also does not have its definition [Kapuścińska, Lachiewicz, Matejuk 2015, p. 78]. The analysis of source literature leads to conclusion that there are many essentialising of this concept that are competing along. The lead Polish researcher of personal risk, A. Lipka [2002, s. 24] defines it as 'devoting in the face of uncertainty in activities concerning the personnel which can result in failure'. Those activities concerning the personnel are all of the activities and the decisions making within the pursued personnel policy and involving all the human resource management's processes in an organisation. Cited author treats personal risk as one of the types of micro-organisational and micro-social risk i.e. risk associated with organisation's social system' [Lip-

ka 2002, p. 24]. It can have strategic or operational dimension. In operational dimension the risk determines the possibilities of occurring of the loss which comes from incongruity or unreliability of internal processes, people and technical systems or external events [Kendall 2000, p. 16].

The personal risk can be subsumed narrowly or widely. In narrow spin it is identified with so-called human factor's risk, i.e. it indicates treatment of employees as potential source of risk [Zemke 2009, p. 22]. The individual employees' traits, unpredictability of their behaviour, acts or decisions taken (intentionally or unconsciously) by employees against an enterprise and fortuitous events that involve several persons and which can lead to negative effects for an organisation are the factors of risk [Shelest 2013, p. 73–85]. Introducing the personal risk as 'the risk of financial loss coming from human imperfection' is another example of narrowly understood definition of personal risk [Bochniarz, Gugala 2005, s. 97–98]. This definition does not involve loss which is hard or even impossible to measure by using financial indicators (e.g. the loss of image of the company as an employer). Unfortunately, the study of economy practice provides us with numerous symptoms of such defined risk occurring in employees' behaviour. The results of the study, *The Global Retail Theft Barometr from Checkpoint Systems* can be the example. According to it, in Polish trading posts almost 34% of losings are caused by dishonest employees which is the reason of being among leaders of the least honest employees in Europe [www.pih.org.pl].

A wider approach of personal risk's problem combines potential dangers relevant to unprofitable – from the viewpoint of the company – attributes and behaviours of employees and low effectiveness of human resources' management system. The treatment of personal risk as 'benchmark of danger that the actual level of employees' functioning will deviate from the level that represents organisation's mission and this danger comes from non-effective activities in terms of human resources management' [Shelest 2013, p. 75] is the example of wide definition. Table 1 contains the review of personal risk's selected definitions.

Table 1. Selected definitions of personal risk

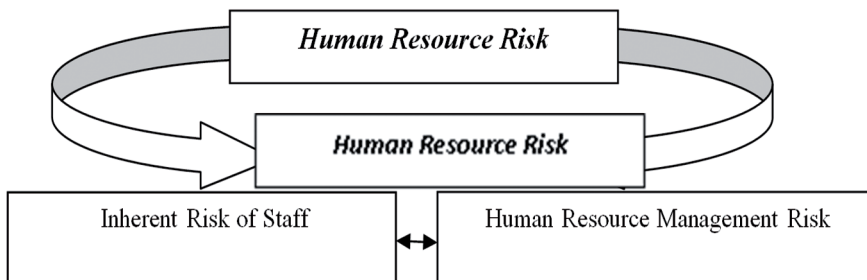
' (...) the risk of financial loss coming from human imperfection (mistakes coming from scarcity of knowledge, abilities, right predispositions but also conscious law-breaking and breaking the company's internal regulations by employees and also deficiency in processes of those law and regulations' management' [Bochniarz, Gugala 2005]
' (...) function of possibility that negative event will occur as a consequence of taken personal decisions (subjective decisions as well as forced by conditions decisions) and the scale of negative effects of this event on right organisation's functioning' [Rutka, Czerska]
' (...) the amount of all unexpected results of violating rules' risk, risk of 'leaving', motivational risk, overload risk, customisation risk and incongruity risk' [Kloti]

' (...) the possibility of not achieving goals of staff management's process' [Bizon-Górecka]
' (...) it means just as generally understood risk, the potential events' variability" [Janasz]

Source: Korombel, Bitkowska, Moczyłowska 2016.

As it is accurately noticed by A. Lipka [2002, p. 24], 'the personal risk is the result of often impossible to precisely state elements' set's influence. This set of elements can cause deviation in realised personal moves' where deviations in personal context mean difference between formed aims and gained effect. Patently, this gained effect can be worse or better than expected. The adoption of integrated model (picture 1) is a good summary of desirable extent of the personal risk's concept. The personal risk should be herein identified with concept of human resources risk involving risk of staff and human resources management risk.

Picture 1. Complex spin of personal risk



Source: self-study based on: Zhao, Jia 2017.

The human resources' risk is the possibility of loss or deviation from company's goal as a consequence of involvement of human resources in operational activity. The human resources management's risk is, in turn, a consequence of activities and decisions taken by people responsible for human resource management's area in an organisation. The connection between two aspects of human resources' risk is divided into making wrong decisions in human resource's management and applying imperfect procedures that can cause mistakes committed by employees. It ventures business entity to unpredictable employees' behaviours (i.e. risk of staff).

Sources and types of personal risk

The assessment of personal risk requires evaluative analysing of individual types of personal risk. The result of this analysis is determination of level of possibility that negative appearance will occur or extent of losses which can be caused by this appearance. The personal risk associated with human resource management is a product consisted of recruitment risk, evaluation risk, intervening in employee's development risk, motivational risk and outplacement risk. This personal risk's division designates indirectly how many processes and organisational appearances can be a reason of personal risk's occurring. To put it simply it can be assumed that we should look for sources of personal risk in internal and external environment, styles and ways of personal decision making, decisive subjects' traits [Kuc 2007, pp. 8–11]. The trial of their systematization is showed in table 2. It was made with full consciousness that it is a general and incomplete list and every organisation that wants to professionally manage a personal risk need to regularly diagnose specific sources and types of risk. In table 2 has been focused on risk's factors embedded in organisation's human resource policies, means of implementation of the personal function and employees' attitudes and behaviours. However, it should be clearly accented that the risk's sources embedded in organisation's environment are equally important. Economic, legal, social and demographic environment is the key subsystem which generates risk for company. There are e.g. unprofitable processes occurring on labour market, low educational standard, not adjusted to requirements of the labour market educational system or/and frequent changes in lawmaking, especially labour law. That is why it is assumed that in personal's sphere the risk is determined by factors occurring in macroscale (exogenous) and endogenous, i.e. coming from organisation's strategy, culture and structure or means of implementation of the process of managing the human capital.

Table 2. The sources of personal risk in organisation's pesonnel policy and dangers arising from them

The sources of personal risk in organisation's pesonnel policy	Dangers arising from these sources
Shortage of human resource management's strategy or shortage of linkage between this and company's business strategy.	Bad quality of human resources arising from incompatibility of employees' abilities' potential and organisation's strategic objective, high labour costs.
Low managers' autonomy in applying various management's tools, including motivating.	Employees' low motivation and job quitting caused by it.

Lack of diagnosing employees' professional abilities and/or incompatibility of job and employees' abilities	Bad quality of job realising, lack of job fulfilment and as a consequence quitting a company. Occuring of abilities' gap or too high abilities.
Hard-and-fast rules of staffing, staff's promoting and firing.	Scant use of employees and candidates' abilities' potential.
Lack of motivational compensation system.	Employees' low motivation and job quitting caused by it.
Lack of professional training policy (lack of diagnosis of training needs, choosing bad quality training, lack of linkage between abilities' upraising and career path).	Occuring of abilities gap and/or wasting funds on unnecessary or non-effective trainings.
Lack of personnel policy based on clear career path and talent management.	Lack of employees' motivation to self-development, leaving the job by ambitious and gifted employees.
Lack of personnel audits or rare personnel audits.	Lack of complex and earnest knowledge about human resources' condition and quality of human resources management's process.
The sources of personal risk embedded in employees' attitudes, behaviours and traits	Dangers arising from it
Low morale and work culture (evincing in lateness, high absence, not caring about company's confided properties or even robberies).	Bad quality of products and services, and as a consequence company's low competitiveness and lack of effectiveness.
Not following the rules of OSH (occupational safety and health).	Physical and mental overburdening which declines work quality, work accidents and costs relevant to it.
Excessive internal competition.	Lack of cooperation and knowledge sharing, high strength of destructive conflict.
Symptoms of relations' pathology, e.g. mobbing, filial cannibalism, nepotism.	Sense of injustice or wrong that cause professional burnout, quitting a company.
Employees' health or personality problems.	Low work performance and quality, risk of destructive conflicts.

Source: Korombel, Bitkowska, Moczyłowska 2016.

The personal risk's sources enumerated in table 2 indicate that they are significantly diverse. They indirectly prove that we are more and more aware of them in science and management practice. In older papers human resources' risk have been limited to absence from work, dwindling labour market, work accidents and loss of gifted employees [Słabosz, Ziomko 2009, p. 17]. Today we know that this list is much wider and complex.

Identification of personal risk's factors as condition of organisation's safety management

Giving security of organisation demands correcting risk's identification which on its own is enough complicated process and requires factual knowledge from people making such judgement. Concurrently, it is the first stage of risk management's holistic process. It is often the most difficult one. In literature many authors support this view, considering risk's identification as the most important stage of risk's management process [Chapman 2001, p. 151]. It comes essentially from the fact that any mistakes made on this stage cause further incorrect risk's judgement. It will inhibit or even will not admit for right choice and later applying proper method and way of risk's response.

The judgement of personal risk's factors requires proper definition of dangers and crucial areas in organisation's activity. It has a particular meaning in case of implementing new techniques or employment policy's change and also expected changes in organisation's environment. It is also necessary to assess the influence or the meaning of various possibilities of containing the risk relevant to existence of earlier diagnosed dangerous and crucial areas and also ranking dangerous and crucial areas of organisation depending on accepted criterion. We can use here such criterion as: time needed for re-introduction or reconstruction of the state from before presumptive crisis events, financial consequences of this event (direct and indirect consequences, e.g. immaterial loss, supplementary costs, loss of customers, loss of organisation's good image etc.). Using relatively precise standards of personal risk facilitates diagnosis of urgent risk (it is a group of risks requiring immediate reactions because their influence on process of particular project is significant) and petty risk towards which it is not required to take any activities except its monitoring [Juchniewicz 2016, p. 219].

Ch. Ashton, M. Haffenden, A. Lambert [2004, p. 128] have offered interesting solutions in the field of personal risk's factors' judgement. In their opinion standards of human resources management's effectiveness should be divided into strategic and operational. Strategic standards are: profitability index of labour costs, return on human capital (netto/brutto), Economic Value Added of human capital, profitability index of human capital, profitability of investment in human capital and market value of human capital. On the other hand, quoted authors as the operational standards rank:

- recruitment rate
- employment rate
- performance of implementation programmes indicator
- working time index
- employees' development index
- human resources' processes index

- human resources department index
- employee assessment index [Gołembski 2015, p. 528].

The conclusions draw on the grounds of analysis of strategic standards enable to limit human resource risk in all processes in an enterprise. On the other hand, operational standards enable to verify means of implementation and effects of human resource processes and thereby form convenient starting point of building the quantifiers that are useful when the risk of staff’s anatomy is evaluated [Gołembski, Sobolewski 2013, p. 52]. The possibilities of applying strategic and operational standards for personal risk’s assessment are showed in table 3.

Table 3. Employment of selected strategic and operational standards of human capital for staff’s risk’s assessment

Strategic standard	Possible application for personal risk’s assessment
Economic Value Added of human capital: $\frac{\text{Net profit after tax} - \text{capital cost}}{\text{Number of full -time}}$	Standard shows how big the profit from one day jobs. It enables to assess the risk relevant to functions and tasks’ division and risk of wrong job evaluation.
Profitability of investment in human capital: $\frac{\text{Incomings} - (\text{operational costs and total labour costs})}{\text{Total labour costs}}$	Standard enables to estimate how funds employed in an employee transfer to company’s profits. It enables also to assess the risk of abilities’ gap and wrong employees’ recruitment and selection
Market value of human capital: $\frac{\text{Market value} - \text{book value}}{\text{Number of day jobs}}$	Standard burdened with quite a big mistake in view of market value’s dynamics
Operational standard	Possible application for personal risk’s assessment
$\frac{\text{Number of recruitment processes}}{\text{Number of employees}}$	Standard of recruitment risk’s evaluation enables to assess the effectiveness of employees’ recruitment and selection

$\frac{\text{Number of employees with over 2 years of work experience}}{\text{Number of employees in all}}$	Assessment of the risk coming from so-called 'young rate' enables to determine the risk arising from too many inexperienced employees
$\frac{\text{Costs of HR department's working}}{\text{Operational costs}}$	Standard of risk incident to organisation's excessive burden of HR costs

Source: self-study based on Gołembski 2015.

Standards showed in table 3 prove that despite qualitative character of the majority of activities relevant to human resources management it is argued to search for standards that let source 'hard' information. This information is essential to rationally manage a personal risk. Unfortunately, results of the studies indicate [Gołembski, Sobolewski 2013, p. 529] that as many as 65% of Polish companies do not apply any standards of personal function (HR process) and next 20% apply them selectively.

Conclusion

The crucial element of safe working and development of an organisation is managing the risk of various kind, including personal risk. The analysis of personal risk management crucial aspects showed in this article enables to word relevant problems for further empirical research:

- What are the sources and types of personal risk specific to various sectors and industries?
- What are the differences between managing the personal risk in business entities and in public organisations?
- Which new sources of personal risk come from increased migration processes and thereby from increasing organisation's cultural complexity?
- What are the potential psychological consequences of personal risk (e.g. arising from growing number of employees who take up work under their level of education and career aspirations)?
- Do such variables as gender or management job's experience influence the perception of sources and potential consequences of personal risk in an organisation?

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Organizational Culture of Small and Medium Enterprises – the Context of Shaping Employee Satisfaction

Abstract: The paper presents findings of theoretical and empirical studies on organisational culture in terms of exploring the level of employees' satisfaction. The discussion was focused on the subject of determining employee satisfaction in small and medium-sized enterprises. The aim of the studies was to identify organisational culture in the context of seeking ways to increase employee satisfaction. The paper presents theoretical foundations for interpreting organisational culture and employee satisfaction. Study of the literature has been complemented with survey findings. Three research areas have been distinguished: climate in the organisational environment of an enterprise, internal communication and an employee's identification with the organisation. With the characterisation of each of these areas, an attempt has been made to identify ways to increase employee satisfaction.

Key words: organisational culture, employee satisfaction, climate in the organizational environment, internal communication, employee's identification with the organization.

Introduction

The perspective of organisational environment of modern enterprises leads to recognition of openness, volatility and flexibility as significant attributes of internal structures. The functioning of an organisation is determined by a number of environmental factors which are becoming increasingly complex, varied and more difficult to predict. Organisations perceive the need to keep up with the changes in their environment, but they also become creators of changes. Changes initiated by enterprises are aimed at improvement of internal architecture, creation of a development promoting climate, growing innovativeness, etc. It is increasingly highlighted that “an organisation is functioning in change.” This means that there is a need to make organisations ready for changes, based on a flexible, dynamic and varied relational space. An organisation’s “optimum readiness” for changes requires recognition of an employee, reorganisation of the organisational environment and intensification of interpersonal relationships [Pachura 2017, p. 180].

Referring to the challenges of the 21st century, organisations that will learn how to manage changes, become open to innovations and show consistency and determination in pursuing their objectives are likely to take advantage of the attributes of modernity [Borowiecki 2009, p. 78]. It can be argued that how an organisation makes use of its strengths and seeks market opportunities depends largely on organisational culture and social potential.

The aim of the discussion is to identify organisational culture of small and medium-sized enterprises in the context of seeking ways to increase employee satisfaction. The research problem is analysis of the elements of organisational culture which are relevant in terms of the impact on employee satisfaction. The scope of the paper includes theoretical foundations, which involved description of organisational culture and employee satisfaction, and findings of empirical studies conducted by the authors. The adopted methodology for theoretical and empirical analyses is based on study of the literature and statistical analysis.

Organisational culture as a dimension in interpretation of job satisfaction

The boundaries of an organisation shape its internal environment. Not only does the character of the internal environment determine the activities undertaken within an organisation, but it also – importantly – determines the perspective of the existence and cooperation in the external environment. In this context, the importance of the potential of an organisation’s intangible resources is increasingly emphasised. These resources are interpreted on the basis of an organisation’s competencies, relational space, functio-

nal internal systems and organisational culture, among other things [Stankiewicz 2002, pp. 105–109].

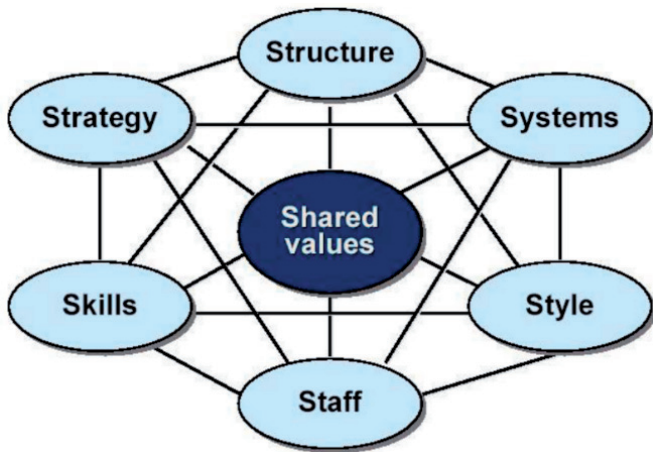
It is very interesting to look at intangible resources as the key value of an organisation which is operating in a highly dynamic, innovative and highly competitive global environment. The discussion in the literature on the specificity of the new paradigm of management places a particular emphasis on the social context. From the perspective of an organisation, attention is paid to: responsibility, respect for human being, satisfaction of individual needs, cooperation, trust, freedom and shared values [Domański, Kotarba, Krupa 2014, pp. 36–37, 39]. Organisational culture is highlighted as important in terms of impacting the capabilities of taking advantage of the potential of an organisation's intangible assets [De Long, Fahey 2000, pp. 113–127]. Adoption of such narrative allows organisational culture to be placed at the centre of an organisation's social system. It is increasingly recognised that there is a need to build a strong organisational culture. A strong organisational culture contributes to achievement of the alignment of objectives, values, etc. which are shared by employees and identified in an enterprise's organisational environment [Robbins 2004, p. 432]. An employee's identification with his/her organisation is expressed in, among other things, increased involvement, loyalty, cooperation and shared responsibility.

Organisational culture, as a very important area of management of an organisation, holds the central position in the "McKinsey 7-S" model (or 7-S Framework) developed at the end of the 1970s and beginning of the 1980s. This model, along with the so-called hard elements of management (such as: strategy, structure), also identifies soft elements such as [Pothiyadath, Wesley 2014, pp. 14–16]:

- style, which describes "the tangible patterns of the priorities for the managers",
- skills, i.e. "dominating attributes and capabilities in the organisation",
- systems, i.e. "processes routine and sets of operations",
- staff as people of organization.

In this model, organisational culture is shared values (figure 1).

Figure 1. Architecture of the model „McKinsey 7-S”



Source: Tracey and Blood 2012, p. 7.

Basic interpretation of organisational culture leads to, among other things:

- description of the architecture of a certain system made up of employees' beliefs, values, standards and behaviour [Luce 1984, pp. 40-43];
- indicating certain fundamental assumptions of an organisation, which are a result of organisational activities and experiences in the framework of an internal organisational environment and external environment [Schein 1982, p.12];
- seeking its essence in terms of such characteristics as: organisational scenario, an organisation's philosophy, core of the values, organisational climate, principles of the "game", ways of thinking and acting [Zbiegień-Maciąg 2009, p. 14, in: Kocoń 2009, p. 147].

Of importance is the process of learning organisational culture. In this respect, the literature concentrates on analysing such elements as: stories, rituals, material symbols and language [Robbins 2004, pp. 442–445]. The context of learning organisational culture, as well as the need to build a strong organisational culture, corresponds directly with the subject of employee satisfaction. One can assume that organisational culture shapes in a way employees' attitudes and determines the level of job satisfaction.

The literature sees satisfaction as manifestation of employees' optimistic attitudes towards their work [Çelik 2011, p. 8]. These attitudes are determined by a varied set of factors. They include, among other things, social status, experience, and work environment [Çelik 2011, p. 8]. At this point, it is worth paying closer attention to the specificity of and factors influencing work environment. When addressing organisational creativity, a need is indicated to identify factors that are significant to employees, and to find out their opinions on the current situation [Woodman, Sawyer, Griffin 1993, p. 304]. In this respect, a highly valuable ability is to interpret employees' verbal and non-verbal si-

gnals in a correct way [Woodman, Sawyer, Griffin 1993, p. 304]. Assuming that organisational culture impacts employee satisfaction, its elements may intensify and reduce the level of satisfaction. Adopting this perspective, it is worth looking more closely at the subject of the determination of employee satisfaction in the context of searching for the ways to boost it.

Background of the development of job satisfaction

There is an opinion in the literature which, though confirming substantial interest in the subject of satisfaction by regarding it as an interesting subject of empirical studies, indicates that the extent to which this phenomenon has been explained is disproportionate to the research effort invested [Locke 1969, p. 309]. This situation is justified by the implicit concept of causality (policy of “correlation without explanation”) accepted by most psychologists [Locke 1969, p. 309].

At present, the subject of satisfaction is addressed in studies of management in such aspects as: interpretation of the concept, identification of determining factors, analysis of behaviour and attitudes, impact on the quality of life, specification of work environment, management of the social system, and improvement of the effectiveness, productivity and efficiency of an organisation’s operation, among other things. Satisfaction is also perceived in terms of a process, where the context of the determination of employee satisfaction is analysed, and ways are sought to boost the existing level of satisfaction.

Employees demonstrate certain attitudes towards phenomena, activities and behaviour in their organisation. These attitudes show how they feel about the work they do, about professional carrier or organisational and managerial activities undertaken in the organisation. One can assume that they in a way identify an employee. Adoption of a specific attitude is determined, among other things, by the system of values, standards of behaviour, philosophy of life, etc. Empirical studies conducted in this area and practice in the management of enterprises confirm that job satisfaction is regarded as an employee’s key attitude [Saari, Judge 2004, pp. 394–395]. Attempts to define what satisfaction is resulted in identification of the following components: management style, organisational culture, employees’ involvement, empowerment and team autonomy. [Parvin, Kabir 2011, p. 113]. The attitude and competencies of top management, in turn, not only impact the quality of staff management, internal relationships, and staff turnover, but – what is very important – they also translate into the level of job satisfaction [Smolarek 2016, p. 4].

In management studies, reflection on employee satisfaction in the context of productivity growth can be traced back to the 1970s [Markus, Iyer, Soberman 2006, p. 138]. There is a widely held view that a satisfied employee becomes more productive. From

that it can be concluded that there is a linear correlation between the level of employee satisfaction and the level of his/her productivity. Analysis of this cause-effect relationship seems particularly interesting from the perspective of organisations searching for ways to achieve effectiveness by intensifying development activities. However, there are also views in which the impact of satisfaction on the performance is treated more cautiously. It is pointed out that more and more often the relationship between job satisfaction and employee performance is not directly proportional [Dugguh, Dennis 2014, p. 17]. In this context, the relationship between satisfaction and performance is indeed recognised, but it is not as “obvious” as it would seem. Therefore, the view that “a satisfied employee is a productive employee” should not be taken for granted in decision-making in the area of management of an enterprise [Dugguh, Dennis 2014, p. 17].

Job satisfaction is regarded as one of key challenges in employee management [Aziri 2011, p. 85]. Satisfaction, as an area of management in the organisational environment of modern enterprises, is becoming a highly complex, comprehensive and difficult managerial task [Aziri 2011, p. 85]. Its complexity, comprehensiveness and difficulty is reflected in variety of cognitive spheres included in general interpretation of satisfaction. According to one definition, job satisfaction is determined by a set of biological, psychological and social conditions [Çelik 2011, p. 13]. Interpretation of satisfaction touches the dimension of exploring the biological, psychological and social spheres of an employee.

Proposed methodology and identification of adopted research assumptions

The research procedure, adopted for the purpose of implementing the project: “Trends and challenges in strategic management of small and medium-sized enterprises in Silesia Voivodeship”, involved study of the literature and empirical studies. The empirical studies were quantitative in character, with a survey questionnaire selected as the research tool.

The survey research was conducted on a group of small and medium-sized enterprises between November and December 2016. The survey questionnaire was sent to 1300 randomly selected enterprises, located in Silesia Voivodeship. 356 filled-in survey questionnaires were returned. Of these, 320 were filled in completely and correctly. These questionnaires were accepted as the basis for detailed analysis.

The main goal of the comprehensive research was to diagnose the state of strategic management and human resource management, taking into account its impact on the functioning of small and medium-sized enterprises operating in Silesia Voivodeship. One of the sub-goals of the research was focused on exploration of organisational culture of small and medium-sized enterprises. For the purpose of the discussion on organisational culture in the context of the determination of employee satisfaction, atten-

tion was focused on three selected research areas: climate in the organisational environment of an enterprise, internal communication and an employee’s identification with the organisation. In this respect, the following research assumption was formulated: Organisational culture impacts the level of satisfaction among employees of small and medium-sized enterprises.

The profile of the respondents was presented based on the identification of three basic characteristics: sex, age and level of education (table 1). The enterprises were characterised using three variables: enterprise size (measured by the number of employees), year when the enterprise was set up, and reach of the business activity (table 1). It is worth highlighting that the vast majority of the enterprises covered by the research were established in 1996.

Table 1. Characterisation of the research sample

full research sample = 320 (100%)	
sex of the respondents	
females	38.8 %
males	61.2 %
age of the respondents (in years)	
up to 29	21.4 %
30–39	25.0 %
40–49	43.1 %
50–59	7.5 %
over 60	3.4 %
education of the respondents	
higher education	45.6 %
secondary school	39.7 %
vocational education	14.7 %
size of the enterprise (number of employees)	
0–9	69.4 %
10–49	27.2 %
50–249	3.4 %
when the enterprise was set up	
...-1989 r.	13.1 %
1990–2000	47.2 %
2001–2010	29.1 %
2011–...	10.6 %

reach of the business activity	
domestic	50.3 %
local	26.9 %,
regional	17.5%
international	5.3%

Source: own study.

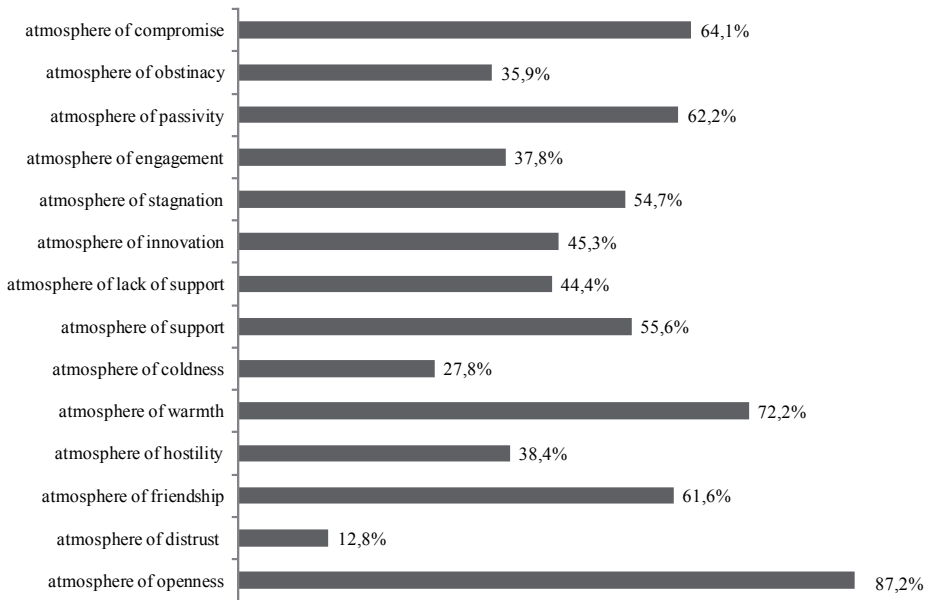
Studies of employee satisfaction in small and medium-sized enterprises

The empirical studies of employee satisfaction were aimed at characterisation of the climate in the organisational environment of an enterprise, internal communication and an employee's identification with the organisation. Presented below are the findings of the studies that directly relate to the above-mentioned research areas.

Research area (1): atmosphere in the organisational environment of an enterprise

Employee satisfaction is manifested in the organisational climate, which also impacts motivation and work effectiveness of an enterprise's employees. The type of climate can be felt in different ways (subjectively) as an atmosphere of friendship or hostility, warmth or coldness, openness or distrust, support or lack of it, innovation or stagnation, engagement or passivity, obstinacy or compromise. The atmosphere of warmth, support, friendship and openness is a measure of mutual trust and kindness in an enterprise. Figure 2 shows how employees of small and medium-sized enterprises rated the atmosphere in terms of the criteria above. The studies show that employees of small and medium-sized enterprises rated the atmosphere at their workplace relatively low which has a low impact on their job satisfaction, involvement, and thus loyalty towards the organisation (only 38.8% of respondents admitted feeling satisfaction with work and being fully engaged in performing daily tasks). Table 2 shows how the atmosphere at work was rated depending on the size of enterprises. It should be noted that relatively more smaller enterprises perceive work atmosphere as an atmosphere of distrust, coldness, hostility and obstinacy.

Figure 2. Atmosphere at the workplace in small and medium-sized enterprises



Source: own work based on conducted empirical studies.

Table 2. Types of work atmosphere in small and medium-sized enterprises by enterprise size

Type of atmosphere	Enterprise size		
	0–9 employ- ees	10–49 employees	50–249 employees
	[w %]		
atmosphere of distrust	85.1	95.4	63.6
atmosphere of openness	14.9	4.6	36.4
<i>In total</i>	100	100	100
atmosphere of hostility	68.0	48.3	36.4
atmosphere of friendship	32.0	51.7	63.6
<i>In total</i>	100	100	100
atmosphere of coldness	86.9	40.2	27.3
atmosphere of warmth	13.1	59.8	72.7
<i>In total</i>	100	100	100
atmosphere of lack of support	54.5	64.4	9.1
atmosphere of support	45.5	35.6	90.9

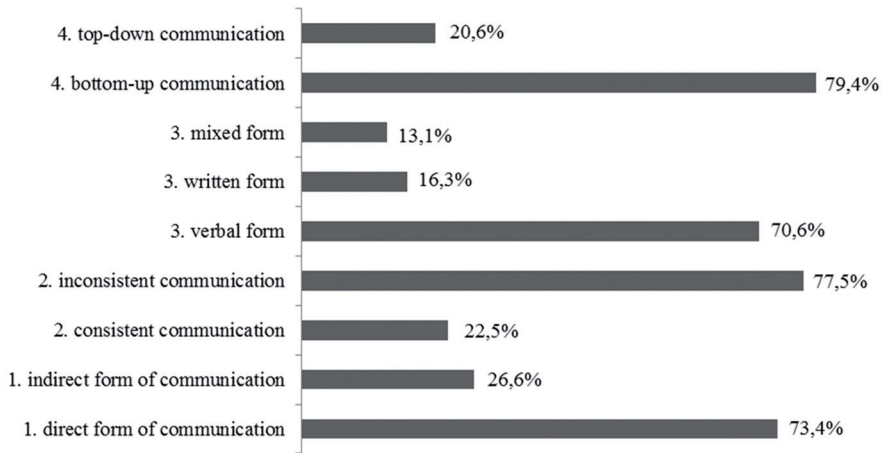
<i>In total</i>	100	100	100
atmosphere of stagnation	53.2	73.6	63.6
atmosphere of innovation	46.8	26.4	36.4
<i>In total</i>	100	100	100
atmosphere of engagement	36.9	36.8	63.6
atmosphere of passivity	63,1	63.2	36.4
<i>In total</i>	100	100	100
atmosphere of obstinacy	44.6	14.9	27.3
atmosphere of compromise	55.4	85.1	72.7
<i>In total</i>	100	100	100

Source: own work based on conducted empirical studies.

Research area (2): internal communication

Proper communication is vital for an efficient functioning of every organisation. However, it should not be limited to one-way communication of information. In communication within an organisation, of importance are: the degree of consistency of communicated information, form and direction of communication of information, and degree of process formalisation (figure 3). The data shows that the direct form of communication of information dominates in small and medium-sized enterprises (73.4%) (criterion 1). Unfortunately, those surveyed emphasise inconsistency of communicated information (criterion 2), as indicated by 77.5%. It should be noted that among micro-companies inconsistent character of communication was indicated by as many as 97.7% of employees (table 3). Information is mainly communicated orally (criterion 3), as confirmed by 70.6% of the respondents. The written form was indicated by 16.3% of those surveyed. In terms of the dominating direction of information flow, the top-down approach is much more prevalent (79.4%) (criterion 4). The opposite direction was indicated by 20.6% of those surveyed. With an increase in the company size, the importance of the indirect form of communication also grows. Verbal communication is characteristic of smaller companies, whereas written communication is more common in larger companies. Table 3 presents detailed data by enterprise size (micro, small and medium-sized enterprise).

Figure 3. Types of communication in small and medium-sized enterprises



Source: own work based on conducted empirical studies.

Table 3. Types of communication in small and medium-sized enterprises by enterprise size

Communication type	Enterprise size		
	0–9 employees	10–49 employees	50–249 employees
	[w %]		
direct form of communication	83.3	54.0	27.3
indirect form of communication	16.7	46.0	72.7
<i>In total</i>	100	100	100
consistent communication	2.3	72.4	36.4
inconsistent communication	97.7	27.6	63.6
<i>In total</i>	100	100	100
verbal form of communication	89.6	27.6	27.3
written form of communication	0.9	12.6	54.5
mixed form of communication	9.5	59.8	18.2
<i>In total</i>	100	100	100
top-down communication	93.2	48.3	45.5
bottom-up communication	6.8	51.7	54.5
<i>In total</i>	100	100	100

Source: own work based on conducted empirical studies.

In building organisational climate, as well as boosting employee satisfaction, it is important to provide possibilities of sharing comments and ideas with superiors and co-workers. Cyclically held discussions or meetings between management and employees serve this purpose well. Sadly, small and medium-sized enterprises do not recognise the value of cyclical discussions or meetings between management and employees (48.8% of those surveyed state that there are cyclical meetings/discussions organised in their companies). As a result, employees cannot express their comments, ideas or opinions easily to their superiors. Possibility of communicating comments, ideas or opinions during such meetings scored 3.25 out of the maximum 5.00. Interestingly, the situation looks a little better in micro-companies, for which the weighted average was 4.0. The higher score achieved by smaller enterprises may be due to more direct relationships in enterprises of this size.

Research area (3): employee's identification with the organisation

An employee's identification with the organisation is understood as being part of the team and the sense of being an important person in that team and/or organisation. 45.9% of those surveyed indicated that they identified themselves with the organisation, with the remaining 54.1% not noticing such a relationship. Figure 4 presents the structure of responses related to the respondents' identification with their organisations by organisation size.

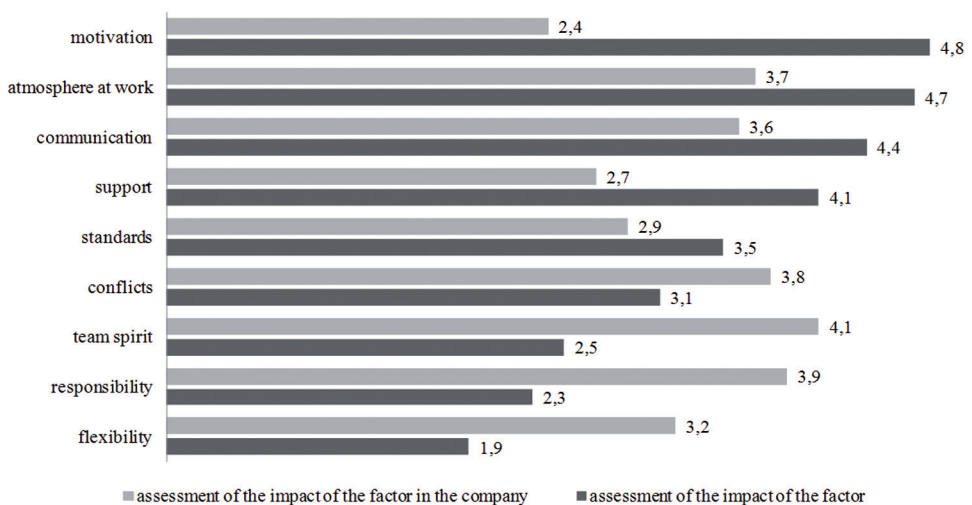
Figure 4. Employee's identification with the organisation by enterprise size



Source: own work based on conducted empirical studies.

The analysed factors contributing to an employee’s identification with the organisation and impacting job satisfaction included: atmosphere at work, motivation (regarding principles for awarding rewards and giving punishments, sense of recognition, and adequacy of the assessment system), communication (regarding the mission, vision, defined objectives, executed tasks), and standards (i.e. the importance that the organisation attaches to performed tasks: their quality, employee improvement, tolerance for mediocrity). Among the other factors were: flexibility (i.e. autonomy resulting from the principles and procedures adopted in the organisation, degree of red tape in the company and openness to employees’ creativity), responsibility (defining the scope of employees’ competencies – their independence, autonomy in decision-making, risk-taking in experimenting), team spirit (i.e. knowledge sharing, cooperation, engagement in additional tasks if needed, level of satisfaction), conflicts (including openness to different opinions, readiness for hearing them), attitude (i.e. whether conflicts are ignored, resolved and how), support provided to the other team members and spontaneous help. Figure 5 shows how employees rate the impact of selected factors on the identification with the organisation and how a given factor was rated in their company (on scale from 0 to 5). Motivation and appropriate atmosphere at work were indicated as the factors which have the biggest impact, whereas responsibility and flexibility were regarded as having the least impact. Motivating employees, support and standards were rated lowest in the companies.

Figure 5. Assessment of selected factors impacting employees’ identification with their organisations in small and medium-sized enterprises



Source: own work based on conducted empirical studies.

Summary

The theoretical and empirical discussion on organisational culture in the context of determination of job satisfaction, as presented in this paper, makes it reasonable to make an attempt to identify some recommendations on how to increase the level of employee satisfaction. Literature review and the findings of quantitative studies lead to the following reflections:

- building an appropriate atmosphere at work contributes to building organisational climate, which impacts an increase in job satisfaction in employees,
- ignoring organisational culture in management of a modern organisation may be the cause of insufficient effectiveness,
- it is recommended to conduct thorough studies of organisational culture elements, especially those describing organisational climate, given that employees of small and medium-sized enterprises rate the atmosphere at their workplace, the motivation system in place and social policy relatively low, which may indicate the need to take corrective actions,
- it can be assumed that creation of an appropriate organisational culture corresponds, among other things, with the need: to boost all employees' engagement in performed tasks, to align an organisation's goals with employees' individual goals, to reward employees' efforts and develop a proper motivation and training system.

The research perspective adopted in the paper certainly does not exhaust the subject of determination of job satisfaction. Analysis of the impact of organisational culture elements on the level of employee satisfaction is a very interesting research area. However, due to practical usefulness of the opinions formulated in this area, the authors perceive the need to make the research procedure more detailed and extend it to include new cognitive spheres. As the starting point, it is proposed to take the functioning of small and medium-sized enterprises in an environment of complex, dynamic and diverse social relationships.

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Forms of MSME Involvement in Social Activities

Abstract: The micro, small and medium-sized enterprises are increasingly engaging their resources in order to minimize or eliminate their negative impact on the natural environment, strengthen relationships with employees and become more recognizable in local and regional markets through social activities. The aim of this paper is to determine whether the CSR activity is similar or differentiated depending on the size of the enterprise. In this context, the main hypothesis will be verified, which states that the size of the enterprise determines the type of social activity. In order to verify the research hypothesis, good practices in the area of CSR implemented in Polish MSMEs which participated in the project *Increasing the competitiveness of regions through Corporate Social Responsibility (CSR)* were analyzed and the results were presented by the Polish Agency for Enterprise Development in 2017.

Key words: MSMEs, finance, corporate social responsibility

Introduction

The MSME sector in Poland, similarly as in developed countries, plays an important role in the economy. This is due to the fact that it is involved in the creation of gross domestic product, creates new jobs, determines the innovativeness of the economy. It is also a so-

urce of income for the state budget and the budgets of municipalities and, what is equally important, contributes to the creation of social and functional changes in the area in which these enterprises operate. These features are becoming more and more visible. On the one hand, a group of socially and environmentally sensitive consumers is becoming more and more active and, on the other hand, more and more often potential employees pay attention to the culture of the organization which they are going to work for. This means that not only large enterprises are implementing the corporate social responsibility strategy, but also micro, small and medium-sized enterprises are increasingly treating CSR as an element of their long-term development strategy. These enterprises are becoming more and more involved in social activities in order to minimize or eliminate their negative impact on the natural environment, strengthen relations with employees and become more recognizable in local and regional markets.

The aim of this paper is to determine whether the CSR activity is similar or differentiated depending on the size of the enterprise. In this context, the main hypothesis will be verified, which states that the size of the enterprise determines the type of social activity. To verify the research hypothesis, good social responsibility practices implemented in Polish MSMEs which took part in the project *Increasing the competitiveness of regions through Corporate Social Responsibility (CSR)* were analyzed. The project was implemented in 2017 and its results were published by the Polish Agency for Enterprise Development.

The concept and scope of CSR

The development of the concept directly related to responsible business is attributed to the American businessman and social activist Andrew Carnie. He believed that poorer members of the society should be supported by those who are better off. Therefore, business entities should multiply their profits to achieve goals that are important from the point of view of the good of the society [Carrol, Guchholtz 2000, p. 28].

Corporate social responsibility is neither clearly defined in the literature of the subject nor in practical activity. In various fields of interest various interpretations of CSR are adopted [Blanke, Gorynia-Pfeffer 2008].

A broad definition of CSR has been proposed by the creators of the Global Compact idea. It was initiated by UN Secretary General Kofi Annan at the World Economic Forum in Davos in 1999 and addressed to entrepreneurs and the world of business around the world. It proposed that business activity should be conducted taking into account the specific rules. They concern:

- human rights,
- work standards,
- environmental protection,

- counteracting corruption [Gospodarski, Lewicka-Strzelecka, Rok, Szulczewski 2004, p. 248].
In an extended form, these rules apply to:
- support and respect for human rights,
- eliminating all cases of human rights violations by the enterprise,
- respect for freedom of association,
- eliminating all forms of forced labor,
- prohibition of child labor,
- effective counteracting discrimination in the sphere of employment,
- preferential approach to natural environment,
- taking initiatives to promote the attitudes of ecological responsibility,
- the use and dissemination of environmentally friendly technologies,
- counteracting corruption in all forms, including extortion and bribery [Gospodarski, Lewicka-Strzelecka, Rok, Szulczewski 2004, p. 248].

The European Union organizations applied an equally broad though less detailed approach to CSR. The main idea regarding corporate social responsibility was formulated in 2000 at the European Summit in Lisbon. The European Council developed a 10-year social and economic program called the Lisbon Strategy [www.odpowiedzialnybiznes.pl]. Its aim was to make the European Union the most competitive, dynamic, knowledge-based economy in the world that strives for sustainable development and social cohesion.

The next year (2001), the European Commission presented a document called the Green Paper (*Green Paper on Corporate Social Responsibility*) [Promoting a European Framework for Corporate Social Responsibility 2001]. In this document, CSR is understood as voluntary inclusion of social and environmental aspects in enterprises that conduct strictly economic activities.

The discussion on the assumptions contained in the Green Paper resulted in the development of the *White Paper: Communication on CSR* which presents a strategy for the implementation of responsible business practices. It is addressed to European institutions, Member States, non-governmental organizations, business and consumer organizations [Promoting a European Framework for Corporate Social Responsibility 2001].

In practice, the social activity of business entities is interpreted in various ways. Compliance with CSR principles can be understood as philanthropy (voluntary “pro bono publico” activity), as a legal obligation (resulting e. g. from environmental protection regulations) or as a result of calculating costs and benefits from the point of view of the firm’s own interest.

Corporate social responsibility should be considered in both internal and external dimension.

Internal dimension means social activity for the benefit of the enterprise itself, its employees, shareholders, etc. Tasks in this area include:

- workplace safety,
- HR management,
- relations with shareholders,
- protection of natural environment.

External dimension includes social activity aimed at the environment in which the enterprise operates. It relates to:

- impact on the local environment,
- relations with business partners, suppliers, clients, political institutions, etc.,
- care for natural environment,
- respect for human rights [Pogonowska, Wojtasiewicz 2008, pp. 3–5].

Thus, corporate social responsibility covers a wide range of activities, including:

- the sphere of employment, i.e. human resource management (recruitment, selection, motivation system, remuneration). It is mainly related to correct superior-subordinate relations, implementation of the principles of subjectivity of employees, social justice, chances for personality development, sense of stability and security,
- market environment (suppliers, customers, partners, competitors). It includes the use of ethics in contact with the environment, honest information and advertising, application of appropriate rules in the processes of privatization, mergers, acquisitions, etc.,
- public environment (public administration, public benefit institutions, social organizations, residents). Activities in this area concern support for science, education, culture, health care and sport. Support can take the form of patronage, sponsorship, employee volunteering, etc.,
- environmental protection. It means proper management of natural resources, rational use of resources, compliance with environmental protection regulations [Pogonowska, Wojtasiewicz 2008, pp. 3–5].

Enterprises' benefits of CSR activities

Considering corporate social responsibility in the longer perspective a range of benefits that the implementation of this idea can bring can be identified. The most important are:

- *increased interest of investors*. Creditors are more interested in cooperation with responsible enterprises that are geared not only to achieve good financial results, but also to build a positive image and good relations with their environment. For many investors the financial credibility of the enterprise is dependent on its social credibility.
- *increased competitiveness*. The introduction of the principles of responsible business is one of the strengths enabling enterprises to gain a competitive advantage. Transpa-

rent CSR policy can be one of the ways of building by the enterprise's position in global markets in which the expectations for meeting standards of responsible business are highly valued,

- *improved relations with the community and local authorities.* Participation of the enterprise in the life of local community, making significant long-term social investments facilitate its efficient and harmonious functioning,
- *increased loyalty of consumers and stakeholders.* An increased social awareness of consumers makes trust in the enterprise and its image an important factor in their choices. More and more people pay attention to the compliance of the product or service with the requirements of ecology, compliance with the principles of social responsibility in the production process and to the overall reputation of the enterprise,
- *building positive image of the enterprise among employees.* Corporate social responsibility may play the role of non-financial motivator for the enterprise's employees. They value the activity of the enterprise more if they see that part of this activity is devoted to solving social problems which are important also to them.
- *attracting and retaining the best employees.* When the enterprise's image improves and the trust among employees increases, the enterprise's attractiveness in the labor market also increases which allows attracting new and retaining the best employees [Gainer 2010, pp. 190–198].

Corporate social responsibility in Poland

Reasons for interest in the CSR concept

The concept of corporate social responsibility in Poland was noticed and gradually implemented as in consequence of its development in highly developed European countries.

The main reasons for the interest of Polish enterprises in commitment to social issues was the desire to improve their image. The research conducted in Poland suggests that this image has been perceived rather negatively. Respondents emphasize the negative personality traits of entrepreneurs (superiority, flaunting their wealth, regarding oneself to be someone better) and reprehensible moral attitudes (dishonesty, non-compliance with the law) [Rogowska 2004, p. 48].

This negative perception of Polish business gives hope that firms will try to change this image through prosocial activities.

Implementation of the CSR idea by Polish enterprises

The possibility of implementation of the idea of corporate social responsibility in Poland depends primarily on the size of the enterprise and the sources of capital. From this point of view, the enterprises can be divided into two groups:

- large enterprises, mainly with foreign capital,
- SMEs, based in their activities on domestic capital.

The main implementers of CSR are large enterprises with foreign capital. They have the necessary knowledge about CSR based on Western models of prosocial activities. The main objective of enterprises operating in this area in Poland is to improve the enterprise's image and build better relations with its environment.

Corporate social responsibility does not apply only to large enterprises.

Micro, small and medium-sized enterprises also undertake social activities. This is extremely important as they play a very important role in the economy, a. o. due to their number. According to CSO data, microenterprises in 2016 accounted for over 95%, small enterprises – 3.5%, and medium-sized enterprises – less than 1% of all business entities. In total, this sector accounts for 99% of Polish enterprises employing approx. 99% of the total workforce and produces approx. 50% of GDP [Bank Danych Lokalnych]. Additionally, they are important because of their massive impact on the labor market and the ability to satisfy consumers' needs.

Recently, the social responsibility of this sector has been the subject of many discussions. In many documents such as for example the European Union's document dedicated to corporate social responsibility it is noted that very important social functions are implemented not only by large enterprises, but also by small ones [Pogonowska, Wojtasiewicz 2008, pp. 3–5].

Despite these advantages, the scope of social activities of small businesses in Poland is not yet too large [Kuraszko 2008, p. 14]. The activities of these enterprises are usually limited to cooperating with local authorities and sponsoring local initiatives. Although such activity results in positive relations with local authorities and the local community, a limited number of SMEs participate in such activities.

The question arises: what are the reasons for the limited interest of small business entities in social issues? Research carried out in this area shows that the main reasons for this situation include a. o.:

- insufficient knowledge about the idea of corporate social responsibility and the benefits of this activity,
- lack of financial resources for non-economic purposes.

The latter problem is particularly acute because it is connected with the need to fight for survival in the market, which is directly related to the difficulties in maintaining the financial liquidity of the enterprise¹.

¹ *Spółeczna odpowiedzialność biznesu – CSR w małym i średnim przedsiębiorstwie – obecna pozycja i przyszłe trendy*. Badanie porównawcze przeprowadzone w Niemczech, Francji i Polsce, Rudzki Inkubator Przedsiębiorczości Sp. z o. o, Ruda Śląska 2007.

Despite these limitations, some small enterprises are starting to gain experience in this area. However, many SMEs still do not see the impact of their social commitment on the improvement of their financial performance.

The scope of social activities of small and medium-sized enterprises in Poland

The scope and method of research

The information about the engagement of Polish enterprises in social activities is a result of research conducted in our country by various institutions. Each of them concerns a slightly different problem scope.

One of such institutions is the Polish Agency for Enterprise Development (PARP). It presents the results of research on the involvement of SMEs in social activities under the Swiss-Polish Cooperation Program. It is part of a larger financial aid package called *Swiss Contribution*. The results of the research conducted in 2017 will be the basis for assessing the level and type of involvement of SMEs in social activities. In this paper the social activity of micro, small and medium-sized enterprises will be analyzed from two points of view:

- type of industry,
- type of activity broken down into environmental protection, relations with employees, and social involvement.

Social engagement of selected enterprises

Social involvement in MSMEs in Poland has started only recently. Although these enterprises represent 99% of all enterprises, their financial situation is unfortunately not the best. There is a lack of knowledge about the benefits of corporate social commitment. Therefore, the beginnings of activities in this area are not easy.

In order to raise the awareness of MSMEs about CSR, the project *Increasing the competitiveness of regions through Corporate Social Responsibility (CSR)* was implemented in our country.² It was addressed to micro, small and medium-sized enterprises. The project ended with signing of 177 contracts for a total amount of over PLN 12 million (38 contracts in the first call for proposals, 112 in the second one and 27 in the third one) [Dobry biznes, czyli SCR w MSP 2017, p. 10]. The results of the third call for proposals were presented in the PARP report: *Odpowiedzialność się opłaca, czyli CSR w MSP [Responsibili-*

²The Swiss-Polish Cooperation Program which started in 2007 is part of a larger financial assistance package called Swiss Contribution, the starting point of which was Switzerland's solidarity with 13 countries that joined the European Union in 2004 and later. The latest report on the implementation of the third part of the project was issued by PARP in 2017.

ty pays off. CSR in SMEs]. It presents the best examples of implementation of CSR assumptions in micro, small and medium-sized enterprises from the following voivodeships: Łódzkie, Opolskie, Podlaskie, Świętokrzyskie and Warmińsko-Mazurskie. Their number and industries they represent are illustrated in Table 1.

Table 1. Social involvement of enterprises by size of enterprise and type of industry

Size of the enterprise	Micro	Small	Medium-sized
Number of enterprises presenting implemented CSR activities	4	7	4
Sector	<ul style="list-style-type: none"> - clothing; - training; - maintenance and repair of motor vehicles; - food; 	<ul style="list-style-type: none"> - chemicals; - consulting; - specialized design; - heating installations and equipment; - plastic processing; - wholesale of electrical goods; - IT; 	<ul style="list-style-type: none"> - treatment and disposal of hazardous waste; - production of dietary supplements; - car sales; - construction of telecommunications and power lines;

Source: own elaboration based on the report *Odpowiedzialność się oplaca, czyli CSR w MSP, PARP, Warszawa 2017*.

The majority of entrepreneurs benefiting from the Swiss-Polish Cooperation Program represented a group of small enterprises from various industries such as: chemical industry, consultancy, specialized design, heating installations and equipment, plastics processing, wholesale of electrical products or IT industry. There is no dominant industry in case of micro and medium-sized enterprises. The implemented projects concerned three thematic areas: natural environment, relations with the enterprise's personnel and social involvement. The results of the introduced changes in individual MSMEs are examples of good practices that should be promoted on the national as well as on the European level as they allow for achievement of measurable economic and image effects. The most important results of implementing the CSR strategy in MSMEs concern the improvement in the area of environment, relations with employees and taking care not only of their own profit, but also of the interests of other groups from the enterprise's environment. Nowadays, CSR is a combination of these three activities. Regardless of the size, each enterprise is embedded in a specific community and interacts with different stakeholder groups. Table 2 outlines the most important activities and effects of implementing a comprehensive CSR strategy in micro, small and medium-sized enterprises.

Table 2. Types of support by size of enterprise

Types of support / size of enterprise		Natural environment area	Personnel relations area	Social involvement
microenterprises	similarities	<ul style="list-style-type: none"> - reduction of negative impact of production on natural environment; - recycling; - reduction of energy consumption; - recovery of materials; - creation of green jobs; 	<ul style="list-style-type: none"> - monitoring of employees; 	<ul style="list-style-type: none"> - recognizability in the local environment; - involvement in solving important social problems; - charity work; - cooperation with local institutions;
	differences	<ul style="list-style-type: none"> - development programs and training for employees in the environmental area; - reduction of production waste; - promoting ecological products; - production improvements; 	<ul style="list-style-type: none"> - establishing relations with new clients; - caring for high quality of work and manufactured products; - strengthening internal relations; 	<ul style="list-style-type: none"> - clients' education activities - promoting social norms and ethical values;
small enterprises	similarities	<ul style="list-style-type: none"> - reduction of the negative impact of production on natural environment; - recycling; - reduction of energy consumption; - collection and processing of electrical equipment; - green jobs; 	<ul style="list-style-type: none"> - monitoring and evaluation of employees; 	<ul style="list-style-type: none"> - recognizability in the local environment; - involvement in solving important social problems; - charity work; - cooperation with local institutions;
	differences	<ul style="list-style-type: none"> - environmental standards and attestations; - product and process innovations; - quality management systems; - waste segregation; 	<ul style="list-style-type: none"> - workplace comfort; - health programs; - personnel strategy; - automation of processes inside the enterprise; - electronic document circulation system; - counteracting discrimination; - employee satisfaction surveys; 	<ul style="list-style-type: none"> - Open days; - volunteering; - supporting local artists and young talented people; - cooperation with Career Offices; - internships for students; - local initiatives; - cooperation with scientific units;

medium-sized enterprises	similarities	<ul style="list-style-type: none"> - reduction of the negative impact of production on natural environment; - recycling; - reduction of energy consumption; - collection and processing of electrical equipment; - green jobs; 	<ul style="list-style-type: none"> - monitoring and evaluation of employees; 	<ul style="list-style-type: none"> - recognizability in the local environment; - involvement in solving important social problems; - charity work; - cooperation with local institutions;
	differences	<ul style="list-style-type: none"> - reduction of CO2 emissions - environmental management systems; - waste segregation; - energy recovery; - modernization of incineration plants; 	<ul style="list-style-type: none"> - modification of organizational schemes; - equality; - internal training; - periodic evaluations; - employee development planning; - CSR strategy; - assessment of employees' competences; - electronic document circulation system; 	<ul style="list-style-type: none"> - transparency of activities realized in cooperation with interest groups; - open door policy; - sponsorship; - philanthropic activity; - financial support for local initiatives; - cultural and social events; - social campaigns;

Source: own elaboration based on the report *Odpowiedzialność się opłaca, czyli CSR w MSP, PARP, Warszawa 2017.*

The most popular activities among microenterprises are those aiming at improvement of ecological conditions, “converting” them into ecological enterprises, which should primarily contribute to the improvement of their image. It may be concluded that ecology has become the most important aspect of social responsibility associated with microenterprises regardless of industries in which they operate. In the group of the surveyed microenterprises there were enterprises representing such industries as clothing, food and services (car repair and training-consulting). The activities undertaken in the area of environmental protection related to a large extent to reduction of energy consumption and post-production pollution and their scope depended on the size of enterprise (the bigger the enterprise – the bigger the scope of activities). Medium-sized enterprises, due to their greater financial resources, could afford more cost-intensive activities than micro or small enterprises. Each of the examined microenterprises noted significant effects of actions taken in this area. The most important and most frequently mentioned included strengthening the positive image of the enterprise, building a sustainable, green supply chain and reducing the amount of waste and the level of emissions. In the area of employee relations, microenterprises focused on strengthening the employees’ motivation system and monitoring undertaken activities, which in many cases resulted in the increase of employees’ satisfaction with the work performed. In this area, this group of enterprises showed the least activities, mainly due to the fact that they are single-person enterprises. In the area of social involvement, volunteering and charity activities on the local scale prevailed, which translated into greater enterprise recognition and consequently into increased sales and increased competitiveness of the enterprise.

Corporate social responsibility in small enterprises is more developed than in microenterprises, which is reflected in a wider range of activities. The key challenges for small enterprises are environmental protection and improving relationships with employees. In this respect, these enterprises declare operation in accordance with environmental standards (ISO) and secondary use of raw materials. Corrective actions are also taken in the areas of water and energy consumption and reduction of waste emissions. The primary aim is to build a local partnership for the implementation of pro-environmental actions and the promotion of ecological awareness which in many cases has been achieved. Small enterprises take many steps to improve relationships with employees. The most frequently declared was introduction of various types of innovative solutions fostering better internal communication and training, which in many cases translated into a visible improvement of employee satisfaction and an increase in their motivation. Small enterprises also have a better system for monitoring SCR effects in the form of surveys. The area of social involvement of small enterprises is not significantly different from the one implemented in microenterprises. Social campaigns and various types of cooperation with state institutions dominate.

Corporate social responsibility in medium-sized enterprises is conducted on a large scale. These enterprises engage in pro-environmental activities by conducting professional product utilization or collecting electro-waste from their customers. To a large extent, conducting such "professional" activity boils down to the necessity of keeping accurate documentation. Medium-sized enterprises use more environmentally neutral production processes, prevent excessive waste generation and recycle. All these activities are aimed at ensuring credibility of the enterprise in domestic and foreign services markets which translates into an increase in profits from operations. In the area of improving relations with employees, medium-sized enterprises emphasize the creation of more convenient and "luxurious" conditions for employees, such as organizing fitness rooms or introduction of a system of periodic evaluations of employees which leads to the increase in the quality of private and professional life of employees. In the area of social involvement, medium-sized enterprises conduct various types of philanthropic activities, which consume significant financial resources but directly improve the enterprise's image, increase its competitiveness and regional and national recognition.

Conclusions

Corporate social responsibility is often associated with large, rich enterprises operating nationally or internationally and it is rarely associated with the MSME sector despite the fact that these enterprises shape the local market and have an impact on the community and the natural environment. The effect of such perception of CSR is lower availability of

studies devoted to the implementation of the CSR strategy and examples of good practices related to Polish MSMEs. Different industries, specificity of operation or the environment in which MSMEs conduct their economic activity confirm the thesis that any enterprise can be socially responsible. The conducted analysis confirms the preliminary assumption that the concept of corporate social responsibility is differently implemented in micro, small and medium-sized enterprises, thus affecting the enterprise's operations and its social image. The CSR strategy is most widely implemented in medium-sized enterprises which have the largest financial capacity and can participate in broadly understood philanthropic activity thus contributing to better brand recognition and brand building. Small enterprises show greater interest in improving relations with employees and actions aimed at improving environmental conditions. Microenterprises, on the other hand, focus on pro-environmental aspects that foster their perception as ecological enterprises.

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Recruitment and Labor Market Situation

Abstract: The present situation on the labor market contributes significantly to the increasing number of problems faced by organizations. The recruitment process is influenced by not only a small number of jobseekers with the qualifications desired by particular organizations, but also by the expectations of those persons, especially when the qualifications and skills represented by them fall into the category of deficits. In this case, companies should also be active in the field of education.

The need to conduct educational activities by organizations is also a consequence of the fact that due to the lack of specialists, the recruitment process usually involves people without experience, who have only basic skills for the profession and the necessary qualifications. That this type of approach generates additional costs for companies as they have to educate new employees already in the first phase of their work. It should be stressed, however, that any costs incurred in training employees should be treated as a long-term investment.

The difficulties in recruiting workers may also be exacerbated by the technological revolution that is taking place all over the world and in Poland today. The phenomenon of digital exclusion connected with this revolution plays a significant role on the Polish labor market. Employers should try to reach candidates other than hitherto, modern or more direct channels.

In conclusion, the lowest unemployment rate in Poland for a quarter of a century requires employers to do more than advertise on the Internet or the press. Companies need to be aware that in order to create a strong team, they have to invest not only in it, but above all to reach those people who can be a valuable acquisition for the company.

Key words: recruitment, external recruitment, labor market, methods of recruitment, sources of recruitment

Introduction

In the conditions of increasing competition, a well-chosen staff whose task is to carry out tasks assigned by managers is of key importance for shaping the competitive advantage of the company. Properly formulated principles of employee recruitment allow to minimize the risk of employing an inadequate person and – subsequently – to choose the best possible candidate for a given position. That is why acquiring new employees is a very important element of human resources management.

An important role in the process of acquiring employees is played by the situation on the labor market, which determines methods used in external recruitment. Therefore, the aim of the study is to characterize the concept of recruitment, with particular emphasis on external recruitment, as well as to assess the relationship between this method of employee recruitment and phenomena occurring on the labor market. The research hypothesis, however, is to verify the need to change methods of recruiting employees, adequately to the changes taking place on the labor market. The research methods used in the study were the analysis of the literature on the subject and the verification of the hypothesis based on data from research carried out in Polish companies.

Recruitment in the human resources management system

Recruitment of employees is one of the elements of acquisition / selection of employees and takes place when, as a result of strategic analyses, it becomes necessary to increase the number of staff. The goal of acquisition/selection is to match candidates (their potential) to the requirements of a given workplace and organizational culture of the company [Strużycki (ed.) 2004, p. 386]. Employment of inappropriate employees as a result of this process may lead not only to a decrease in the efficiency of operations, but also to the collapse of the company.

The basic stages of acquisition include: recruitment, selection and placement. These stages are preceded by a thorough analysis of current and future staffing needs [Kawka, Listwan 2009, pp. 101 et seq.], i.e. an analysis of the employment plan, as well as obtaining an answer to the question whether the existing shortage of human resources in a given unit may be reduced or eliminated by means of activities alternative to acquisition.

Recruitment is the first stage in the process of acquiring people with appropriate qualifications to apply for a given position [Griffin 2004, p. 451].

Recruitment in colloquial terms – is the process of identifying and attracting a number of candidates, out of which – after selection – individual persons will be presented with job proposals later. The term 'recruitment' comes from the German '*rekrutieren*' and

means to obtain, recruit, enlist for military service, and in philosophical terms – means an increase in the number of units of action.

Recruitment is defined in various ways. G. Maniak, for example, defines recruitment as a process in which the company encourages people properly educated for a specific position to take up jobs in their company and makes them apply to them [Maniak 2001, p. 76]. On the other hand, according to A. Szałkowski, recruitment is primarily the acquisition of talented, motivated, healthy and knowledgeable employees by the organization [Szałkowski 2006, pp. 79–80]. In addition, M. Adamiec and B. Kożusznik emphasize in their study that the need to employ new staff is forced by the need to achieve the company's goal and vision, as well as by the indispensability of shaping the human resources of the organization [Adamiec, Kożusznik 2000, pp. 105–106]. On the other hand, according to A. Poczowski recruitment has a twofold meaning: a wider one – covering the whole process of acquiring people providing work for the organization and narrower – taking into account the process of attracting candidates and then selecting them (selection of candidates who meet the requirements defined by the company's goals) [Poczowski 1998, p. 134, Marek 2008, p. 71]. However, for the purposes of this study, the definition, formulated by T. Listwan, seems to be significant, he perceives it as a comprehensive process, including the activities of seeking, informing and attracting candidates for a specific position [Kawka, Listwan 2009, pp. 101 et seq.]. In this approach, the recruitment concerns primarily the establishment of sources and forms of acquiring new personnel.

As a result, already at the recruitment stage, we can deal with a variety of premises that influence the initiation of this process. It seems, however, that in most cases all conditions indicated in the definitions determine this as this process can be understood very broadly.

In practice, there are two types of recruitment, namely **general recruitment** and **segment recruitment** [Moczydłowska 2010, p. 57]. General recruitment is based on sending employment offers to the broad labor market [Król 2006, p. 203]. It is applied when we want to acquire production staff. It is carried out according to standard and fairly simple procedures in order to attract candidates to operational positions [Jurkowski 1998, p. 73]. The organization is keen to ensure that the offer of employment reaches as many potential candidates as possible at a properly calculated cost. This type of recruitment is mainly used when employees for simple jobs that do not require special qualifications and professional predispositions are looked for [Król 2006, p. 203].

Segment recruitment is aimed at recruiting employees from a given, specific segment of the labor market. It is a process in which employment offers are addressed to a certain group of candidates for a given position, fulfilling specific criteria, possessing rare qualifications and desirable professional predispositions. This kind of recruitment is used especially for specialists when the company is looking for people for managerial positions, such as a director, manager, accountant [Jurkowski 1998, p. 73]. The proce-

dures for such recruitment are more complicated, labor and cost-intensive [Golnau, Kalinowski, Litwin 2004, p. 123]. Segment recruitment is conducted according to individual and more complex procedures.

Types of recruitment process used in the organization are also dependent on the adopted source. In some cases, its determination is the starting point in acquiring employees. In general, the source of recruitment is the labor market, on which the organization intends to recruit employees. The selection of the recruitment source depends mainly on the financial resources and time allocated to recruit staff, the development phase of the organization, the situation on the labor market, the applied model of personnel management and the type of position intended in question [Drozdowski 2012, p. 216].

From the point of view of the selection of the recruitment source, recruitment can be divided into **external**, **internal** and so-called **“mixed”** [Król 2006, pp. 198–199]. Specific types of recruitment point to the labor market to which job offers are directed.

In the first case, job offers are made available only in the environment of the organization, in the second - they are directed only to staff employed in the economic entity, while in the third – job offers are directed to the internal and external labor market. It should be emphasized that, especially in the latter type of recruitment, it is necessary to draw attention to the need of subjecting candidates from both the external and the internal market to identical recruitment procedures. This is important primarily for employees working in the organization, because such an approach allows them to plan professional development, motivates for more effective work and increases confidence in the employer.

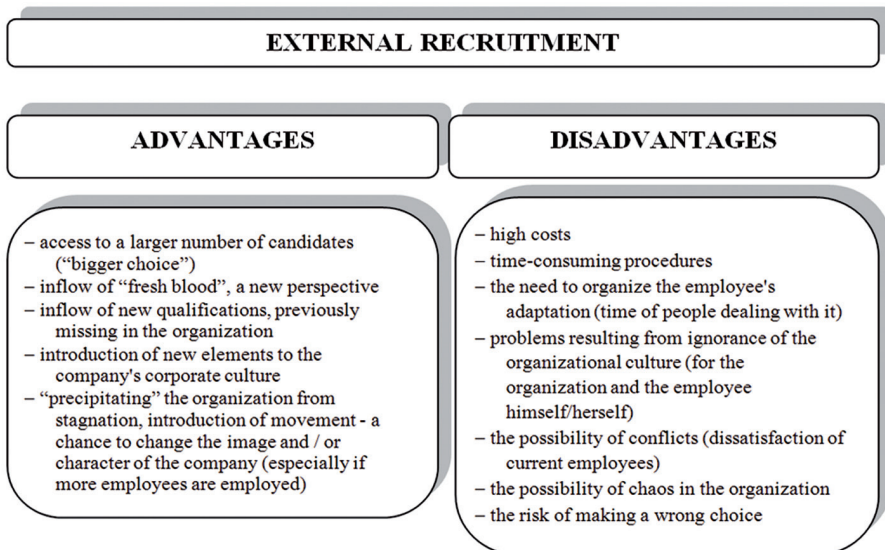
The primary **purpose** of recruitment is to provide the right number of employees who will meet the needs of a given unit in the area of human resources. This process should also be carried out at the lowest possible costs. In practice, the recruitment process should include specification of requirements, preparation of job descriptions and determination of terms and conditions of employment as well as attracting candidates, reviewing and evaluating optional sources of employee recruitment inside or outside the organization. The process should also include activities related to the formulation of job advertisements and clarification of the needs to use services of employment agencies or consultants [Armstrong 2007, p. 311]. Recruitment is a specific way of communicating of the organization with both the external and internal labor market, to encourage potential candidates to apply for a job. The whole process must be designed and prepared to attract the right candidates while eliminating those who do not meet the basic requirements set by the employer. Recruitment of the “wrong” employee who fails expectations, leaves work or has to be dismissed – is a big cost related with additional training and insufficient work efficiency of such person [Griffin 2004, p. 452].

With the above statements in mind, it should be assumed that recruitment should fulfill three basic functions: informative, motivational, preliminary selection [Listwan (ed.) 2006, p. 88; Król 2006, p. 198]. The most important function is informative, because the recruitment is mainly based on the development of information that the organization is looking for people willing to work. Such information must be comprehensive and helpful in making candidates' decisions to apply for a job on the offered position [Golnau, Kalinowski, Litwin 2004, p. 126].

External recruitment

The **external labor market** and the recruitment conducted there uses many different methods of searching for employees, thanks to which the company can find a suitable candidate for work. These include: advertisements in the press, on internet portals or simply on the Internet, employment agencies, labor offices, apprenticeships and, for example, open days, organized by the company. Diversification of methods of looking for employees gives the organization the chance to find many interesting and interesting people, open, experienced and ready to take on new challenges. However, recruitment conducted on the external labor market has also disadvantages. These include mainly the high cost of looking for an employee (figure 1).

Figure 1. External recruitment – advantages and disadvantages



Source: author's study based on: Szaban 2011, p. 103.

Knowledge of both the disadvantages and the advantages of external recruitment allow to increase the efficiency and effectiveness of this process [Król 2006, p. 207].

The choice of the external labor market on which the recruitment of employees takes place also affects the type of recruitment method adopted. Such recruitment requires a wide information campaign, using all available methods of searching for an employee¹.

External recruitment sources may also include employment offices offering free services. Such centers advertise vacancies and help in the preparation of a list of suitable candidates. They are very helpful in situations when there is very large number of people interested in a given job.

Another source are recruitment agencies which have lists of candidates in their databases. They charge a commission from the company for the services they provide, which is a percentage of the salary at the position for which the employee is wanted. The biggest advantage of using the agency's services is saving time. Organizations that do not have human resources specialists benefit in this way from help and specialized advice. A drawback of delegating recruitment to the agency is the lack of control over such an important process, taking place outside the organization to some extent [Moczyłowska 2010, p. 57].

Press advertisements are also often used in external recruitment, they reach a wide audience and create "equal opportunities" for representatives of minorities to find and apply for an open position [Griffin 2017, s. 432]. The Internet is also becoming an important recruitment tool, as more and more companies publish job offers on their websites and an increasing number of people interested in employment browse Internet resources to find interesting job offers. Organization, in order to match people to positions in the best way must show their strongest side and treat all candidates with respect.

In addition to the Internet, important ways to reach people who are willing to work are: participation in job fairs, cooperation with academic career offices, using promotional campaigns in the press or advertising in guides to job seekers.

However, the most frequently used method of external recruitment is a direct search for a candidate. Despite the limited number of people who can participate in this type of procedure, choosing the best candidate for the offered position is very labor-intensive. Therefore, if this method is chosen, the following need to be taken into account: industry sector, financial and organizational situation of the business entity and contact with managers and managers must be established. The greatest advantage of this method is the delicacy and confidentiality of the proceedings and narrowing the circle of candidates to a minimum. The positive result of the direct search is, however, associated with a weakening of competition at the staff level as well.

¹ This is the so-called active indirect form of recruitment [Zeszyt informacyjny... 2016, s. 3].

External recruitment and labor market situation

External recruitment of employees is currently facing ever greater barriers. It is a consequence of changes on the labor market, which result in a decreasing number of job seekers. Therefore, the labor market is becoming more and more a job seeker (candidate) market and not an employer market. This situation, favorable for employees, causes the necessity of changes in the way of recruitment and creation of new schemes for building personnel teams.

Principally, external recruitment is aimed at attracting specialists or managerial staff to companies. Shortages in this field are visible in many industries, and this applies especially to programmers of all specialties and big data analysts. This situation significantly impedes the development of the organization. Therefore, it is necessary to take active actions that enable the coordination of HR departments and management, which will enable the development of a long-term recruitment plan, tailored to the needs and development strategy of the company. In order to build a strong team, the passive search for an employee by advertising in the press or on the Internet is definitely insufficient.

At the turn of 2011 and 2012 the project *Subjective conditioning of staff selection process in human resources management* was implemented at the University of Promotion in Warsaw, it was financed by the University, which sought to identify the subjective conditions of personnel selection process, including recruitment of employees [Grzegorzczuk 2012]. The goal of this study was to verify the usefulness and diagnostic weakness of individual forms and methods of recruitment and selection of employees, primarily in situations defined as uncertainty conditions. The survey was conducted on a sample of 100 HR specialists working in companies representing various industries, with about 1/3 of them being companies employing more than 150 employees.

According to the results of the research, the majority of participants in questionnaire interviews, i.e. the majority of companies represented by HR specialists, opted for external recruitment sources. Such an answer was given by 82% of respondents, with 55% of them using both external and internal sources. The most frequently used methods of external recruitment included: **press advertisements**, which were used by 61% of companies that said 'always', and 21% of companies that answered 'sometimes', **web portal advertisements** (37% and 49% respectively), using the services of **personal consulting agencies** (59% and 10% respectively), **temporary work agencies** (respectively 35% and 8%), **labor offices** (respectively 40% and 9%) and **career offices of universities and schools** (54% and 7% respectively). In addition, the employees were also recruited in a directly, with 12% of respondents always doing it, over 70% – sometimes.

The method based on the recommendations of trusted people is also often used in external recruitment processes. This method was until recently recognized as a mani-

festation of favoritism, which is why it was used extremely rarely. Currently, due to the change of the employment model – which directly results from the situation on the labor market – this way of recruitment has become popular. Proponents of this method consider it a form of recruiting employees without favoritism because people who do not have necessary qualifications and only belong to the circle of friends are not employed, only qualified employees whose abilities are reflected in the recommendations of other people will get the job [Jamka 2007, p. 44]. In the cited study, this method of recruitment was always used by 22% of respondents, while 67% used it only sometimes. Therefore, only 11% of respondents did not use this form of employee acquisition at all.

As can be seen from the above information, the improving situation on the labor market has changed the interest of companies in the various forms of recruitment to a slight extent only. The only manifestation of the conversion of recruitment processes into modern, active forms of recruitment is the high share of advertisements on Internet portals, where almost half of the respondents always used this form, with about 1/3 of the respondents also recruiting via websites. It should be emphasized at the same time that such a good situation did not apply to social media portals. Only 9% of respondents always used this type of recruitment source. In addition, the use of professional assistance of counselors in various forms did not exceed 10%, according to the respondents. The vast majority of Polish companies recruited independently (93%)². Also the role of job fairs and data banks played a minor role in the search for employees. Respectively, only 6% and 7% of respondents indicated these methods of acquiring staff.

As mentioned earlier, the improving situation on the labor market, resulting in a reduction in the number of jobseekers, should contribute to increasing the interest of employees responsible for personnel recruitment with these methods, which will contribute to greater coherence of the candidate's competences with the job position offered by the employer. Therefore, it would be necessary to use more active methods of acquiring employees, which should include: using the services of personal consulting agencies, temporary work agencies and career offices. The recruitment process, so far carried out independently by individual organizations, according to research, should open to external institutions and organized events (job fairs), which – often in a professional and wider manner – can increase access to a large staff of both specialists and low-rank employees. Staying with the existing methods will undoubtedly increase the employment difficulties of the organization. Domination of passive methods in the search for employees (mainly press and Internet advertisements), with a small share of self-reported

² Data from the survey conducted by eSelektio.com in cooperation with the Department of Trade and Marketing at the University of Economics in Poznan as part of the Innovative Economy – National Cohesion Strategy program, co-financed from the European Regional Development Fund [Badanie procesów rekrutacji... 2013].

applications and a limited number of repeated verifications of people who initially had not been accepted for work, may affect barriers that make it impossible to fill vacancies.

An additional factor that is important to avoid this kind of situation is that the recruitment is carried out by experienced and trained staff of the organization. It is also necessary to correlate recruitment with the specificity of the organization.

Conclusions

In external recruitment processes, a variety of methods are used that allow to improve the efficiency of this process in a number of ways, as well as to organize the selection of employees. However, due to the diversity of conditions that determine how the organization works, it happens that procedures that are often used in the same way turn out to be ineffective. In extreme cases, they may even make it difficult to choose the best candidate. This applies especially to routine in recruitment, as well as – in the case of a large number of candidates – fatigue and boredom of those responsible for this process, which is a consequence of the need to analyze a large number of documents. This usually leads to a reduction in employability of interesting and valuable employees [Marciniak 2004, p. 136].

The current situation on the labor market contributes significantly to the number of problems that organizations face. The recruitment process is influenced not only by a small number of jobseekers with qualifications desired by particular organizations, but also by the expectations of these people, especially when the qualifications and skills they represent belong to the deficit categories. In this case, companies should also undertake activity in the field of education, cooperate with universities as part of newly created areas of study. A close dialogue with companies could allow adapting educational programs to the real needs of employers. Recruitment of lecturers from among professionally active practitioners would also serve this purpose. Such activities could help avoid the phenomenon of 'graduate education for unemployment', which is quite common at the moment.

The necessity of conducting educational activities by organizations is also a consequence of the fact that due to the lack of specialists, recruitment processes are usually attended by people without experience who have only basic skills and only minimum required qualifications for a given profession. However, it should be emphasized that this type of approach generates additional costs for companies, because they have to train new employees in the first phase of their work in a given position³. It should also

³ Problems of employee education are described in more detail in the publication of H. Sobocka-Szczapa [2014].

be stressed, on the other hand, that any costs incurred related to the education of employees should be treated as a long-term investment.

When using external recruitment processes to recruit employees, organizations must also take into account that at the moment potential employees are more flexible and open to change. They are looking for new challenges, are more often willing to change their workplace in search of better financial conditions, but also opportunities for professional development. It is important, therefore, that employers create an appropriate path of development and promotion, that they give the opportunity to further education and improve qualifications. It should also be remembered that employees attach more and more importance to the atmosphere prevailing in the workplace, which requires shaping friendly rules of social coexistence in the workplace.

Difficulties in acquiring employees may also be deepened by the technological revolution that is taking place today in the whole world, in Poland as well. The phenomenon of digital exclusion connected with this revolution plays a significant role on the Polish labor market [Kryńska, Arendt 2010]. Therefore, the necessity of using specialized tools to effectively and efficiently search for an employee that is often emphasized, faces difficulties in practice. Mobile applications that allow issuing references to employees and recommending them to employers in the quoted study were used by only every third company. Such a way of looking for an employee may concern almost only young people. Employers should try to reach candidates by channels other than applied so far, i.e. modern, or more direct channels should be used.

Summing up, the unemployment in Poland, lowest for more or less than a quarter of century, causing difficulties in recruiting employees, requires more from employers than just placing an advertisement on the Internet or in the press. Companies must be aware that if they want to create a strong team, they must not only invest in it, but above all, reach people who can be a valuable asset for the company. It is therefore necessary to modify the recruitment processes and methods used in this process. In the course of time – this will allow to create a loyal team of motivated experts whose engagement will positively influence the development of the organization.

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Coaching as a Tool Supporting Conscious Career Building – Theoretical Perspective

Abstract: Coaching is a word that has constantly been on the lips of not solely business people for some time now. Despite being no panacea for all problems, it has been gaining increasing popularity in Poland too. Although different varieties of coaching exist, each of them aims to improve the client's standard of living and quality of life, facilitate his or her choice of an appropriate way to fulfil desired objectives and prepare him or her for consciously carving own paths of both personal and professional life. The article aims to present general principles of and information about coaching, its varieties and benefits, especially in the area of professional career building, as the author gathers that it is useful in both young employees facing career path choices and mature individuals who consciously climb their selected career ladders.

Key words: coaching, development, professional career

Introduction

It is assumed that coaching is important in business. Thanks to coaching, organisations can improve productivity of their employees, their morale and job satisfaction. By adopting a coaching-based management style, managers ensure support and direction, encourage independent thinking or problem solving. Thus, many organisations willingly invest in professional career coaching, assuming that improved managerial staff performance may boost productivity at the whole organisation level too. It ought to be considered whether it is actually the case. Due to the above, the main issue assumed was to

answer a question whether, in the face of inevitable constant development, coaching becomes one of the most valued tools to support workers' professional development these days.

The article aims to present general principles of and information about coaching, its varieties and benefits, especially in the area of professional career building, such as improving skills in establishing communication and relationships with employees; discovering new opportunities to solve problems, obtaining better results and easier fulfilment of set goals [Chung, Gfroerer 2003].

History of Coaching

According to the literature, coaching as a method of working with the client/coachee is not a novel phenomenon. Berg and Karlsen state that the beginnings of coaching applied in business date back to the 1930s and are related to implementing various workers' individual productivity increase methods in sales departments [Berg, Karlsen 2007].

The beginnings of coaching as we know it date back to the 1970s and are connected with the publication of a book by T. W. Gallwey entitled "The Inner Game of Tennis". As mentioned by Wujec, Gallwey put forward a hypothesis that personal effectiveness depends not only on an individual's potential, but also on barriers hidden inside one. That formed a basis for the coaching assumption, and thus the fundamental role of the coach is to transfer the coachee's attention from external obstacles on the path of meeting a goal to his or her internal barriers, mainly those of psychological nature. In later years the approach was thoroughly explored by spiritual heirs to Milton Erickson's therapeutic approach – the Erickson coaching school [Atkinson, Chois 2009]. Another significant contribution to the contemporary meaning of coaching was made by John Whitmore's book "Coaching for Performance", which laid foundations for a measurable approach to coaching effects. In his book, Whitmore – an English aristocrat and racing driver – presented a "sport" approach to management. He believed that, as results are what matters in both business and sport, a coaching intervention should ultimately bring about their measurable improvement. Coaching appeared in Poland in the early 1990s thanks to international companies and trainers dealing with managers' personal development, including neuro-linguistic programming (NLP). The first two organisations that began to create coaches' community and good practices in Poland were the International Coaching Community (ICC) and the International Coach Federation (ICF) Poland. Coaching can currently be said to have gained enormous popularity in Poland and become the most desirable form of professional career too. Chairpersons and managers have their own coaches. Sellers and the so-called ordinary people seeking advice and instructions learn from them as well [<https://businessinsider.com.pl/rozwoj-osobisty/kariera/coaching-w-polsce-skad-sie-wzial-kto-korzysta-i-dlaczego/zn39r2s>]. It is worth mentio-

ning that coaching is also more and more often used by state and non-governmental organisations.

Selected Definitions

Considerable interest in coaching-related issues has bred a great number of its definitions, hence it is worth drawing attention to some of them.

Table 1. Selected coaching definitions

Author / Source	Definition
J. Whitmore (1992)	Coaching is unlocking a person's potential to maximise his or her own performance.
E. Parsloe (1998)	It is a planned two-way process in which an individual develops skills and achieves particular competences through reliable assessment oriented towards practice and regular feedback.
M. Armstrong (2000)	Coaching is a one-to-one approach to helping people develop their skills and knowledge and improve their performance. This is the most effective when it can be informal as part of a normal management or leadership process.
D. Clutterbuck (2003)	Coaching is a short-term intervention aimed at performance improvement or developing a particular competence.
M. Downey (2003)	The art of facilitating the performance, learning and development of another.
R. Dilts (2003)	The process of helping people to perform at the peak of their abilities. It is a drawing out of people's strengths, helping them to bypass personal barriers and limits in order to reach their personal best.
J. Starr (2003)	A conversation, or series of conversations, one person has with another.
S. Thorpe, J. Clifford (2004)	To help a person in strengthening and improving operations by reflecting on how to apply a particular skill and/or knowledge.
B. R. Kuc (2008)	Coaching is stimulating subordinates to make decisions independently.
T. Landry (2010)	It is achieving significant goals thanks to releasing individual potential.

<p>Żukowska (2010)</p>	<p>The process of improving various competences; first of all, it helps to bring out and then strengthen what is the most valuable in employees. Thus, it also strengthens the business, for instance, not only through developing employees' competences, but also through shaping appropriate attitudes.</p>
<p>International Coaching Federation (2012)</p>	<p>Partnering with clients in a thought-provoking and creative process that inspires them to maximise their personal and professional potential.</p>

Source: Wujec [2012], Żukowska [2010].

Whilst analysing the presented definitions, their variety may be observed. Undoubtedly, that variety results from the fact that coaching as a discipline is constantly developing. Nonetheless, irrespective of the manner of presentation and understanding of coaching, it is almost invariably considered in the context of development and growth.

Thus, it can be briefly summarized as quoting S. Caldwell, that coaching is “the art of facilitating achieving results, learning and development of another” [Caldwell, <http://aolnews.com>]. Therefore, it is a process of development support based on unlocking an individual’s potential in order to maximise his or her achievements [O’Connor, Lages 2004].

Types of Coaching

While discussing coaching, its varieties should also be mentioned. Due to the fact that coaching occurs in various areas of both personal and professional life, the literature lists its various types.

According to Żukowska, the first to be discussed is personal coaching focusing on improving both the quality of personal life and the professional sphere or career development [Smółka 2009]. The next to be mentioned are: skills coaching applied, for instance, in sales departments for sales managers or performance coaching, also referred to as instrument coaching, directly connected with professional work. Its fundamental aim is to motivate the employee to increase his or her productivity. Another type, team coaching, is based on achieving a team’s common goal. It assumes “facilitating co-operation among members, determining a common vision, strengthening mutual openness, trust, optimism, friendliness and understanding of roles creating favourable conditions for creativity and activity” [Kruszewska 2009 (in: Żukowska 2010)].

Wujec [2012], in turn, taking into account different areas of life, presents such categories as, for example, life, business, education, sport, health and spiritual coaching. Within each of those areas, detailed sub-divisions can also be made, but since the article concerns professional career, business coaching, which regards issues of professional work and its course, is going to be discussed in more detail. Business coaching is aimed at

company employees who need individual training and support to master selected competences and increase individual performance.

Wujec offers the following classification [Wujec 2012]:

Considering the supporting subject – the coach – coaching can be classified into:

- external coaching (carried out by the coach employed outside the organisation),
- internal coaching (provided by the organisation's employee, e.g. a superior, HR specialist).

Taking into account the type of the organisation to which coaching is offered, there is:

- organisational coaching conducted in large organisations and corporations,
- small business coaching aimed at owners and managers of small and medium enterprises.

Given the place in the hierarchy of the manager to whom the service is rendered, coaching can be classified into:

- executive coaching for senior managers,
- manager coaching for lower-level and line managers.

Examples of business coaching goals involve, among others: competence development, behaviour change, relationship building, communication skills, interpersonal conflict resolution, motivation building, support in working in a new position, creativity development and own performance improvement [<http://centrumrozwoju.pl/>].

The specialist literature presents many more coaching varieties, each of them having the common essence of improving the coachee's standard of living and quality of life, facilitating his or her choice of a right path, attaining ambitious but, at the same time, achievable goals and preparing him or her for independently setting and carving his or her own paths.

Process and Structure of Coaching

Irrespective of variety, it is important to appropriately work out a good coaching structure. That is of considerable importance for its general success. Publications describing coaching present different coaching stages or steps. Four crucial stages determining effective coaching, according to Starr [2005], are presented and briefly explained below:

The first stage is to establish the context of coaching, *i.e.* anything that surrounds coaching conversations. She mentions both physical and non-physical aspects. Thus, what needs to be prepared is: a room for coaching sessions, its equipment, training tools, but also atmosphere favourable to privacy. All that is to guarantee / satisfy the client's expectations. Then technical arrangements should be taken care of (schedule of coaching sessions, times, possible participation of others). However, first and foremost, client involvement must be ensured. Real involvement enables unlocking the client's hidden potential, whereas the lack thereof considerably reduces the chance. To sum up, as soon as the

first stage has been completed, subsequent conversations can be constructed.

The second stage is creating understanding and direction and thus acquiring necessary knowledge of the coachee as a person, but also of his or her situation and problems, areas he or she wants to change or improve and a goal/goals he or she has set for himself or herself in particular areas. Knowledge of the client can be gained using personality tests¹ or, for example, the 360-degree method². It is important to set a goal and direction in the course of every meeting so that all problems are not attempted to be solved at once (for instance, when considering a promotion, the client may realise that his or her career develops at the expense of relationships with children, family and friends or health). Hence, it is recommended to determine a clear objective.

The third stage includes reviewing the process and strengthening learning. That consists in checking the effectiveness of coaching sessions and combining them with benefits experienced as a result of learning. In order to elicit information on the course of conversations, a questionnaire may be used, a casual conversation can be planned or a third party, i.e. another coaching specialist, may be invited to act as a moderator. In turn, in order to assess results, observation or the already mentioned 360-degree method are most commonly applied.

The aim of the last stage is bringing coaching to its completion, regardless of benefits. It is important not to excessively prolong coaching so that it does not transform into a permanent solution. It should be added that it is the client who should take ultimate responsibility for himself or herself and his or her case. At that stage, as it is assumed, the coach ought to leave the client with a feeling that coaching sessions have been worth the trouble; indicate ways to continue learning after coaching completion; make sure that the client knows that, should the need arise, he or she can ask for help.

Coaching Application in Professional Career

Work constitutes a significant part of every human's life, creates his or her professional and social identity. When available, such tools as career coaching allow making best for the client conscious choices at virtually all career path stages [Smółka 2012]. At this point, it is worth explaining what professional career is.

Professional career can be understood in a broad or narrow sense. In the former case, it is perceived as the course of professional work of a human during his or her lifetime being a sequence of professional roles and positions held by an individual at various life

¹ Personality tests examine individual traits of character from a fully objective point of view. We can show what we like and what we do not, what kind of work we handle well, what our predispositions are etc.

² The 360-degree method is a very special type of evaluation because, as its name suggests, it ought to consist in a "panoramic" look at the employee. The technique is also called multi-source assessment, multi-rater assessment, multilateral assessment, circular assessment or 360-degree feedback.

cycle stages. Understood in such a way, career is identical with professional biography. In its narrow understanding, career is of a subjective and judgmental nature and usually means climbing through a series of social positions arranged in a vertical hierarchy, where each subsequent one is higher than those preceding it in social perception based on measures of social prestige, wealth, fame etc. [Jędrych 2007]. Selected career definitions are shown below (table 1).

Table 2 Career defining

Career understanding	Distinction criteria
1. Career as progressing forward	Judging the direction and stages of a career path.
2. Career as a job	Achieving professionalism in a job (e.g. in medicine, science). Career is not necessarily confined to working in one company.
3. Career as a sequence of jobs throughout life	A system of professional goals and pace of achieving them in an employee's life. The sequence of positions held, jobs performed and functions fulfilled.
4. Career as a sequence of role-associated experiences	A set of roles performed in life. Jobs carried out throughout life.

Source: Ścibiorek [2006].

When analysing the concept of employee career, such notions as employee development and career path should also be indicated.

Employees' development should be understood as a set of actions in the area of enhancing knowledge, developing competences, abilities and skills, which ought to contribute to an increase in employees' individual human capital and general human capital values of an organisation [Król 2006]. In turn, career path should be construed as a sequence of consecutive positions to be held by particular employees in order to achieve positions meeting their aspirations and able to be provided by an organisation. That corresponds to the meaning of the Latin word *currus* (chariot) which is very often defined as attaining by an individual (group) consecutive posts and positions in professional activity or as transfer from positions less appreciated in an enterprise to those definitely more recognised [Filipowicz 2004]. A practical guidebook to professional development by Fryczyńska states that it is the business that should determine needs for and chances of promotion as well as create training opportunities for employees who have entered a care-

er path so that they can identify their abilities and needs to improve them in order to fulfil requirements of a position they aspire to [Fryczyńska 2008]. Therefore, many companies use coaching as a tool supporting conscious career building. Hence, based on a manager's professional career stage, the following types of coaching are most often mentioned [Wujec 2012]:

- career coaching associated with the manager's professional career development,
- transition coaching applying to an individual changing his or her career path,
- high-potential coaching for individuals considered of key importance to the company's future,
- performance coaching aimed at developing competences essential for achieving better performance in the present or future position,
- newly assigned leader coaching aimed at preparing for the role of a leader.

Coaching for managers is commonly provided by external specialists, but larger companies often choose from among their managers people/trainers whose task is to deal with internal coaching, *i.e.* support managerial staff by assisting the development of a particular manager's competences and skills.

Upon choosing the coach, the coaching process itself takes place going through the following stages:

- Establishing the context for coaching – consists in identifying anything that surrounds coaching conversations and determining situations that may help or hinder such situations.
- Creating understanding and direction, *i.e.* establishing coaching objectives, results the coachee wants to achieve.
- Reviewing the process and strengthening learning that is checking progress of the coaching process and strengthening weak points.
- Completion – after that stage the coachee should have a feeling that coaching has made sense and yielded an added value; the coachee ought to receive guidelines as to how to continue one's own development and have knowledge of where and how to look for support when in need.

Upon selecting managers who may become leaders, visionaries, creators of the company's success, coaching goals should be chosen. Coaching objectives are divided into [Witkowski, Jarmuż 2004]:

- Rational objectives concerning an area of knowledge and met through obtaining information,
- Behavioural objectives regarding specific managerial skills (behaviours, habits),
- Existential objectives concerning the creation (change) of an attitude in its intellectual, affective and behavioural aspects.

Coaching benefits for the leader or superior include, among others:

- ability to develop people professionally,
- improving work performance and obtaining behaviours desired in the team,
- partnering in the relationship with the employee,
- increasing internal strength and authority among employees and, what is connected with that, satisfaction with working with people,
- opportunity to better get to know one's employees.

Coaching benefits for the employee include, among others:

- opportunity to develop at the workplace and help in pursuing one's career path,
- building partnership with the boss,
- precise operations and thus very high effectiveness,
- increased satisfaction with the carried out job,
- increased self-confidence and motivation for further actions [Ides 2018]

In sum, it can be recognised that coaching boils down to helping people in their constant striving for success, happiness and fulfilment [Starr 2005].

Summary

Professional career is a sequence of professional roles and positions held by a human in the period of his or her professional activity. Career management, in turn, most commonly focuses on streamlining the process of recognising employees' potential, using their potential at work and developing skills and competences through training and developmental actions, including, among others, coaching. A few years ago coaching was an interesting novelty and most managers treated it as an option [Peterson 2007]. In the last years, however, interest in coaching has definitely increased. That arises, to a great extent, from businesses' awareness of the need to coach employees, teams and, first and foremost, managers since coaching is a process of support that unlocks their individual potential. Thanks to coaching they make better use of their resources, skills, natural talents and abilities and become more creative. Career coaching service may be successfully applied in many internal HR processes, thanks to which employees are able to take the maximum advantage of those processes to foster their personal growth. Awareness of one's own potential and motivations behind decisions made as well as defining aims and aspirations of the human are what career coaching provides [CoachWise 2007].

In the author's opinion the aim of the study presented in the introduction has been met. Coaching definitions were presented, indicating the key aspects of the phenomenon. The issues of the terminological ambiguity of coaching were also raised. Owing to

the fact that it occurs in various areas of both personal and professional life, its different varieties were also shown.

Moreover, an attempt was made at proving that it is applicable in both young workers facing career path choices and mature individuals climbing their selected career ladders or in setting new career paths. At the same time, the author of the article hints that the main problem of the presented approach lies in the fact that it concerns solely a part of the topic. It should be borne in mind that there are still much more advantages and thus a need arises for further research of the presented issue.

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Visual Management as the Support in Building the Concept of Continuous Improvement in the Enterprise

Abstract: The following article presents one of the selected tools of the Lean Management concept – visual management. This method enables enterprises to strengthen their process of continuous improvement. Due to the support of visual management, it is possible to manage information more effectively by the managerial board and to improve communication process within in the particular company. In the first part, the author describes the concept of Lean Management. Then the idea of continuous improvement is explained, which is the fundament of this Japanese management concept. In the third part, the author presents the visual management in its business environment. The last part of the paper tackles the tools, firmly based on the visual management, that function in the manufacturing enterprises surveyed by the author.

Key words: process management, process improvement, Japanese Management System, Lean Management, Continuous Improvement, Visual Management

Introduction

Nowadays both economy theories and practices demand a lot on the companies operating on the market. With high market dynamics, changeability of the business environment, political turmoil and the evolution of customer needs, the concept of change became a natural element of functioning for enterprises. Organizations, in order to develop,

need and eventually seek for development in both technical and organizational areas. To ensure such increase of the organization's efficiency, flexibility of operations and improvement of the quality of its products, new solutions are constantly being developed in the area of technology, IT and management.

The Lean Management concept, originating from Japanese entities, brought huge success to local manufacturing plants. It has indeed become the foundation of several management practices around the world. It combines of not only systems and practical tools, but also a philosophy aimed at continuous improvement of activities focused on both external and internal client. It primarily focuses on recognizing problems and provides tools for identifying them. What is important it refers primarily to people, the system and organization of work however not only to equipment and technology itself. Therefore, it requires the integration of activities in the implementation of the concept assumptions and human resources management in order to fill in the gap between the current capabilities of employees with the future objectives of the particular project. Closing the gap requires several investment spending in altering employees' qualifications, improving technology and information systems as well as adapting them to specific organizational procedures.

The aim of the following article is to present one of the Lean Management tools – visual management. Presentation of the theoretical definition together with its role in building a system of continuous improvement in the company was included. The methods used to prepare the article incorporate the study of scientific publications, materials from the surveyed enterprises together with taken observations.

Lean Management concept

The Lean Management concept was firstly formed in the 1990s as a settlement of experiences initiated and provided by Japanese engineers from the automotive Toyota company. The most accurate translation and definition of the Lean Management term is "economical/slim management". Researchers James P. Womack, Daniel T. Jones and Daniel Roos are responsible for introduction of such concept to the theory based on their personal experience while managing the 5-year research program in the years of 1985–1990, which mainly focused on the development of the automotive industry in the world [Womack, Jones, Roos 1990]. The assumptions were based principally on the methods of organization and management of production and the supply chain, described as the Toyota Production System. Such management model has gained greater popularity across the world not only in purely manufacturing plants of the automotive industry, but also in enterprises from other not related sectors. This concept is based primarily on minimizing the so-called wastage through rationalization and continuous improvement.

A crucial part of the process is the identification of activities that do not add any value to the product, i.e. the one for which the customer is not willing to pay. The next mark is the elimination of such activities from the whole product manufacturing process.

Enterprises that take advantage of Lean Management methods together with its tools are often called slim organizations. They are often characterized by such factors as lean supplier systems, slim production, slim office or slim design. Implementation of the Japanese management style includes identification of the process values flow, ensuring uninterrupted flow and continuous improvement of the entire enterprise system [Szymonik 2012, p. 120].

It is crucial to meticulously identify the waste that the Lean Manufacturing concept addresses against. In the literature, Japanese concept is defined within the types of waste that should be eliminated. These are MURI – unjustified standardization of work, MURA – incompatibility of activities or MUDA – production waste [Borecka 2012, p. 40].

Types of waste can also be divided according to a slightly different criterion – in its structural terms. Such refers to the waste results from generated by the company or when it is forced by specific procedures. In such division, the waste can be divided into [Womack, Jones 1996, p. 20]:

- Waste of the first kind – (non-value added but necessary) activities that do not bring value to the enterprise, but are necessary due to, e.g. the necessity for formal settlements with state institutions. This type of activity cannot be thus avoided, but the costs associated with it should be minimized,
- Second-order waste – (non-value added) activities that do not add value to the enterprise resulting from bad organization. This type of waste should be eliminated though.

The concept of value is crucial and fundamental in the Lean Management concept, as it is determined by the client and their needs. Determination of this value is necessary to focus on the customer-relevant functions that the product should accomplish. The Japanese management concept proposes the search for this value by creating the teams responsible for a particular product. Their main task is a continuous communication with the leading recipients. Due to this approach, the product is equipped with functions important for the customer, and at the same time the manufacturer does not include the costs associated with the development of product functionality, which the customer does not expect or want to change the decision because of lower price [Kosieradzka, Maciągowski 2005, p. 48].

The concept of continuous improvement

Since the emergence of the concept of the continuous improvement, its understanding by researchers has changed and evolved many times. Currently, most often the Japanese

se methodology, according to which continuous improvement is identified, relates to kaizen philosophy. This approach is based on Imai’s attitude – experience and approach, which has been defined with his role and place in company management. Moreover, he created the basis for this concept, which means continuous improvement for both management and all company employees at all levels [Imai 2006, p. 39].

Table 1. Definitions of continuous development

Author	Defintion
Deming (1982)	Continuous and endless improvement in the production process and services that result in improved quality, productivity and finally reduced costs.
Imai (1989)	Progressive improvement of all involved within the company employees.
Bessant, Caffyn, Gilbert, Harding, Webb (1994)	The process implemented in the whole company, focused on continuous incremental innovations.
Bessant, Caffyn, Gallagher (2001)	A specific package of procedures that can enable an organization improve current manufacture.
Dahlgaard, Kristensen, Kanji (2002)	Small continuous changes for the better.
Brunet, New (2003)	Present and continuous set of activities, in addition to the standard roles of participants to identify and achieve results that contribute to the achievement of organizational goals.
Boer, Gertsen (2003)	Planned, structured and systematic process of permanent, incremental and company-wide changes to existing practices aimed at improving the company’s operations.
Bhuiyan and Baghel (2005)	Improvement initiatives that increase success and reduce mistakes.
Chang (2005)	Continuous improvement in the setting customer requirements cycle, meeting these requirements, measuring achievements and continuing to check customer requirements to find areas for improvement.
Bhuiyan i in. (2006)	A culture of permanent improvement aimed at eliminating losses in all organizational systems and processes, including all participants.
Manos (2007)	Subtle and gradual improvements that are provided constantly.

Source: Kucińska-Landwójtowicz 2015.

A more detailed overview of definitions presented in tab. 1 leads to conclude that there are common elements indicated by particular researchers:

- the objectives of improvement should be clearly specified while losses should be eliminated,
- all employees of a particular company should participate in continuous improvement to optimize results,
- continuous improvement is not a one single activity but a long process that should be provided throughout the entire organization.

The idea of visual management

The Lean Management idea includes several tools to support organizational improvement. One of them is Visual Management. Its use responds to the need of efficient management of the production system within the enterprise, when it is necessary to quickly obtain information in such a form that it is as clear and valuable as it is possible in the context of the need to take business decisions [Greif 1991, p. 2]. Such tool enables to visually present information that is used to properly manage the organization. Generally visual management can be defined as a solution aimed at using visual forms of information about work management in the organization, consisting in visualizing the analyzed issues or the process of providing solutions to a particular problem [Rich, Bateman, Esain, Massey, Samuael 2006, p. 81]. More detailed definition indicates that visual management is any kind of visual support or device that allows to manage information more effectively, which eventually leads to the reduction of losses in the enterprise [Huber 2006, pp. 1–12]. In order to take advantage of all the possibilities offered by visual management, it should include its maximum range of the company's operation, in particular [Pawlak 2000, p. 55]:

- Work areas of employed in the organization people,
- Employees,
- The business process itself,
- Improvement elements.

One of the tools that support visual management is visual control or visual performance management (Performance Visual Management). The method provides the opportunity to senior management to obtain a more transparent and quicker view of the current situation in the organization [Shimokawa 2011, p. 150]. The use of visual elements, in combination with data presented in a suitable way, allows to obtain quick and, what is important, multifaceted analyzes of a specific situation [Shimbu 1995, pp. 4–5]. Visual management of presented results not only provides it easier for managers to define the priorities and optimize their working time as well as allows them to delegate tasks, but also initiates a real exchange of experiences and mobilizes the team to achieve goals and joint problem solving [Biziuk 2017, p. 46].

The following method can be a very important element of functioning, as well as initialising the period of construction of enterprise in which organizational culture focused on continuous improvement is of great importance. Such tool allows to a large extent on the day-to-day management of areas of the company's operations, due to its quick and effective detection of discrepancies with assumptions and improvement of production processes.

Application of visual management tools in production companies

Many several tools that allow to reduce losses in processes, improve quality or delivery time to the customer can be described. However, the implementation of these methods individually is not enough. An effective system of maintaining the implemented tools is also needed. The example of such is so-called Kamishibai, which is based mostly on visual management. The example given operates in one of the heavy industry enterprises in Poland.

It is a specially designed board with a set of colourful cards with written instructions on how the audit should be provided. The board consists of two parts. In the first one there are pockets for placing cards after subsequent audits. The second part of the array is organized in a way that allows to record the observed problems, causes and undertaken corrections. When designing a Kamishibai array for specific areas in the surveyed enterprise, several elements were noted:

- work system in the area (number of changes, number of work days),
- frequency of audits (depending on the leader's work standards and levels of organization involved in the audit),
- scope of audit (the whole area or specific positions, key issues).

The traditional audit is provided by measurements of an audit system, based on the basis of a team of trained auditors, a schedule and a list of questions defined on the audit form. What distinguishes Kamishibai from the traditional method is the fact that an auditor can be any person working in the factory. The simplicity used in this tool allows to control both the leader responsible for the area and the mechanic or logistician who are not directly related to the measured area. This is possible due to a very simple system of audit cards. The cards are two-sided as defined above, one side in green and the other in red. The same question is on both sides, but the visualization of the answers will be different, i.e. the correct standard will be presented on the green side, the non-compliance will be on the red side. The use of visualization on the cards helps all those who use Kamishibai in the process of learning the right standards of working. The audit begins with the card being drawn from the pile of cards placed in the container on the board. The use of the element of randomness allows employees to be ready since they are

not able to predict the audit questions. After the card is drawn, the person conducting the audit tests the particular standard on the spot according to the instructions on the card. Then the card is placed in a specific place on the board. Depending on the result of the audit, placing the card with the green side means that the audit ended with positive result. If the card is placed on the board with a red side, it means that a non-compliance was found during the audit. On the second part of the Kamishibai board, the auditor describes the problem [Nowak 2013, p. 15].

Another effective Lean Management tool based on the idea of visual management is the Kanban card system. The Kanban method was invented by Japanese managers in the 1950s. The main assumption of the method is to eliminate overproduction and production of products as well as components needed at a particular period of time. In this way, on the one hand, the reduction of inventory is achieved, on the other, it ensures the availability of materials and eliminates production delays caused by the lack of required parts [Patkowski, Kokot 2017].

One of the easiest ways to establish a kanban system is to use the so-called double-bin system. This method, due to its simplicity of implementation, was used in one of the light industry companies in Poland.

Only two containers with products circulate between the supplier and the recipient. When products from one container are consumed, the other makes the way to the supplier and returns filled. It is assumed that the transport and refill time of the second container is shorter than the time for emptying the first container. This method uses Visual Management, because the lack of one of the containers is visible to everyone and can be immediately indicated by e.g. a red sticker located under the container.

Other tools based on visual management can also be:

- Andon, i.e. a light board indicating the position on which the problem was found in the form of a product defect, machine failure or missing components for production,
- marking communication routes and storage areas for production materials i.e. so-called zoning,
- communication boards containing basic indicators related to a given area.

Conclusion

Nowadays, an effective management of a production or service process requires quick access to information on the status of its implementation. That is provided in order to quickly respond to emerging exceptions, since the cost of missing or ignoring it can lead to the very huge extend. Seemingly, due to the modern technologies, this access is easy as never before. However, the multitude of messages imported with numerous channels means that in this priority information is lost and does not reach the right recipient or is

simply unreadable. That is why companies need access to simple messages, understandable for serial employees and, what is important, allow their unambiguous and immediate interpretation.

Visual management is an important element of the Lean Management idea. The internal communication of the company and the monitoring of processes within the company are based on the following concept. The visual transmission of information between the management and the employee, despite the progressing automation has its significant role. Effective visual management can not only improve the relations between particular colleagues and the management department, but also positively influence the increase of internal motivation to act, and thus productivity to increase.

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Unethical Actions in Economic Activity in Selected European and East- and Central-Asian Countries

Abstract: The system of ethical principles protects enterprises against the spread of various types of pathology, including fraud which is a manifestation of dishonesty that generates various costs for enterprise but also a threat for its further functioning in the market. The scale and types of fraud have not been fully investigated due to the fact that many unethical actions have not been identified or reported to the relevant authorities. The aim of this study is to present the scale of fraud committed in enterprises in selected European and Asian countries on the basis of *Association of Certified Fraud Examiners* reports and to point out that the problem of fraud is present in enterprises and it is important for micro and macro development.

Key words: ethics, fraud, finance, accounting

Introduction

Since the beginning of the 21st century, when the information about financial fraud committed by the management of the American company *Enron* was spread around the

world, as well as due to the global banking crisis, ethics in business has become the subject of many studies. The issues related to ethics in accounting and finance have become particularly important both for managers of the unit and for other entities operating in its environment. Ethics plays an important role in finance and accounting by formulating regulations and procedures in areas not regulated by law. To ensure the quality of financial information in enterprises persons responsible for information processing should observe not only accounting principles and legal regulations, but also ethical principles that constitute a system supporting the law.

The system of ethical principles protects enterprises against the spread of various types of pathology, including fraud which is a manifestation of dishonesty that generates various costs for the enterprise but also the threat for its further functioning in the market. The scale and types of fraud have not been thoroughly investigated due to the fact that many unethical actions have not been identified or reported to the relevant authorities. Lack of comparable statistics that would illustrate real dimension of the phenomenon of fraud in business makes it difficult to estimate its real costs.

The risk of fraud in enterprises is often considered insignificant and no preventive measures are taken that would minimize the possibility of its commitment. What's more, enterprises often do not have any tools that would allow quick detection of fraud and its perpetrators. This problem particularly affects the smallest enterprises which are not aware of what financial fraud is. They believe that the knowledge about the problem is unnecessary. Therefore, the purpose of this work is to present the scale of fraud committed in enterprises in selected European and Asian countries on the basis of *Association of Certified Fraud Examiners* reports and to point out that the problem of fraud is present in enterprises and that it is important for micro and macro development.

Different aspects of fraud in economic activity

Ethical standards in European business can be read from the work of authors engaged in activities that promote the development of business ethics in European countries, from the content of curricula, from the results of the annual European conferences organized by the European Business Ethics Network (EBEN) [Gasparski 1999, p. 139]. Responsible and ethical business is a strategic, long-term approach, based on the principles of social dialogue and the search for solutions that are beneficial for the company as well as its entire environment, employees, all stakeholders and the community in which the company operates [Klimek 2014, p. 14].

Business ethics, also called ethics of economic activity, is a normative ethic that is connected with the assessment of and defining moral standards that relate to the specific sphere of modern society – economic activities. It is focused on human behavior and

is a systematic study of moral issues (beliefs, norms, values) present in business, industry, banking and related activities. The primary role of business ethics is to make entities and individuals more sensitive to moral dilemmas associated with the type of practical activity, referring to system-wide solutions [Kopka 2013, p. 25].

The general premises of interest in ethical dimension of economic activity include a. o.:

- rapid globalization process,
- public pressure on corporate social responsibility,
- deterioration of the media image of business activity,
- changing legal regulations,
- growing social pressure on ethical conducting of business activity [Wiśniewska 2014, p. 309].

Fraud in business can have various character [Mele, Rosanas, Fontrodona 2017, p. 611]. However, it is most often committed in the area of finance and law, hence the term is not precisely explained in the literature of the subject and it is often replaced by other terms, such as abuse, corporate crime or misappropriation. The need to harmonize the concepts that are the subject of this paper made the authors state that unethical action in business (abuse) is “intentional action taken by one or several management members, persons supervising the unit, employees or a third party using a lie in order to obtain unjustified or unlawful benefits” [Międzynarodowy Standard Rewizji Finansowej No. 240, p. 97]. This definition fits perfectly into currently functioning “trends” because according to the research of the *Association of Certified Fraud Examiners (ACFE)* fraud and all types of abuse in business in the recent years were committed mainly by managers and employees of accounting and operational departments. The lowest percentage of fraud concerns the legal department. In Poland, only 43% of perpetrators operate inside the company, 20% of which are managers. The remaining 57% are perpetrators external to the enterprise [Badanie Przestępczości Gospodarczej w Polsce 2016. Wyniki i kluczowe wnioski 2013, p. 3].

Table 1. Perpetrators of fraud in enterprises in the world in 2010

Specification	%			
	2010	2012	2014	2016
Top management levels	3.50	11.90	11.8	10.9
Finance department	4.20	3.70	5.2	4.5
Board of directors	1.40	1.40	1.0	1.2
Purchasing department	6.20	5.70	7.2	8.2
Accounting department	22.00	22.00	17.4	16.6

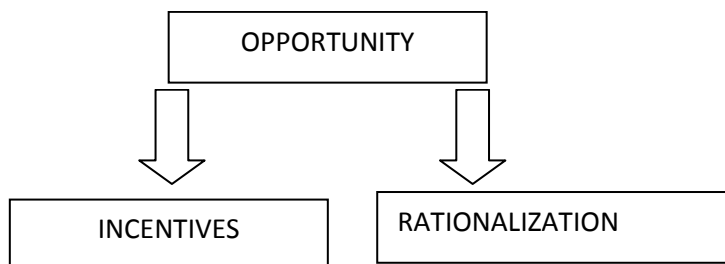
Legal department	0.50	0.60	0.6	0.9
Marketing / Public Relations	2.00	1.10	1.3	2.1
Production	1.70	1.90	2.5	2.2
Human Resources department	1.30	1.20	1.2	1.2
Research and development	0.80	0.70	1.0	1.0
IT department	2.80	2.00	3.0	2.8
Operational department	18.00	17.40	15.3	14.9
Sales department	13.50	12.80	12.5	12.4
Warehousing/Inventory	4.70	4.20	3.9	4.1
Internal audit	0.20	0.60	0.5	0.3
Customer service	7.20	6.90	7.7	9.0

Source: own elaboration based on: *Report to the Nations on Occupational Fraud and Abuse. Global Fraud Study*, ACFE: 2010, 2012, 2014, 2016.

However, fraud committed in enterprise is not only the domain of employees. It should be remembered that it may be to a different extent committed by external individuals or institutions, e.g. through speculation. Data included in the *Association of Certified Fraud Examiners (ACFE) report [Report to the Nations on Occupational Fraud and Abuse 2016, p.19]* indicate that a typical perpetrator is a man employed in a company, whose actions contribute to 69% of losses. Men are not only responsible for the most of frauds but the study shows that fraud they commit generates almost twice as much loss as fraud committed by women. Fraud is most often caused by people between 31–45 years of age and having completed higher education [*Report to the Nations on Occupational Fraud and Abuse 2016, pp. 57–61*]. However, regardless of whether the fraud is caused by actions of people working in or outside the enterprise, it usually concerns such areas of the enterprise as fixed assets, financial assets or human capital and makes harm not only to a specific person, but to the entire organization by acting in anonymous manner [*Report to the Nations on Occupational Fraud and Abuse 2016, pp. 57–61*].

B. Soltani [2014, pp. 251–274] in his research argues that the main reasons for the presence of fraud in enterprises should be seen in inefficient control, the lack of an appropriate system of incentives for employees and management skills of the managing staff. According to the research made by B. Lail et al [2017, pp. 690–691] the presence of this type of fraud is determined by the so-called Fraud Triangle.

Figure 1. Fraud Triangle



Source: own elaboration based on: Lail, MacGregor, Marcum, Stuebs 2017, pp. 690–691.

The fraud triangle presented has three sides, each one showing one factor. Incentive is an impulse that encourages action. It can be a difficult life situation or the desire to raise funds for own needs. Opportunity on the other hand allows for unfair behavior. It appears especially where there is no control over the resources or it is defective. Rationalization is internal self-justification of one's own actions. The coexistence of these three factors contributes to the commitment of fraud in enterprises.

Unethical activity is related to in Polish legislation. The Act on freedom of economic activity indicates that an entrepreneur should perform business activities on the basis of fair competition and respect for good manners and legitimate consumer interests [Act on freedom of economic activity of July 2, 2004] and obliges the entrepreneur to comply with the legal provisions for business activity, in particular regarding protection against the risk to life, human health and public morality [Act on freedom of economic activity of July 2, 2004]. Accounting Act [Accounting Act of Sept. 29, 1994] on the other hand contains provisions that explicitly specify that unethical actions are illegal:

- Art. 4 – Entities are required to apply the adopted accounting principles (policies), truly and fairly presenting their financial position and financial result. The article unambiguously regulates accounting activities by ordering to present the situation in a reliable manner in accordance with the actual situation and the applicable law.
- Art. 22 – Accounting documents should be reliable, i.e. consistent with the actual course of the business transaction which they document; complete and free from arithmetical errors. The article unambiguously opposes falsification and manipulation of accounting documentation.
- Art. 24 – instructs the entity to keep accounting books in a reliable, error-free, verifiable manner and on ongoing basis.

Financial aspects of fraud in the light of the research of the Association of Certified Fraud Examiners in Western and Eastern Europe and Eastern and Central Asia

Business activity is accompanied by the risk of dishonest actions of its participants. Research on the risk of fraud in business operations has been conducted since 1996 by ACFE – *Association of Certified Fraud Examiners* based in the USA. It is the world's largest anti-fraud organization and a leading organization that organizes training. Data collected for the purpose of the reports come from 114 countries on all continents and are updated annually in the form of a questionnaire. The questions in the questionnaire refer to financial fraud that has been committed in enterprises and include a. o.: perpetrators, fraud detection methods or fraud costs. The survey respondents are fraud experts, internal auditors, statutory auditors, accountants, financial advisors or specialists in computerized investigative techniques who have knowledge about abuse and fraud.

An interesting approach proposed by ACFE is to present the problem of fraud in the regions of the world, stressing that fraud is a global problem, but its impact on organizations in different geographic regions may vary. Therefore, in 2016, in addition to the standard reports on fraud in enterprises on all continents, the results of research on respondents located in Asia, Western Europe, Eastern Europe, Central Asia, the Middle East, Central Africa and North America were published. This paper analyzes financial aspects of fraud committed in organizations located in Western Europe where such countries as Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal, Spain, and Switzerland and Great Britain were qualified for the analysis and in Eastern European and Central Asian countries where Albania, Armenia, Bulgaria, the Czech Republic, Hungary, Kazakhstan, Kosovo, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine were qualified.

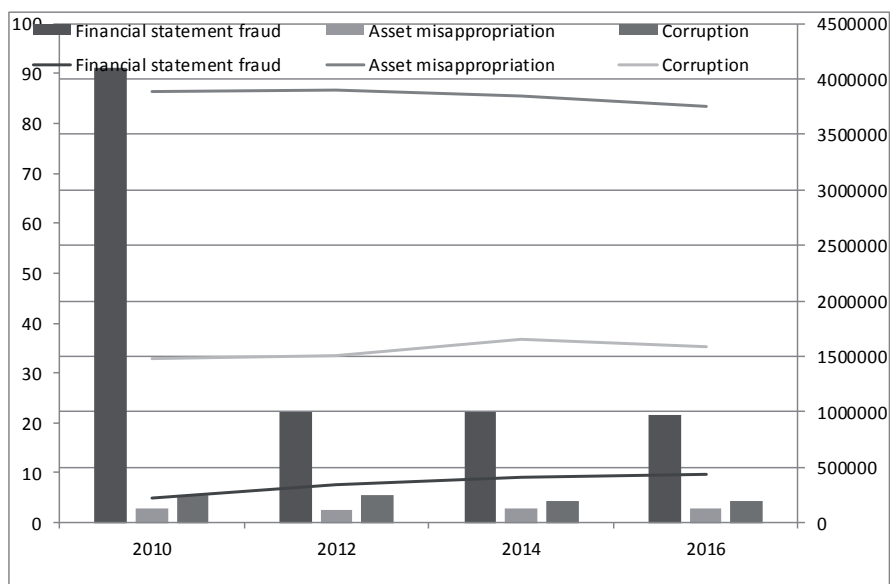
Fraud committed in enterprises generates costs that are often impossible to identify, because they cannot be read from financial statements. The difficulty with estimation of costs means that there are no real statistics on losses resulting from fraud. However, it should be mentioned that unethical actions in enterprises undoubtedly contribute to: loss of reputation and trust in a given enterprise, loss of customers or assets. Such actions directly affect business relationships and in an extreme situation may lead to bankruptcy. Moreover, costs caused by fraud can limit the economic development of a region or a country by lowering tax inflows [Perri 2011, p. 218].

Business practice shows that actual losses caused by fraud may have significant financial implications for enterprises. According to the report prepared by the ACFE the average organization loses annually about 5% of its income as a result of fraud, while on a global scale these losses amount to an estimated \$6.3 billion annually and over 23% of

cases of occupational fraud resulted in a loss of at least \$1 billion. The amount estimated by ACFE takes into account only direct costs that organizations have incurred and represents a small percentage of fraudulent activities which to a large extent have actually not been detected yet. On a regional basis, the largest costs associated with fraud in organizations are reported in Europe and Central Africa [Report to the Nations on Occupational Fraud and Abuse. Global Fraud Study, ACFE 2016].

An important element in the construction of an ethical work environment in enterprises is the selection of areas particularly exposed to the risk of fraud. Identification of the most common types of fraud has an impact on undertaking appropriate actions and implementing appropriate control procedures necessary to prevent such practices. Fraud that is committed in enterprises can be divided into three basic categories: asset misappropriation, corruption and financial reporting fraud.

Figure 2. The most common types of fraud in business activity in the world and the average amount of loss for each type of fraud in USD



Source: own elaboration based on: *Report to the Nations on Occupational Fraud and Abuse. Global Fraud Study*, ACFE: 2010, 2012, 2014, 2016.

Among the abovementioned types of fraud committed in enterprises invariably since 2010 approx. 85% of cases of fraud have been related to asset misappropriation, 35% have concerned the problem of corruption and 7.7% of unreliable financial reporting. Fraud related to financial reporting is the most expensive. In 2016 the losses amounted

to as much as \$975 000 which is 5 times higher than losses caused by corruption and 9 times higher than costs of misappropriation of assets. Similar tendency can be found in selected European and Asian countries, although significant structural differences are visible.

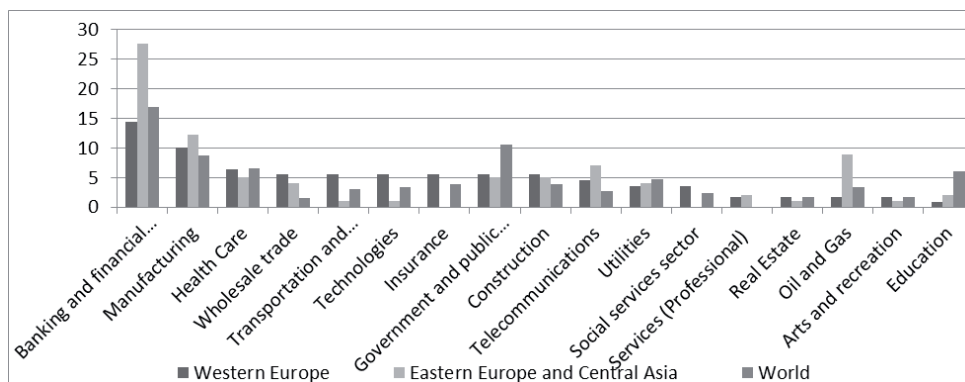
Table 2. The most common types of fraud in business operations in Western Europe, Eastern Europe and Asia and the average amount of loss for each type of fraud in USD

Type of fraud	Countries of Western Europe		Countries of Eastern Europe and Asia	
	2016			
	USD	%	USD	%
Financial statement fraud	600 000	17.3	530 000	17.3
Asset misappropriation	200 000	80.9	131 000	74.5
Corruption	300 000	40.0	200 000	55.1

Source: own elaboration based on: *Report to the Nations on Occupational Fraud and Abuse. Western Europe Edition*, ACFE: 2016; *Report to the Nations on Occupational Fraud and Abuse. Eastern Europe And Western / Central Asia Edition*, ACFE: 2016.

The comparison of the above data with global results shows that similarly the most frequently reported types of fraud committed in organizations are: asset misappropriation, followed by corruption and fraud related to financial reporting, but the structure of these types of fraud is slightly different. In the countries of Eastern Europe and Asia corruption is dominant (over 55% of frauds compared to 40% in Western Europe and 35% in the world). It is followed by fraudulent preparation of financial statements (about 17% of frauds in Europe, and about 7% of frauds in the world). The results of the ACFE survey are reflected in the annual corruption index published by *Transparency International* where the division of European countries into less and more corrupt is clearly visible. In 2017, Poland ranked in the 29th position out of 176 countries. Ukraine (131) and Bulgaria (75) took the distant positions behind Poland. On the other hand, countries such as Germany, England and Sweden occupied the honorable leading positions [https://www.transparency.org/news/feature/corruption_perceptions_index_2016].

Figure 3. Sectors with the highest number of frauds in 2016



Source: own elaboration based on: *Report to the Nations on Occupational Fraud and Abuse. Western Europe Edition, ACFE: 2016; Report to the Nations on Occupational Fraud and Abuse. Eastern Europe And Western / Central Asia Edition, ACFE: 2016.*

The above figure shows which sectors in the discussed regions are most affected by fraud. Data presented in ACFE reports show that these sectors are *Banking and Financial Services* and *Manufacturing*. However, discreet differences between sectors in particular regions can be noticed. In Western Europe fraud is more frequent than in other regions in *Wholesale Trade* sector (4th place in Western Europe, 8th in Eastern Europe and 16th in the world) and in *Transportation and Warehousing* (4th place in Western Europe, 8th in Eastern Europe and 16th in the world). Noteworthy is the fact that there is practically no fraud reported in *Education* (17th place in Western Europe, 10th in Eastern Europe and 5th in the world) as well as in *Oil and Gas* sector (13th place in Western Europe, 3rd in Eastern Europe and 9th in the world). In Eastern European and some Asian countries *Oil and Gas* sector is most often affected by fraud while the least cases of fraud are detected in *Transportation and Warehousing* and *Insurance*.

Conclusion

An inseparable element of running business is making decisions that often lead to unethical actions, including fraud, which are to a large extent related to accounting and financial reporting system and which seriously harm the functionality of not only enterprises but also the global economic system. In the era of globalization there are more and more opportunities to commit fraud. Not only individual people resort to these actions but often these actions are taken by the board of directors or management.

The presented considerations show that fraud committed in business is an important and current problem of many economies, and its presence generates huge losses for the affected entities. Most of fraudulent actions are reported in organizations providing banking and financial services. In this sector perpetrators find the most opportunities to commit fraud and remain unnoticed. Importantly, this sector is vulnerable to all types of threats related to unethical activities regardless of the region of the world.

The financial dimension and scope of unethical and illegal activities in business significantly differs in the countries of Western and Eastern Europe. In the countries of Eastern Europe and in some Asian countries corruption is carried out on a larger scale (over 55% of frauds compared to 40% in Western Europe). Corruption is currently one of the most important development problems of local economies there. In these countries the most "popular" and most often found to be fraudulent is *Oil and Gas* sector, while the fewest cases of fraud have been detected in *Transportation and warehousing* and *Insurance* sectors. The opposite trend is observed in Western European countries.

In practice, fraud is most often attributed to employees, but as can be seen from the presented research results, almost every entity that is in contact with the organization may become the perpetrator of fraud. Fraud and related costs are often unmeasurable. However, to a greater or lesser degree, in any region of the world, its consequences can be bankruptcy or financial losses for the company, deterioration of business operations, reduction of efficiency and financial result, loss of reputation, loss of confidence of clients, investors and suppliers and increase in product prices.

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Roles and Responsibilities of Audit Committees in Public Finance Sector

Abstract: The rules governing the functioning of audit committees are one of the main topics in the discussion on public governance. Efficient and effective functioning of audit committees is seen as an opportunity to improve supervision quality in the public sector. In the public finance sector regulations have introduced audit committees to public administrations in many European countries. A discussion on extending the scope of responsibilities and competencies of audit committees in the public finance sector has continued all over the world. Polish regulations are also moving in that direction. This paper describes the effect of the current legal regulations on establishing audit committees in the public finance sector. The author analysed the roles and responsibilities of audit committees in public finance sector in order to initiate a discussion on the competencies and liability of audit committee members in Poland. Having analysed the Rules of Operation of audit committees as well as other documents the author classified: the main areas of audit committees' activity in the analysed entities and similarities and differences in the functioning of audit committees in the public finance sector and public-interest entities. The following research methods have been used: critical analysis and deduction with particular reference to source documents and internal regulation of entities, as well as legal acts.

Key words: public finance sector, audit committee, internal audit, internal control

Introduction

Issues related to public governance in public finance sector have attracted the attention of a variety of international organisations for more than 10 years. In the worlds, continues a debate on public governance has begun in order to determine whether audit committees should be set up in the public finance sector. In recent years, legislation on and guidelines for audit committees in the public finance sector have been introduced in many countries. A number of scientific articles on this subject have been published.

Polish regulations and scientific studies have also been moving in that direction. In Polish public finance sector, audit committees were introduced only in 2010. Central government ministries set up audit committees in this sector. From the current perspective it is now possible to carry out the first reliable research study in this field.

The purpose of the present article is to discuss the role and tasks of audit committees in the public finance sector in Poland. The paper describes the impact laws and other regulations on the development of audit committees in Polish public finance sector. It draws attention to the role and purpose of audit committees as a tool for supporting effective supervision in the public finance sector. The paper addresses the problem of the role, competencies, responsibilities and effectiveness of audit committees.

Research methodology and overview of the analysed audit committees in the public finance sector

In order to determine research problems related to the roles, tasks and responsibilities of audit committees in the public finance sector the author analysed legal regulations and reviewed literature and earlier research, as well as internal documents from selected entities.

In Poland, a total of 18 audit committees have been set up in the public finance sector. Audit committees exist in all central government ministries. The author analysed all internal rules of and reports by ministerial audit committees in the public finance sector. Both internal rules and reports are available online on the ministries' websites.

Review of empirical research literature

Public governance draws much attention from the global academic community, which has resulted in a broad strand of literature on theoretical and practical aspects of the issue, as well as on empirical findings. Audit committees also draw much attention from researchers all over the world, which has resulted in numerous studies on their theoretical and practical aspects, e.g.: Sheldon and McNamara [1991], Kalbers and Fogarty [1993],

Menon and Williams [1994], DeZoort et al [1997, 2002], Scarborough et al [1998], Fogarty and Kalbers [1998], Collier and Gregory [1999], Carcello and Neal [2000, 2003], Abbott and Parker [2000], Archambeault and DeZoort [2001], Beasley and Salterio [2001], Vafeas [2001], Raghundan et al [2001], Klein [2002a, 2002b], Hermanson et al [2002], Carcello et al [2002], Bedard et al [2004], Baxter and Cotter [2009], Abbott et al [2010], Sun et al [2011], Sun and Cahan [2012] and other authors.

A literature review carried out by the author showed that researchers followed a number of theoretical approaches to study and explain audit committees practices in private sector. Audit committees in private sector have been well researched in the Anglo-American governance model. However, for the purposes of this paper only several studies are relevant.

Research related to audit committees in private and public sector of emerging market economies is very limited. In Poland, many theoretical and empirical analyses of public governance in the public finance sector as well as analyses dedicated to audit committees have focused strictly on new regulations and practice. For example, Ignys [2006] presented corporate governance regulations in the European Union and perspectives for Poland. Dobija [2009], as well as Helin and Wisłowski [2009] presents a literature review related to the effectiveness of audit committees. Szczepankiewicz and Dudek [2010] compared the tasks and organisation of audit committees in the public sector and in public-interest entities. Potrzebowska [2010], Babuśka [2010] and Bartoszewicz [2012] presented the role and importance of audit committees under the new Public Finance Act. Podstawka and Litwińczuk [2014] presented the new tasks of audit committees in the public sector. Bednarek [2016] analyzed the impact of senior management and audit committee on the internal audit value. Kotarski [2017] analysed the role of audit committees in evaluating management control in a public finance sector ministry.

The results of the research carried out

Role of audit committees in the laws and regulations

Unfortunately, back in 2009 not all public-interest entities in Poland were bound by the said obligation. In 2010 audit committees were also appointed in the public finance sector. Those at central government ministries were appointed pursuant to:

1. the Public Finance Act amended in 2009 [2009],
2. regulation of the Minister of Finance on audit committees [2009, 2016].

In September 2011, on the basis of international experience and generally accepted public sector practices the Audit Department in the Ministry of Finance prepared and published two documents: *Good Practice of Audit Committees in the Public Finance Sector* [2011] and *Audit Committee Self-Assessment Sheet* [2011]. The Public Finance Act amended

in 2017 did not change the earlier functioning model or the scope of tasks of audit committees in the public finance sector.

Internal supervision system model in the public finance sector

In the Polish public finance sector, audit committees have been established at all central government ministries. The goal of an audit committee appointed at a given ministry is to provide advice to the minister. Each audit committee assesses the quality of management control systems and internal audit efficiency in all entities supervised by the minister in question. The role of audit committees in the public finance sector is linked to assuring appropriate functioning of adequate, efficient and effective management control as well as efficient internal audit in public administration sections managed by each minister.

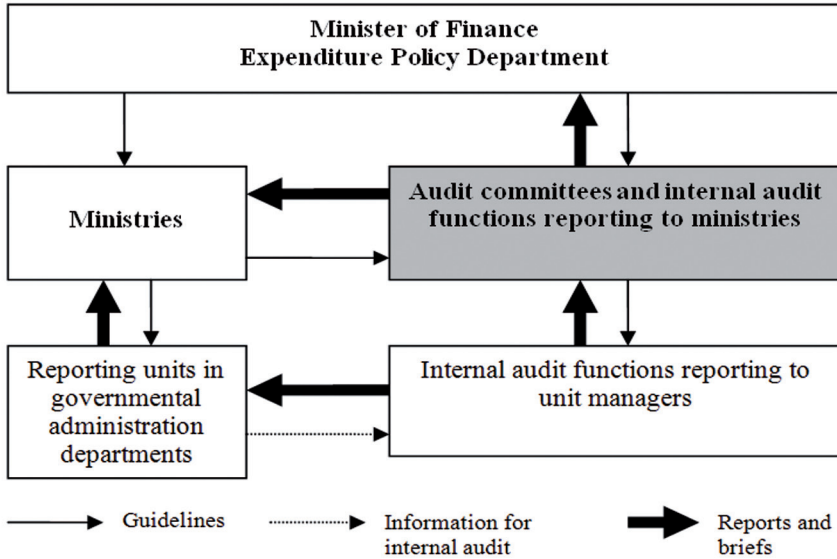
Pursuant to Article 290 of the Public Finance Act [2017], each audit committee in the public sector consists of at least three members, including:

1. audit committee chairperson appointed by the minister (an employee of the ministry);
2. at least two independent members, not employed in the ministry or in any entity within the administrative section reporting to the minister in question.

Audit committees at each ministry are supported by ministerial internal audit department. Internal audit department collect audit plans, performance reports and other information submitted by entities reporting to the respective minister. The internal audit department prepares aggregated information on significant risks and weaknesses of and on proposed improvements in management control in administrative sections reporting to the minister. Furthermore, the internal audit department provides organisational services to the audit committee.

Figure 1 presents the location of audit committees in the supervision and reporting system in the public finance sector.

Figure 1. Audit committees as part of the supervision and reporting system in the public finance sector

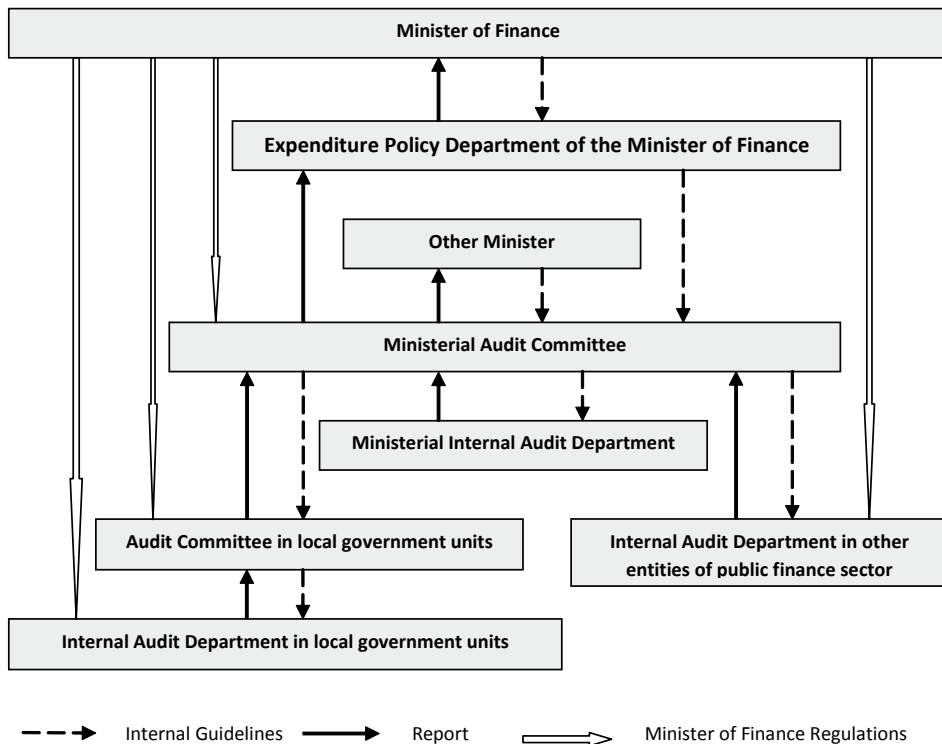


Source: by the author.

The Statutory Auditors, Auditing Firms and Public Supervision Act of 2017 provides for the obligation to set up audit committees also in local government units classified as public-interest entities.

The Ministerial Audit Committees and Audit Committees in local governments units as part of the audit system in the public finance sector is presented in figure 2.

Figure 2. The role of audit committees in the audit system in the public finance sector



Source: by the author.

The audit committees in local government units must consist of 3 or more members. Most audit committee members, including chairpersons, must be independent from the unit in question. Detailed conditions of independence are specified in The Statutory Auditors, Auditing Firms and Public Supervision Act of 2017 [Article 129, section 8].

Tasks of audit committees in the public sector

In the public finance sector, the tasks of audit committees are defined in Article 289 of the Public Finance Act [2017]. Audit committees set up at governmental ministries are *inter alia* in charge of:

1. highlighting significant risks in the administrative section supervised by the minister in question;
2. highlighting significant management control weaknesses and presenting possible improvements in the administrative section in question;

3. defining priority tasks for annual and strategic internal audit plans in entities reporting to the minister;
4. analysing results of internal audit in the reporting entities and monitoring follow-up actions taken by their managers;
5. revising internal audit plan performance reports and management control assessment reports in the reporting entities;
6. monitoring the efficiency of internal audit function performance in the reporting entities;
7. reviewing the results of internal and external assessment of the internal audit function performance.

Each audit committee operates on the basis of Rules of Operation, subject to the respective minister's approval. The Rules contain a general description of how the committee is organised and what its tasks are. Each audit committee submits to the minister annual performance reports presenting the outcomes of the tasks listed above. All audit committee reports are available online on ministries' websites.

Having analysed the all Rules of Operation of audit committees and their performance reports the author concluded that:

1. all Rules of Operation of audit committees define their tasks pursuant to Article 289 of the Public Finance Act [2017];
2. the audit committee at the Ministry of Finance is the leading committee in the public sector;
3. the audit committee at the Ministry of Finance performs the greatest number of tasks, recommends legislative amendments and presents best practices to other committees.

The study showed that the tasks planned by the audit committee at the Ministry of Finance for the following years extend well beyond the scope specified in Article 289 of the Public Finance Act [2017]. For instance, in 2017 apart from the tasks stipulated in the Act, the said committee planned a variety of additional tasks, including:

1. meetings and consultations with internal auditors from reporting entities, dedicated to risks faced by public administration;
2. updates of operating areas of the Ministry of Finance and public administration sections in terms of risks;
3. defining new terms of cooperation between the audit committee and managers of internal audit functions in the Ministry and in administrative sections;
4. defining the new scope of data and information submitted to the audit committee by public finance sector entities;
5. introducing new audit plan and internal audit report templates for internal auditors in the Ministry of Finance and in public finance sector entities;

6. identifying competence gaps and the resulting training needs for internal auditors in reporting entities;
7. developing comprehensive solutions for improving the knowledge, skills and competency of internal auditors in reporting entities.

In the local government units, the new tasks of audit committees are defined in Article 130 of the Statutory Auditors, Auditing Firms and Public Supervision Act [2017]:

1. monitoring of internal control system efficiency, risk management and internal audit;
2. presentation of recommendations aimed at ensuring soundness of the financial reporting process in the local government unit;
3. preparation of the auditing firm selection policy;
4. assessing the independence of the statutory auditor and expressing consent for the provision of non-audit services;
5. monitoring of financial reporting process and financial audit services provided by external auditing firms;
6. controlling and monitoring of internal auditors' and statutory auditors' independence;
7. notification of audit results to the head of the unit and to Ministerial Audit Committee.

Qualifications of audit committee members

In the public finance sector, the regulation on audit committees only specifies the qualifications required from independent members. Such a member needs to have a university degree and at least five years of professional experience, including at least two years in a management role. Independent members should also possess appropriate qualifications. They should be knowledgeable about or possess documented experience in:

1. internal audit, or
2. management control, or
3. risk management, or
4. financial management in public finance sector entities, or
5. goals, tasks and specific requirements of the public administration section for which the audit committee is appointed.

Importantly, appropriate selection of independent committee members with expertise in the above areas makes it possible to ensure the efficiency of the committee's operations, thus making it a tool that supports management control and internal audit in a given administrative section and pursuance of tasks specified by the minister.

Internal audit standards for public finance sector entities point out to professionalism, skills and knowledge of internal auditors. Therefore, independent audit committee members should possess knowledge, skills and experience allowing the committee to perform its tasks in an effective and competent manner. Many audit committee mem-

bers hold postgraduate diplomas in internal auditing from Polish universities and international qualification certificates, such as Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE), Certification in Control Self Assessment (CCSA), Certified Financial Services Auditor (CFSA), Chartered Financial Analyst (CFA), Certified Internal Controls Auditor (CICA), Certified Controls Specialist (CCS), Association of Chartered Certified Accountants (ACCA) or are licensed statutory auditors.

In local government units classified as public-interest entities, at least one independent member of the audit committee should have appropriate qualifications in financial auditing or accounting. The qualifications are defined in The Statutory Auditors, Auditing Firms and Public Supervision Act of 2017.

Similarities and differences in the functioning of audit committees in public and private sectors
The analysis of regulations and documents on audit committees in public-interest entities and the public finance sector can be summarized by highlighting key similarities and differences between them. Conclusions are presented in Table 1.

Table 1. Similarities and differences in the functioning of audit committees in the public finance sector and public-interest entities

Ministerial Audit Committee in Public finance sector	Audit Committee in public-interest entities and local governments units
Legal basis	
Act on Public Finance [2017] Regulation of the Minister of Finance on audit committees [2009, 2016]	Statutory Auditors and Public Supervision Act [2009] Statutory Auditors, Auditing Firms and Public Supervision Act [2017]
Date for appointing an audit committee specified in the legislation	
January 2010: ministries June 2017: local government units classified as public-interest entities	December 2009: commercial banks, head banks of cooperative banks federations, insurance sector institutions, investment fund companies. June 2017: cooperative banks, pension fund companies, publicly traded companies. In those entities the functions of an audit committee can be carried out by the supervisory board. June 2017: local government units.
Purpose of the committee	
The audit committee supports its appointing minister, as specified in the Rules of Operation of the audit committee. In a local government unit the audit committee support the supervisory body.	The committee supports the supervisory board in its control and supervisory duties, as specified in the Rules of Operation of the audit committee.

Tasks of the audit committee	
Pursuant to: Act on Public Finance [2017] Regulation of the Minister of Finance on audit committees [2009, 2016] Audit Committee Rules of Operation	Pursuant to: Statutory Auditors, Auditing Firms and Public Supervision Act [2017] Recommendations on the functioning of audit committees published by the Polish Financial Supervision Authority [2010] Audit Committee Rules of Operation
Membership	
- At least three members, including: - chairperson of the committee appointed by the minister, - at least two "independent members". There is no upper limit as to the number of audit committee members.	At least three members, including at least one independent member. There is no upper limit as to the number of audit committee members. If the supervisory board of the entity has no more than 5 members, it can take over the tasks of the audit committee.
Independence	
An independent committee member must not be employed in the ministry or in an entity within the administrative section reporting to the minister in question. Regulation of the Minister of Finance on audit committees [2009, 2016] defines detailed conditions of independence of audit committee members.	Statutory Auditors, Auditing Firms and Public Supervision Act [2017] defines the conditions of independence of audit committee members.
Qualifications of independent members	
At least five years of professional experience, including at least two years in a management role. Regulation of the Minister of Finance on audit committees [2009] defines detailed qualifications of independent members.	At least one independent member should have qualifications in accounting or financial auditing.

Source: by the author.

Conclusions and directions for further research

The current Polish legislation specifies the fundamental operating principles and tasks of audit committees in the public finance sector. Audit committees already do have a defined status in the public finance sector. In recent years their role has significantly increased, and so have the qualifications of their members.

Detailed operating principles, roles and tasks of audit committees in the public finance sector are defined in their Rules of Operation. In the public finance sector committees operate pursuant to Rules of Operation approved by the minister who appointed the committee.

Having analysed the Rules of Operations of audit committees the author identified a number of key areas of their activity. In particular, the problem of the role, competen-

cies, responsibilities and effectiveness of audit committees in the public finance sector vs. private sector was reflected on.

The analysis of the Rules of Operations of audit committees allows one to conclude that the remaining formal and organisational aspects are similar in nature, irrespectively of whether a given committee operates in the public finance sector or in a public-interest entity.

In the future, theorists may consider addressing the following issues:

1. Has the obligation to establish audit committees in the public finance sector effectively improved the supervision over public funds management in public finance sector entities in Poland?
2. How do audit committees perform their monitoring duties regarding the oversight of risk management, internal (management) control and internal audit in public finance sector?
3. What critical factors affect the efficiency of audit committees in the public finance sector?
4. How to measure the efficiency of audit committees in the public finance sector?

Recommendation for practice: other audit committees should make use of the good practices of the audit committee of the Minister of Finance.

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Comparison of Organizational Activity and Economic Efficiency of Selected Municipal Zoological Gardens in the World

Abstract: In 2009, the second stage of the Łódź zoo development strategy was to compare the organizational activity and the economic efficiency of the facility, which was divided into two parts due to the tools used and the area of analysis.

The first analysis uses data obtained from the accounting note RB28 developed exclusively by Polish zoological gardens [Zubkowicz 2017].

The current research was based on a comparative analysis of data obtained from selected zoos in the world. Data was collected from completed questionnaires and from official financial reports posted on the website of the zoo or city. A comparison was made between 22 zoological gardens: 9 from Poland, 4 from Central Europe, 9 from Western Europe and the USA.

The analysis showed that the Lodz zoo has a similar organizational and economic effectiveness as other Polish zoos, but in this classification it has lower positions. Lodz zoo compared with zoos in the Czech Republic and Slovakia falls far worse and in the case of zoos in Western Europe and the U.S. very badly. The mere self-maintenance in Polish zoo gardens is on average about 35% (Lodz zoo 25%), Central Europe (Czech Republic, Slovakia), 40–65%, and in Western Europe from 67% (Zurich) to 100% (Apeldoorn, Vienna, Paignton) and Toledo in the USA. Attendance in Polish zoos is low (up to about 700 thousand visitors in Warsaw), and the coefficient of attendance (visitors / number of residents within a radius of 40 km) makes this bad situation worse, with an average of 0.3. The zoos in Switzerland and Austria place themselves among the best with the attendance of more than 1.5 million visitors annually (Vienna up to 2.5 million) and the coefficient of attendance from 1.1 up to

2.3 (Basel). The second stage of the strategy depicted that the present cooperation between zoos, the questionnaire can only be an additional tool for research.

Key words: zoological gardens, strategy the development of the zoo, zoo organizational activity, zoo economic efficiency

Introduction

In 2010 the Development Strategy for Municipal Zoological Garden in Lodz was developed, which consisted of four main parts. The second stage of strategy for the Lodz zoo was to evaluate the organizational activity and economic efficiency of the institution. In the first part of this stage the zoo was compared with 10 zoos in Poland. At that time, the data obtained from the accounting note Rb28 (statement of expenditure) used in reports in municipal zoos in Poland was used for the evaluation. In contrast, the second part of the assessment of organizational activity and economic efficiency compares the Lodz zoo with selected zoos from all over the world. This time, other tools were used for the analysis. Data was collected from completed questionnaires and from official financial reports posted on the website of the zoo or city. Also this time the main hypothesis of the comparison was the assumption that the current bad zoo condition may be caused by poor administration (management) and indication of possible directions of change in the management and organization of the zoo in Lodz.

Materials and study method

The assessment of organizational activity and economic efficiency in Municipal Zoological Garden of Lodz in comparison with selected institutions (zoos) around the world was based on the following information which obtained from:

1. Data supplied by the director Ryszard Topola¹:
 - Polish Directory of Zoos and Aquariums 2008 [Topola 2009a],
 - Polish Directory of Zoos and Aquariums 2015 [Topola 2016],
 - other materials and verbal information [Anonymous 2003; MOZ 2009; Topola 2008, 2009bc, 2010; Stanisławski 2009].
2. Questionnaires on the functioning of zoos – sent to over 100 zoos in Poland and abroad (the list included the most distinctive and respected zoos in Western Euro-

¹ Richard Topola is a well-known specialist in the environment of those involved in zoos. He serves as treasurer of the EAZA (European Association of Zoos and Aquariums) and is a member of the WAZA (World Association of Zoos and Aquariums).

pe, the USA, as well as to compare objects from Central Europe and Poland). The intention was to get as many completed surveys as possible therefore questionnaires were sent out by the Director of the Lodz Zoo Mr. Ryszard Topola. The questionnaire included 12 main issues that included questions such as income source, structure of employment, area of zoo (e.g. are of year-round exhibit), structure of the visitors, events organized by the zoo, zoo services (car parks, gastronomy), science (research)

3. Other sources: Statistical Yearbook, Wikipedia (e.g. population data), EAZA, Google Earth, zoo's websites (e.g. ticket prices)

In September 2009 Only 21 filled questionnaires were sent out by zoos: 9 from Poland, 4 from Central Europe, 9 from Western Europe and 1 from the USA.

The material analysis was based on creating summary tables of selected features or items related to organizational and economic activity, and indication of possible interdependencies. Due to lack of complete homogeneity and compatibility of data the statistical analysis such as regression, variance or correlation was abandoned.

Results – Questionnaire

The questionnaire was the second main source of information used in the comparison of organizational and economic efficiency of the zoo in Lodz with other institutions in Poland and abroad. Responses were obtained only from the 21 zoos, which accounts for 23% of all surveys sent. Only 13 complete questionnaires were from foreign zoos. This result points to poor cooperation between zoos bearing in mind that the questionnaire was sent by a known person in a zoo environment. The following is a list of countries and cities (zoos), which sent completed questionnaire: Poland (Bydgoszcz, Chorzów, Gdańsk, Krakow, Opole, Plock, Torun, Warsaw, Zamosc), Czech Republic (Dvur Králova, Ostrava, Plzen), Slovakia (Bratislava), Germany (Wuppertal), Switzerland (Zurich, Basel), the Netherlands (Apeldoorn), France (La Boissier du Dore), England Colchester, Paignton, USA (Toledo).

Some filled out questionnaires that were received had errors of substantive character. Data from the questionnaires were analysed by creating four thematic groups: revenue, employees, size of the garden and visitors, services (gastronomy and parking). The article does not outline lists (comparisons) about the media (interviews on TV, information available online, etc.) and education because of the large heterogeneity of the data. Individual thematic groups were compared in the tables:

- Polish zoos and Central Europe (the gardens that have the same opportunities after the political and economic changes in 1989),
- and zoos in Western Europe and the United States (the gardens of the countries with the greatest economic potential and high environmental awareness).

Questionnaire – revenues

Analysed zoo revenues originate from: the city budget, tickets, other sources, renting land, regional and EU funds. For comparison ticket prices for adults and children were added. In addition the extent cover of its own self-maintenance was calculated. In order to be able to compare revenue figures for foreign zoos, all foreign currencies are converted into euros at the average exchange rate of the bank in 2009.

The questionnaires also gathered other information not included in the rankings. These include revenues from: sale of animals, sales of promotional materials, sponsorship, advertising and even recovered tax. In the questionnaire, only two zoos admitted to earning income from the sale of animals. In both cases (Bratislava and Torun) they were small amounts, slightly exceeding €7 thousand. Very large donations (sponsorship) was presented by zoological garden in Toledo (€2.98 million) and significant in Bratislava (€26 thousand). Four zoos showed strong revenue from gastronomy – Basel (€0.4 million), Zurich (€0.35 million), Colchester (€2.22 million), Paignton (€ 1.86 million). Other zoos only derive income from the rental of premises for the franchise holders.

Table 1. Comparison of revenue in zoos in Poland and Central Europe

City	Revenues (in thousand €)						Tickets Price		* Self-maintenance%
	total	city	tickets	other sources	rent of land & premises	regional & EU funds	adults	children	
Bydgoszcz	368	225	116	14	-	10	2	1,2	38,8
Gdansk	3229	2398	639	106	85	-	3	1,5	25,7
Krakow	927	2597	801	14	3,5	10	3,5	1,8	24,2
Lodz	1857	1379	336	104	38	-	2,2	1,2	25,7
Opole	2437	2048	262	58	11	71	2,5	1,5	16,4
Plock	1517	1354	140	8	8	8	1,2	0,8	10,8
Torun	321	182	66	140	-	44	1,5	14	77,9 (34)
Warsaw	4064	1714	1866	278	205	-	4	2,5	57,8
Zamosc	523	406	99	19	-	-	1,2	0,8	22,4
Dvur Kralove	6028	2101	1799	2128	-	2	7,5	5,8	65,1
Ostrava	2829	1284	863	54	57	184	4,2	2,7	41,0

Pilsen	1360	2200	8500	54	-	72,3	4,6	3,5	63,4
Bratislava	1756	1002	326	428	91	-	4,5	3,0	42,9

* Self-maintenance is defined as the total % of the zoological garden revenue in relation to the income of the city

Source: own work based on questionnaires, Statistical Yearbook, Wikipedia (e.g. population data), EAZA, Google Earth, zoo's websites (e.g. ticket prices).

Analysis of survey data demonstrated that among the zoological gardens in Poland and Central Europe the highest revenues are obtained by the zoo in Pilsen (13,6 million), followed by Dvur Králove (6,6 million), and lastly in third place – Warsaw. The Polish city Krakow bears the largest amount of expenses, despite the fact that the garden does not have a high overall revenue or income from ticket sales. The result of good management and high attractiveness of the zoo in Pilsen is the first place in the ranking in terms of ticket sales, with a relatively high unit price of tickets (table 1).

The level of self-maintenance of the zoological gardens in Poland varies on average from 25 to 35% (with the exception of Warsaw 57%). The Torun zoological garden has indeed theoretically 78%, but the result has been achieved thanks to the city development grants listed in the questionnaire. The zoological garden is a budget unit and the revenues can also be treated as income from the city budget, therefore self-maintenance of the garden will be at 34% (table 1).

Czech and Slovak zoos have higher revenues than Polish zoological gardens. Furthermore, Central Europe zoological gardens have the self-maintenance level of 40-65%. This ratio indicates a better transition after 1989 for the zoos from the former Czechoslovakia (table 1).

The comparison showed that an important source of revenue for zoos may be EU funds (Ostrava 184 thousand) and advertising (Ostrava 57 thousand). Garden in Lodz occupies a low place in this respect (table 1).

Table 2. Comparison of revenue in zoos in Western Europe and the United States

City	Revenues (in thousand €)						Tickets Price		Self-maintenance%
	total	city	tickets	other sources	rent of land & premises	regional & EU funds	adults	children	
Wuppertal	?	-	95%	5%	-	-	12	6	100?
Apeldoorn	7500	-	6000	1500	-	-	19,5	17,5	100
Zurich	17800	4700	8884	9 233	-	72	17,7	8,9	67,2

Basel	20649	1099	6543	970	-	-	14,5	5,6	38,3
Vienna	17168	-	12500	2300	-	-	15	7	100
La Boissie- re du Dore	1200	-	80 %	20%	-	-	17,5	12	100
Colchester	10490	-	5427	4449	-	-	21	16,2	94,1
Painton	8875	-	3727	3906	1242	-	16,5	11,5	100
Toledo	16500	-	8580	7743	-	-	10,7	8,5	100

Source: own work based on questionnaires, Statistical Yearbook, Wikipedia (e.g. population data), EAZA, Google Earth, zoo's websites (e.g. ticket prices).

Zoo revenues in Western Europe and the U.S. are on average four times higher than the zoological gardens in Poland although only several dozen percent higher than in the Czech Republic. Few Western gardens showed revenues from the city, despite the fact that these are urban gardens. Most zoos showed large revenues from ticket sales exceeding 90%, and in some cases up to 100% (table 2). Zoo ticket prices are also high, on average the amounts of more than €10 for adults and more than €10 for children. When analysing revenue from other sources, sales of promotional materials should be noted. These materials are eagerly bought by the visitors in Western Europe Zoos (appropriate treatment in arrangement certainly helps to achieve this, such as the location of the zoo exit close to the gift shop with stuffed animals, pre-printed T-shirts). Among the analysed objects, zoological garden in Colchester, the largest of its type in the survey showed revenues. It should be noted that an important additional source of revenue is also recovered tax. The Zoo at Toledo declares €4.96 million of tax revenue (30% total revenue).

Questionnaire – employees

Comparison of employees in zoos involved data on the total number of employed people in managerial positions, animal keepers, gardeners, people in the administration, repair men, people involved in raising funds and other employees at the zoo. In addition to complete the statement the number of trainees or volunteers was presented, which zoo admits annually.

Table 3. Comparison of the number, structure of employees in zoos in Poland and Central Europe

City	Employees								Trainees / volunteers
	total	management	keepers	gardeners	administration	repair men	funds	others	
Bydgoszcz	24	4	14	0	0	0	0	6	3
Gdansk	114	11	?	7	22	9	0	76	20
Krakow	89	9	34	?	4	4	0	0	31
Lodz	120	8	47	5	3	14	0	43	22
Opole	91	5	37	1	13	8	0	27	9
Plock	71	7	30	2	14	18	0	0	6
Torun	16	3	5	2	4	2	0	0	8
Warsaw	155	20	61	14	32	20	2	6	80
Zamosc	37	7	15	0	5	5	?	5	2
Dvur Kralove	153	20	56	12	26	21	2	?	157
Ostrava	91	8	39	13	21	10	6	?	5
Pilsen	124	8	40	10	10	15	0	0	?
Bratislava	98	8	49	6	14	8	0	10	1

Source: own work based on questionnaires.

The highest total number of all employees of Polish and Central European zoos is presented by Warsaw zoo (155 employees). The primacy of this is also reflected in different sections: management, animal keepers, gardeners administration. The acceptance of up to 80 people at practice or volunteering should be read as positive. Both in the case of the zoo and other zoos employment of a small number of staff involved in raising funds should be assessed negatively. Only zoological garden in Ostrava shows employment of six people in obtaining EU funds, which also translates to the largest funds received – €184 thousand (table 1, 3).

The second largest in terms of number of employees is the zoological garden in Dvur Králova. It occupies the first place in terms of number of people admitted to practice (157). The Zoo in Lodz employs a relatively large number of employees. This is particularly evident if taking into account a small zoo area (17 hectares) [Zubkowicz 2009a], or the small use of land for exhibitions (table 2). The number of animals [Zubkowicz 2009a] and low zoo revenues (table 1) justifies organizational effectiveness, and also the employ-

ment of 120 people, including 47 caregivers (table 3). It should be noted that the future development and modernization of the garden, however, will require an increase in the number of employees up to 150. At the moment, it is necessary to shift 3–4 employees to positions related to the acquisition of EU funds and research grants.

Table 4. Comparison of the number, structure of employees in the zoos in Western Europe and in the United States

City	Employees								Trainees / volunteers
	total	management	keepers	gardeners	administration	repair men	funds	others	
Wuppertal	93	4	56	11	13	4			10
Apeldoorn	100	6	30	14	3	5		55	3
Zurich	105	9	60	4	3	5	1	23	4
Basel	130	13	70	4	14	0	2	2	4
Vienna	146	8	70	0	10	11	3	44	12
La Boissiere du Dore	14	1	9	?	1	3	?	?	2
Colchester	250	12	65	5	20	5	0	?	0
Paignton	85/106	14	?	?	?	?	2	?	12
Toledo	159/600	49	44	7	?	13	4	?	?

Source: own work based on questionnaires.

Comparison of employees structure in zoos in Western Europe puts the zoo in Colchester in the first place – it employs 250 people, with a relatively small management team (12). The next one is the garden in Toledo with 159 permanent staff and up to 600 persons employed part-time. In the case of the zoo in Toledo a very large number of people are employed in managerial positions (49). Average number of animal caregivers is slightly larger, by about 10%. It should be noted that most Western European zoos employ people whose main aim of work is the acquisition of EU funds or other funds. However, a relatively small number of people are admitted to practice. The reason for this is the fact that in many Western European zoos apprentices are periodically employed (table 4).

Questionnaire – the size of the zoo and the number of visitors

Comparison of zoological gardens size in Poland and Central Europe shows that Gdansk is the largest zoological garden, but in terms of area covered by the exhibits the most developed one is the zoo in Ostrava. However, space used by the year-round exhibits in all the gardens is small and does not exceed two hectares (Dvur Králova, Pilsen). The Zoo in Lodz occupies relatively small area (17 hectares) and is poorly landscaped (30%).

Most visitors visit the zoo in Warsaw (695 thousand). During the peak of the season (May, June) more than 144 thousand attending visitors were noted. Next in order is the zoological garden in Dvur Kralove, which notes record attendance particularly in July and August (141 thousand). This is due to the great popularity of the garden as a place to be visited during the summer. The Zoo in Lodz is visited by slightly more visitors than the zoo in Opole and Plock (table 5). Unfortunately, it must be added that these cities are significantly smaller than Lodz and have a much smaller number of residents.

Analysis of attendance on a holiday (17 thousand visitors on days such as Children's Day) indicates that the zoological garden in Lodz has great potential as a place for rest and recreation (table 5).

Table 5. Comparison of zoos size and the number of visitors in Poland and Central Europe

City	Zoo size (hectares)			Number of visitors (thousands)					
	total	exhibits	year-round exhibits	annually	May or June	January	holiday (day)	tours	events
Bydgoszcz	14	?	0	90	19,4	1,0	7,1	130	14
Gdansk	136	35	0,3	412	80,0	1,0	15,0	?	10
Krakow	20	17	0,6	320	?	?	14,0	2 698	4
Lodz	17	6,6	0,1	234	55,7	0,9	17	155	21
Opole	30	17	1,0	200	38,0	1,0	7,5	274	?
Plock	14	10	0,9	193	?	?	?	402	7
Torun	3,8	2,8	0,01	63	9,5	0,4	0,9	550	77
Warsaw	40	30	0,7	695	144,2	4,9	50,0	570	12
Zamosc	14	10	0,2	106	23,3	1,1	6,0	750	5
Dvur Kralove	72	50	2	540	63,0/ 141,1	5,3	5,0	431	55
Ostrava	100	60	?	364	70,3	3,1	5,0	143	36

Pilsen	41	?	1,7	405	63,7	5,6	6,0	700	30
Bratislava	96	40	1	301	41,2	1,4	8,3	27	49

* Year-round exhibits – exhibits attractive throughout the year. Objects that house elephants, monkeys, etc., buildings with large internal exhibits

Source: own work based on questionnaires.

Analysed zoological gardens in Western Europe and the United States are objects with area up to 30 hectares (Toledo, Paignton). These zoos are usually smaller than those in Poland and Central Europe, but in most cases larger than the Lodz Zoo. The zoological garden in Vienna has the size comparable to the one in Lodz. Unfortunately, attendance of visitors in this garden is overwhelmingly higher than in the Lodz zoo, and even much greater than in the zoo in Warsaw (comparable to the number of inhabitants). Zoos in Western Europe are much more utilized, and in many cases, exhibit part takes up 100% of the area of the zoo (Wuppertal). Gardens of Western Europe and the United States also have slightly more year-round exhibits.

Attendance in these zoos is very high, the already mentioned zoo in Vienna can serve as an example, but it is also the case in Zurich (1.8 million), and Basel (1.6 million). In the peak month the attendance of visitors in the Vienna Zoo is higher than in Lodz throughout the year. Such a large number of visitors is influenced by many factors e.g.: attractiveness of zoos, greater environmental awareness of Western European societies, a higher standard of living [Ebenhöh 1992; Nakamichi 2007; Moss 2010; Ross 2012]. However, comparison shows yet another source of differences in attendance – more tours. It shows a very good functioning of the department of education and working with schools and educational entities in the city (kindergartens, primary schools, secondary schools, and institutions of higher education). Basel presented 3468 tours, this means an average of 10 tours each day of the year. Taking into account the size of the Basel zoo (13 hectares) (table 6), this is impressive.

Table 6. Comparison of zoos size and the number of visitors in Western Europe and the United States

	Zoo size (hectares)			Number of visitors (thousands)					
	total	exhibits	year-round exhibits	annually	May or June	January	holiday (day)	tours	events
Wuppertal	24	24	1	620	?	?	10	?	3

Apeldoorn	13	12,5	0	400	50	closed	20	120	?
Zurich	27	18	2	1 800	?	?	9	3 350	?
Basel	13	11,6	1	1 658	?	?	?	3 468	?
Vienna	17	?	?	2 579	300	70	?		60
La Boissiere du Dore	19	?	?	95	10	0	?	?	1
Colchester	24	?	?	500	?	?	?	1 000	?
Paignton	30	?	3	500	?	?	?	1 200	26
Toledo	30	25	2	935	?	?	116	1 300	30

Source: own work based on questionnaires.

Questionnaire – zoo services (gastronomy, car parks)

Zoo service concerned two issues: gastronomy and parking. These amenities for visitors have a significant impact on the attractiveness of the garden. Research on visitors [Joslin 1986, Anonymous 2003] showed that nearly 70% of the visitors are parents with children. Most of the people see visiting the zoo as a distraction and only partly as the study (education). The study also found that nearly one third of the time visitors spent on watching animals, third on the promenade and the third on a completely different activity (playground, food) [Jones 1976; Ebenhöh 1992]. Therefore, food services and their level play a large role during the decision making concerning touring of the zoo.

Another major convenience are car parks. In recent years, the wealth of society significantly raised, therefore the number of people who use public transportation on a daily basis but prefer cars as a mean of transportation for family trips grew as well [Jones 1976; Kleimam 2001]. Gastronomy and parking facilities are related to service that determine zoo attractiveness and significantly affect its ability to maintain itself. Examples of institutions that have shown significant revenues from gastronomy are zoological gardens in Colchester (€2.2 million) and Paignton (€1.9 million).

The comparison of service in zoos in Poland and central Europe showed that the highest total number of dining seats are in the zoo in Krakow (350), and then in Gdansk. In the case of parking spaces, the Gdansk zoo has the sufficient number (1000). The Zoo at Dvur Kralove with 550 is the second object in this category but in the future this amount may be insufficient. The Lodz zoo has only 110 parking spaces and it is far too few, when they plan to increase attendance to 600 thousand visitors (table 7).

Table 7. Comparison of service (gastronomy, parking lots) in zoos in Poland and Central Europe

City	Gastronomy				Car parks
	total	restaurants	bars	dining outlets	
Bydgoszcz	?	4	5	?	400
Gdansk	/250	?	4	?	1000
Krakow	2/350*	?	1	1	30
Lodz	5/44	0	1/44	4	110
Opole	2/80	?	2/80	1	100
Plock	1	1	?	?	50
Torun	1/12	?	?	?	?
Warsaw	10/150	1	5	6	300
Zamosc	1	?	1	?	100
Dvur Kralove	11	1	?	10	550
Ostrava	8	?	?	8	366
Pilsen	2	2	2	?	60
Bratislava	4/80	?	4/80	?	100/5

* the first number is the number of objects, the second number after the slash / number of seats

Source: own work based on questionnaires.

Table 8. Comparison of service (gastronomy, parking lots) in zoos in Western Europe and the United States

City	Gastronomy				Car parks
	general	restaurants	bars	dining outlets	
Wuppertal	?	?	?	?	absent
Apeldoorn	2/500	1/300	?	1	700
Zurich	?	4	?	4	650
Basel	/656	/350	/200	?	140
Vienna	12	4	1	7	200
La Boissiere du Dore	15/ 3500	/300	/300	/580	800

Colchester	9/	1/?	1/?	7	5000
Paignton	4	?	?	4	800
Toledo	?	5/?	?	?	1275

Source: own work based on questionnaires.

The level of catering service in most cases is very high. Comparable in size to Lodz zoo, zoological garden in France, La Boissiere du Dore (19ha, table 6) showed a total of up to 15 catering establishments with a total of 3,500 seats. Basel stated in a questionnaire a total of 656 seats, and the Dutch zoo in Apeldoorn – 500. The number of parking places is much higher in the case of zoos in Western Europe. Colchester states 5000, and U.S. Toledo 1275 (table 7).

Overall Summary – the popularity of zoological gardens

Table 9. Overall Summary of the basic parameters affecting the attendance of visitors (compared to revenues) of 12 zoos in Poland

City	Revenues (expense) (in thousand €)	Self-maintenance (%)	Ticket price (€)		Number of Residents		Numbers of visitors	Coefficient of attendance		Zoo size (ha)
			adults	children	agglomeration	(within the city limits)		agglomeration	(within the city limits)	
Bydgoszcz	368	38,8	2	1,2	1 646,8	358,9	90,1	0,1	0,3	14
Chorzow	2285	?	3	1,5	2 656,8	113,3	392,4	0,1	3,5	48
Gdansk	3229	25,7	3	1,5	2201,0	456,9	412,0	0,2	0,9	136
Krakow	3427	24,7	3,5	1,8	1449,8	754,6	320,0	0,2	0,4	20
Lodz	1857	25,7	2,2	1,2	1135,5	758,3	233,8	0,2	0,3	17
Opole	2437	16,4	2,5	1,5	975,0	126,2	200,0	0,2	1,6	30
Plock	1517	10,8	1,2	0,8	496,1	126,8	193,0	0,4	1,5	14
Poznan	2261	?	2,8	1,8	943,7	557,3	321,3	0,3	0,6	116
Torun	321	34,3	1,5	1,4	1646,8	206,0	63,0	0,0	0,3	3,8
Warsaw	4064	57,8	4	2,5	2596,5	1 708,0	695,0	0,3	0,4	40

Wroclaw	6168	?	3	1,5	1136,7	559,5	559,5	0,7	0,9	33
Zamosc	418	22,4	1,2	0,8	489,3	105,9	105,9	0,6	1,6	114

Source: own work based on questionnaires and Directory of Polish Zoological Gardens and Aquariums [2008; Topola 2009a].

Overall Statements include the number of urban (agglomeration) residents and the cities themselves, the number of visitors and the coefficient of attendance, to estimate the popularity level for zoological gardens. The analysis provides the basis for a thesis that the ticket price does not affect the amount of attendance. Zoological gardens that have low fares do not have an increased number of visitors. It may be noted that zoos in Poland have a similar rate of attendance, and the zoological garden in Lodz slightly lags behind the leaders. Compared to the Lodz zoo attendance rate (0.2) is slightly smaller than the Warsaw Zoo (0.3), which boasts the highest number of visitors (695). Of course, this "success" is only apparent, since zoological gardens in Poland do not enjoy great popularity. Comparison of Polish "leading" zoological garden (Warsaw) to a smaller garden, but located in Vienna falls for Polish adversely. As already mentioned, the amount of visitors is influenced by many factors, but, as can be seen on the example of the Vienna zoo, ticket price is not a deterrent to visitors. The analysis also confirms that investing in the zoological garden brings a strong increase in the number of visitors. One example is the Wroclaw Zoo, which has the largest attendance rate and ranks second in the evaluation of the absolute number of visitors per year (table 9, table 10).

Table 10. Overall Summary of the basic parameters affecting the attendance of (compared to revenues) zoological gardens in Central and Western Europe and the United States

City	Revenues (expense) (in thousand €)	Self-maintenance (%)	Ticket price		Number of Residents		Numbers of visitors	Coefficient of attendance		Zoo size (ha)
			adults	children	agglomeration	(within the city limits)		agglomeration	(within the city limits)	
Dvur Kralove	6644	65,1	7,5	5,8	547,9	16,4	540,0	1,0	32,9	72
Ostrava	3118	41,0	4,2	2,7	1164,3	309,5	363,9	0,3	1,2	100
Pilsen	14280	63,4	4,6	3,5	551,5	162,5	405,3	0,7	2,5	41

Bratislava	1843	42,9	4,5	3,0	546,3	426,9	301,4	0,6	0,7	96
Wuppertal	?	95?	12	6	10 233,7	358,2	620,0	0,1	1,7	24
Apeldoorn	7875	100	19,5	17,5	1 970,9	156,8	400,0	0,2	2,6	13
Zurich	17800	67,2	17,7	8,9	1080,0	373,6	1 800,0	1,7	4,8	27
Basel	20600	38,3	14,5	5,6	731,0	165,8	1 658,1	2,3	10,0	13
Vienna	17168	100	15	7	2 300,0	1 680,4	2 578,7	1,1	1,5	17
La Boissiere du Dore	5 040	80,0	17,5	12	113,2	0,6	95,0		158,3	19
Colchester	10500	94,1	21	16,2	1 688,0	104,4	500,0	0,3	4,8	24
Paignton	8882	100	16,5	11,5	1 100,0	47,4	500,0	0,5	10,5	30
Toledo	15500	100?	10,7	8,5	656,7	301,3	935,0	1,4	3,1	30

Source: own work based on questionnaires.

As stated in the detailed analysis of surveys, zoological gardens in Western Europe and the United States report a much larger number of visitors, despite the high ticket prices. These establishments are generally twice the size of the Lodz zoo and their level of self-maintenance is very high. In addition, the bad news is that the Central European zoological gardens also place themselves more preferably than Polish zoological gardens.

Conclusions

1. During the collection of data from zoological gardens on the subject of organizational and economic activities, considerable difficulties were encountered. Only 21% of the surveys were obtained. Zoological gardens are very reluctant to share information on this subject
2. Small number of received (21%), completed surveys and the occurrence of factual errors undermines the real picture of the management of zoological gardens. It can only indicate problems. The disturbing fact is that the questionnaires were sent by a well-known person in the zoological gardens environment, Lodz's zoo director – R. Topola, EAZA's treasurer, a member of WAZA, and not by a little-known scientist or student. Therefore, in the present study, the zoos questionnaire can only be a potential, additional tool in any analyses.
3. Based on a large number of visitors in zoos in Western Europe (the attendance may be due to the large number of tours), it is crucial to expand of the educational activities in the Lodz zoo or create thematic paths additionally activated by volunteers (trainees) (eg, stories about animals) [Ebenhöh 1992; Ross 2009; 2012].

4. There is no direct interdependence between the size of the zoological garden, maintenance costs or the number of visitors. Such dependence can be found between the number of exposures and the costs (table 5, 6) [Topola 2009c, 2010, 2016; Zubkowicz 2013].
5. There is no direct linear relationship between the price of tickets and the number of visitors (table 10) [Moss, Francis, Esso 2010; Zubkowicz 2009a, 2013, 2017].
6. There is no direct interdependence between the number of animals in the zoo and the number of visitors. This may be due to the fact that currently visitors prefer to watch attractive exhibits than just exhibits with a large number of animals (table 10) [Bowler 2012; Moss, Francis, Esso 2010; Ross 2009, 2012; Zubkowicz 2006, 2008, 2009b, 2013, 2017].
7. A large number of trips and the number of visitors can be confirmed by good management in the case of zoological gardens from Switzerland and Austria [Ebenhöh 1992; Ross 2009, 2012; Zubkowicz 2013, 2017]
8. The presence of year-round exhibits for animals significantly influences the turn-outs of visitors throughout the year (table 5, 6) [Kleimam 2000; Jones, Coe, Paulson 1976; Blaser 2001; Moss, Francis, Esso 2010; Ross 2009, 2012; Zubkowicz 2009b, 2013, 2017].
9. From a general comparison it can be concluded that the optimal zoological garden should cover the area of about 50–60 hectares although larger areas bring additional environmental and landscape benefits (table 5, 6) [Kleimam 2000; Jones, Coe, Paulson 1976, Blaser 2001, Zubkowicz 2013].
10. Questionnaires have indicated that gastronomy, advertising, and sale of promotion materials may be important sources of revenue for the zoo. However, as a significant source of income sale of animals was excluded [Zubkowicz 2017].
11. It is advisable to increase the number of parking spaces in the Lodz zoo to about 600–700, as a means to provide a similar level of service which is served in zoos in Western Europe (table 8) [Kleimam 2000; Jones, Coe, Paulson 1976; Blaser 2001; Zubkowicz 2013].

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The Fourth Industrial Revolution and Workforce – a Chance or a Threat?

Abstract: The fourth industrial revolution is a concept, which changes the way that modern societies live and work. It can be considered a major paradigm shift, as it prioritizes the creation of smart and sustainable environment by developing and implementing new technological solutions. One of the goals of the initiative is to form a network of interconnected operations in order to optimize the internal and external processes of a company. The views of researches on the effects of the revolution on human labor are different, often extreme. On one hand it has been seen as a chance to create new jobs, which will support people willing to enhance their skills and competencies. On the other, however, the technological progress is connected with redundancy and job loss. The changes can be seen as cause of increase in the level of social anxiety and cause job insecurity. The identification of key areas for improvement is of significant importance, as new worker skills need to be acquired in order to adapt to complex economic circumstances. The aims of the article are: the identification of the major changes that technological improvements may cause in the working environment, the analysis of case studies in order to identify the challenges that modern companies have to face during the fourth industrial revolution and creating a profile of a candidate for a job in the field mostly affected by the changes, which is IT.

Key words: technological revolution, Industry 4.0, workforce, technological unemployment

Introduction

Innovation has always been the point of interest in various fields of research. Griffin [1999, p. 424] defines it as the effort to develop goods and services which may be considered novel or finding new applications for pre-existent ones. Technological advancements are under constant development and, with reference to manufacturing, change the ways that goods are produced, stored and delivered. The changes that have occurred over the last decade have redefined the ways that people think of work and workforce. The working environment has been modified, forcing employees to re-adapt. Internal processes of enterprises became strongly connected with one another and started to form networks, which exceed the borders of the enterprise. The complexity of those processes increased both on micro and macro level. Modern companies started to see the need of updates in the field of business models and define the skills and qualifications for the new or improved jobs.

Various scenarios have been created in order to predict the impact of the technological progress on employment. Keynes [1933, pp. 358–373] described the process of job loss “due to the discovery of means of economizing the use of labor outrunning the pace at which we can find new use for labor” as technological unemployment. Job loss caused by technological progress can, in his opinion, only be seen as a short or medium term phase of adjustment to the changing conditions in the working environment. Innovations have always been the major drivers of economic progress, as they lead to the increase in work efficiency and overall productivity. The invention of steam-powered machine marked the beginning of the First Industrial Revolution (1784) which can be associated with a shift from handicraft economy to machine production. The Second Industrial Revolution (1870) was defined by the development of mass production methods, whereas the Third (1969) introduced the use of IT systems in automatic manufacturing. The implementation of advanced technologies has always been one of the main drivers of economic progress and even though the number of jobs in the field of manufacturing decreased during the third industrial revolution, the overall employment did not. The challenge that modern companies have to face is the concept of the fourth industrial revolution.

In this work the concept of technological unemployment is discussed in context of the modern technological revolution. The first part of the study consists of the analysis of different views of the effects of the modern industrial revolution. Real-life cases are used in order to show the impact of Industry 4.0 both on production and non-manufacturing companies. The empirical analysis of the job market is later used in order to create a job profile for a job candidate in the field of IT, which are currently seen as the most susceptible to changes. The main goal of the analysis is to determine whether the fo-

Fourth industrial revolution should be seen as a chance for a broad development in terms of workforce skills and other factors connected with labor, or a threat for the job market. Furthermore, in order to identify the changes that Industry 4.0 can bring analysis of case studies and job market research are of great importance.

The analysis of possible consequences of contemporary technological unemployment

The name of the fourth industrial revolution is a direct reference to its predecessors, even though the range of the changes is wider. The term can be used interchangeably with Industry 4.0 and is inseparably connected with the use of advanced technologies in order to optimize both internal and external processes of a manufacturing company. It has been introduced in 2011 at the annual Hannover Fair and is currently used by the German Federal Government to describe a long-term plan of implementing a wide spectrum of technological advances into the national economy. Similar strategies are being developed in other European countries. Examples may include the Polish Industry 4.0 Platform or the Italy's National Industry 4.0 Plan. One of the main technological innovations used in modern manufacturing companies is the Internet of Things (IoT), which can be described as a network of devices enabling remote access and process management as long as internet connection is provided. The Industrial Internet of Things (IIoT) is a more specific term used to describe the internal connection of hardware and software, used in a company, to enable real-time operation visibility from chosen location at any time. Other examples of technologies used in Industry 4.0 include: big data, cloud computing and simulation. The overall objective of the changes is the implementation of process improvements in order to create a value chain, which is entirely controlled with digital means. The range of supervision can exceed the companies' borders, what may result in the increase of efficiency and flexibility in the manufacturing environment.

The fourth industrial revolution is predicted to have a great impact on jobs. A research published by the Economist [2014], states that the automation of production methods may cause the raise in the level of overall incomes, what will result in raising the demand for new works and services. **Furthermore, some of the researchers suggest, that automation should be considered as a positive, long-term gain for the worldwide economy [Swan 2017].** The need of upgraded workforce will be favorable for the people who were made redundant during the process of transformation. Another research, conducted by Frey and Osborne [2013, pp. 44–45], focused on the impact of computerization on the labor market. The results have shown that around 47% of employment in the US, within the next 10–25 years, is at high risk of redundancy because of technological advancements. Jobs particularly susceptible to automation are tho-

se in the field of transportation, logistics, office and administrative support and production. The Boston Consulting Group [2015], on the other hand, draws the conclusion that the implementation of new technologies in production industry may cause an increase in employment (6% over the next 10 years). Further consequences include the rise in demand for highly-skilled employees in the field of mechanical engineering (10% in reference to the same time period). It is also noted that the redundancy of low-skilled employees will be inevitable, as simple and repetitive tasks will become fully automated. Flynn, Dance and Schaefer [2017, pp. 3–4] also state that non-routine manual jobs will remain unchanged, however computers may support non-routine cognitive jobs and reduce the number of routine tasks, which do not demand having specialized knowledge. The use of new technologies may require a broader range of skills from the employees, who need to be adequately qualified and trained to meet the demands of the transformed working environment. Ruhmann, the IT systems adviser for the German Federal Ministry of Education and Research, notes that complete automation is not a realistic objective as human labor is irreplaceable. Digital systems can only be treated as matters of assistance for the tasks performed at various worksites [Man and Machine in Industry 4.0 2015].

The literature review enabled the identification of the three main scenarios of the impact of Industry 4.0 on the labor market, which are:

- the creation of new jobs, which require the possession adequate qualifications;
- the change of existing jobs in order to meet the demands of new technologies, what forces the transformation of skills;
- identification of obsolete jobs.

The *a priori* analysis may prove to be helpful while preparing remedial solutions for the possible challenges. According to LaGrandeur and Hughes [2017, pp. 1–12] methods of counteracting the effects of technological unemployment include:

- the reduction of working hours in order to provide more work – in 2015 the City Council of Gothenburg has founded a study, aiming at the reduction of illness and employee burnout, which resulted in achieving a slightly different goal. The improvement of working conditions and the reduction of working hours to maximum of 30 per week proved to be beneficial for productivity and efficiency of workers [Savage 2017];
- the introduction of government programs guaranteeing the universal basic income (UBI) – as of 2016 the authorities in Dutch cities of Tilburg, Utrecht, Wageningen and Groningen decided that monthly checks (the equivalent of around \$850) will be paid to people, who already are on welfare. Experimental implementations of such solutions were also performed in cities such as Glasgow, Barcelona and Ontario (Canada) [McFarland 2017];

- the use of Micro-Incomes and Micro-fees to offset forced unemployment – the concept in which online businesses should pay small fees in exchange for personal data received from users. Online tools, such as Google Translate, analyze samples of texts created by real-life translators in order to improve their algorithms. The authors, however, are rarely ever paid for their work.

Changes in the working environment caused by the fourth industrial revolution – a case study in the field of manufacturing

Automation in production has been the cause of broader use of robotics, defined as the process of the construction and use of machines, which perform various tasks traditionally done by humans [Advanced Manufacturing, pp. 4–5]. Robots have been used in order to manage complex operations and create flexible and autonomous production conditions. The International Federation of Robots emphasizes that industrial robots vary from service robots, as they are directly involved in manufacturing operations. Therefore the production process is dependent on their performance. In order to be classified as industrial, robots need to be “automatically controlled, re-programmable, multipurpose manipulator programmable in three or more axes, which may be fixed in place or mobile for use in industrial automation applications” [ISO 8373:2012]. According to estimates of Loup Ventures in 2025 the worth of global robotics market will exceed 33,8 billion dollars, what means that it will be 2,5 times higher than in 2016. The rise in the number of robots may cause the decrease in their cost, what can make them easily available [Piątek 2017].

The idea that integrates industrial robots with human labor is the Collaborative Robots (cobots) initiative. The purpose of cobots is inseparably connected with the modified concept of traditional collaboration, in this case understood as the action of utilizing the functionality of a robot and human work in order to produce or create something, what in other conditions would not have been created with such ease. Cobots can contribute to enhancing the safety of work, as they can be equipped with the system of secure shut down. Minimization of risk injury is based on the rule of “direct guidance”, what means that the robot is active only after receiving a direct command from a human worker. If the safety zone between employee and the machine is violated, the robot slows down to prevent possible injuries. Furthermore, the use of cobots gives the chance of the semi-automation of production, which can be the first step towards Industry 4.0 for small and medium enterprises, which have limited amounts of money for the transition.

Even though some of the researches find the fourth technological revolution as slightly futuristic, its impact can already be seen. The visibility is clearer in various depart-

ments of production industries. Table 1 depicts how current trends shape the working environment in the field of manufacturing.

Table 1. Examples of changes in the working environment caused by technological advancements in production companies

Field of change	Technological innovation	Effects
Quality control	Big data	Automatic identification of quality issues based on historical data which contributes to the reduction of overall product flaw number; layoffs of quality control employees
Production	Robotics	The development of robot-assisted production systems (RAPS), which contributes to the automation of processes such as product assembly or packaging; reduction in the number of production employees and the increase in the demand for highly-skilled engineers
	Simulation	Development of new programs to simulate and optimize product assembly
	3-D printing	Fast creation of complex parts; lower demand for assembly workers
Internal transportation	RFID connection	Automation of transportation systems used inside of the company, such as e-Kanban
Supply Chain Management	Cloud-based systems	Development of digital platforms for collaboration and coordination of internal and external processes

Source: own elaboration.

A case study of the impact of digitalization in non-manufacturing companies. The impact of the technologic revolution can also be seen in companies not connected with production, what shows that the idea of Industry 4.0 is constantly expanding and evolving. German Commerzbank has developed a plan focusing on achieving three main goals: growth, implementation of technological innovations and increased efficiency. Zielke [Commerzbank 2016], the chairman of the board of managing directors of Commerzbank, stated that the simplification and digitalization of business models will be beneficial for sustainable increase of effectiveness and overall profitability. The implementation of the “Commerzbank 4.0” strategy is connected to the digitalization of 80% of business processes focusing on private and small business customers and corporate clients. Transforming into a digital enterprise will, however, have its impact on the workforce as some of the core business activities are planned to be discontinued. Automation and

digitalization of workflows is predicted to reduce the amount of full-time positions by 9600. Even though almost 2300 new jobs will be created, the decrease can still be considered significant.

According to Reuters [Sterling 2016] the ING Group, based in Netherlands, plans to reduce the number of jobs by 7 000 and invest in digitalization in order to save up to \$1 bln by 2021. The size of the layoffs is equal to nearly 12% of the total ING's workforce.

Fukuoku Mutual Insurance, a company based in Japan, has reduced the number of employees by over 30 due to implementation of a system that can automatically calculate payouts to policyholders [McCurry 2017]. The AI system is predicted to generate savings as high as 140 mln yen a year (approximately \$1,4 mln). The unit is described to be possessing cognitive technology which enables it to think like a human in order to interpret data obtained from various sources, such as images, audio, video and text. The Japan Post Insurance is willing to introduce a similar technological advancement in their business models.

The need of reskilling during the technological transformation

Employers should be able to address the key competencies that workers need to acquire in order to meet the demands of the improved working environment. Moreover the long-term strategy should be developed to prepare employees for the changes. Adequate job profiles should be developed in order to create a career path for the employees and define the key components that the worker has to acquire. A job market research has been performed in order to define qualifications and skills needed in order to meet the demands of modern companies in the field in IT (preferably connected with production), as it is linked with the fields mostly affected by the fourth industrial revolution.

The job profiles have been developed thanks to the analysis of online job offers available on various sites, such as:

- <http://www.arbeiten.de/> (German),
- <https://www.jobsite.co.uk/> (English),
- <http://pracuj.pl> (polish).

Table 2. A job profile in IT

Job	Qualifications	Skills
Big Data Analyst	Bachelor's or Master's Degree in the field of sciences, mathematics or computer sciences Experience in similar role Knowledge of tools for business analysis Strong experience in SQL, MS Access, Essbase and Cognos Knowledge of MS Office Knowledge of programming and scripting in at least one programming language The knowledge of statistical packages	Fluency in the use of English or other foreign language Self-motivation The ability to work in team Multitasking The ability to work in a dynamic environment Adequate task prioritizing
Offline or online Robot Programmer	Bachelor's or Master's Degree in the field of automatics or robotics The ability to program industrial robots, especially ABB, KUKA, Fanuc The ability to read technical documentation Knowledge of programming and commissioning of systems based on programmable logic controllers At least 2 year working experience in similar field Permission to operate electrical devices	Fluency in the use of English or other foreign language The ability to cope with stressful situations Good interpersonal and communication skills
Software Engineer	A diploma in IT Knowledge of programming, preferred languages are C/C++ Knowledge of NET. At least 2 year working experience Basic SQL knowledge Knowledge of MS Office, especially Excel	Fluency in English and at least one other language Creativity Flexibility Problem solving skills
PLC Programmer	A diploma or a certificate in Automatic Control Knowledge of electrical engineering Knowledge of programmable logic controllers, especially Siemens Knowledge of SCADA visualization systems Working experience	Fluency in the use of English or other foreign language Flexibility Creativity Undertaking new tasks

Source: own elaboration.

The analysis of the job market has proved that modern companies are trying to shape the modern IT landscape by:

- focusing on the development of adequate strategies using analytical tools and methods;
- preparing platforms, which monitor the actions and performance of individuals, who control the actions of machines;
- using statistical and econometric techniques to extract information from various datasets;
- creating interdisciplinary teams who are active in the preparation of summaries and reports;
- ensuring that the project address the risks and problems realistically;
- improving the troubleshooting aids in order to reduce the risk of downtime;
- developing effective methods of communicating the needs of various departments, especially the operators of plant equipment;
- implementing the “safety first” rule;
- ensure that the projects and plans are realistic to be performed in long-term.

Conclusions

The fourth industrial revolution, even though at first associated primarily with the German industry, is currently spreading worldwide. Modern companies have started to develop long-term strategies in order to be ready for the implementation of technological advances into their business models. The analysis of the impact of Industry 4.0 should also be performed in reference to workforce, both in manufacturing and non-manufacturing environment. Creating job profiles for various workplaces should be performed in order to create a list of skills and qualifications needed to adapt new solutions. The research conducted in this paper showed that the creation of a process network is highly dependent on the acquisition of trained and interdisciplinary staff. Apart from interpersonal skills, the job candidate should also have qualifications relevant for the functioning of the company in the digital era. The technological changes may be viewed both as threat and an opportunity, however the chances of development exceed the shortcomings.

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Stability of Polish Economic Growth in the Light of Middle Income Trap

Abstract: The catching-up countries, which like Poland in recent years have been included in the group of countries with high per capita incomes, may find it difficult to maintain the current high rate of economic growth. The aim of the article is to define, on the basis of literature related to the Middle Income Trap (MIT) concept, and indicate the factors which contribute to the increase or slowdown of economic growth of Polish economy at the present development state. A comparison of the experience of Poland, Chile and Hungary, which have also recently been included in the group of high income countries, indicates that although in exceptional cases a high rate of economic growth can be based on raw materials exploitation, in the case of Poland, in the face of demographic threats it is necessary to put pressure on increasing the innovativeness of the economy so that it could achieve a better position in the global value chain.

Key words: economic growth, middle income trap, Polish economy

Introduction

Countries including Poland which have managed to catch up with the world leaders and have been classified as those with high income per capita do not always succeed in maintaining this position (e.g. Croatia). Slowing down of the rate of economic growth as well as degradation to a lower income group may indicate the country has fallen into middle income trap (MIT). The aim of the article is to analyse, on the basis of literature related to

the MIT concept, and indicate the factors which contribute to the increase or slowdown of economic growth of Polish economy at the present development state. According to the MIT concept the key threats to the rate of Polish economic growth are connected with low level of innovativeness of economy resulting from insufficient expenditure on R&D both in the public and private sector as well as negative demographic trends – ageing society.

Middle Income Trap Category

MIT concept is defined in a number of ways. According to one of the scenarios economy, after a period of dynamic growth based on the development of labour intensive production after cheap labour resources frequently from rural areas have been exhausted, faces slowdown (usually a period of 7 years is assumed as a reasonable indication) and is not able to regain its former dynamics [Eichengreen et al. 2013]. In fact the above presented situation corresponds to the classical Lewis turning point limited to countries which in the process of developing labour intensive production succeeded in obtaining middle income level.

According to other approaches this concept is related to countries which are not able to advance to a higher income group for a long time – in this case appropriate setting of income thresholds and adopting specific methodology of income calculation is needed. Therefore deliberations concern a fairly large range of countries [Felipe et al 2012, Im and Rosenblatt 2013]. Other authors analyse the relation of average income in a particular country to the average income in the USA and OECD countries. In this case designation of the threshold volumes is critical since it may turn out that both European and Latin America countries for the most of the 20th centuries were trapped in the middle income and the only country which has clearly succeeded in catching-up with the world top leaders is China [Im and Rosenblatt 2013; Glawe and Wagner 2016].

Experts commonly believe that in order to succeed countries must focus on increasing competitiveness and innovativeness of economy and thus more substantial investments with indirect and direct impact on total factor productivity (TFP) are crucial [Kotowicz-Jawor 2016; Gomułka 2017]. The core of the problem is the inability to further compete solely on the basis of cheap labour and standardized products since wages in this group of economies have been growing faster than productivity [Paus 2017]. One may observe faster wage convergence than this of economic capability. A good example of a country which has maximized its competitive edge by means of low wages and presently is seeking to move to the next phase is China [Aoiki 2011, Dahlman 2009].

The proposed solutions depend on the economic school of thought one represents. Supporters of the neoclassical approach in economics, omitting geographical and historical constraints, focus on the slowing down of the growth rate. Hardly ever do they explore the individual factors which resulted in the economic downturn. They analyse long-term statistics and compare the number of years needed by a country to advance to a higher income group and note accompanying changes in the export structure [Felipe et al. 2012]. Whereas supporters of the structural approach argue that the long-term growth and improvement of the living standards may occur only if structural changes leading to the increase in productiveness and competitiveness take place [Paus 2012]. The basic method of research is comparison of experiences of countries which succeeded in catching up with the world leaders (if it is understood as moving to the high income group according to the World Bank definition). The main differences involve areas the analysis focuses on. The choice of the factor leading to MIT is critical for recommendations for economic policy.

A number of authors draw particular attention to the structure of production and export. As early as in the 50s of the 20th century it was believed that industrialization and diversification of export were critical for the economic growth [Bąkiewicz and Żuławska 2010]. However it seemed that economic success of natural resources exporters, especially the energy raw materials or providers of specific services (of-shore finance centres) were contrary to that belief. Capacity for succeeding in this area depends largely on the size of the economy. In the 21st century particular attention was paid not only to the share of processing industry in GDP and export but to the technological advancement of the exported goods. Interdependence between technological advancement of products and economic growth in the long-term has been confirmed by numerous studies [Ocampo and Vos 2008; Cadot, Carrere and Strauss-Khan 2009]. It is reflected in the increased number of the exported goods, however this interdependence is not explicit though [Jankowska et al 2012]. Income elasticity of demand for the exported goods is yet another vital factor. It seems to be higher in case of the more technologically advanced products [Cimoli, Porcile and Rovira 2010]. This list of elements which help to avoid falling into MIT has been extended by Bulman [Bulman et al 2014] who added law inflation level that is stability of the internal market.

The work of Ohno [2009] deserves to be recognized among the analyses focusing on the development path of successful economies. In his approach the process of catching up-analogically to the Rostow's theory – is recognized as a sequence of stages. It is assumed that the first stage involves development of production of simple goods by overseas companies. Production tasks are performed by local low-skilled labour and production is based on the imported technology, resources and semi-finished products. The manufactured goods at this stage include food products and textiles. A number of fore-

ign investors decide to launch electronics production where the imported parts are assembled by the local workforce. In the second stage more and more parts and components are manufactured by local entities owned by both national and foreign capital, however organisation and production management are performed by a foreign organisation. In the third stage due to internalisation of knowledge and skills of local workforce the quality of national human capital is increasing dramatically. This enables local employees to take over duties so far performed by overseas specialists in all areas, including management and R&D. It is in the fourth stage that local manufacturers are capable of developing new products and exert considerable influence on international markets. Ohno believes that between the second and the third stage "glass ceiling" appears and countries which have failed to advance to the next stage of production organisation fall into the middle income trap. Similar approach is presented by Aoiki [2011]. Having analysed Chinese, Japanese and Korean experience he distinguishes five phases corresponding to the model proposed by Ohno. However, this approach does not take into account the situation common in post-socialist countries where during the transformation period foreign capital took over technologically innovative local organisations which lacked capital or access to international markets. Thus, the above mentioned economies have been moved back to the second or even first phase.

Gomułka [2017] points out that the growth based on technology imitation depends on two factors: the existing technological gap and the ability to absorb new technologies. Unfortunately, in case of substantial technological gap absorption potential is limited and vice versa, when the absorption potential increases the technological gap becomes smaller. Thus, in his opinion, countries in the interim stage are in the most convenient situation.

The researchers who attribute growth barriers to the insufficient development of production capacity which apart from physical capital resources include education, infrastructure, institutions and organisation [Paus 2012] refer to the learning potential of companies and workforce emphasized by Ohno. These barriers should be reduced by combining activities of the private and public sector on the macro, mezzo and micro levels. Strengthening of these production capacities should lead to improving innovativeness, quality and modernisation of the so far manufactured goods and ultimately allow to develop new products and win new markets. Favourable dynamics coupling of economic policy and social capital increase in the private sector are needed in order to reach critical mass enabling sustainable growth. Forms of action in the two sectors may vary, however three elements critical for the success are mentioned. These are: local organisations' ability to learn from foreign partners together with the capacity to creatively adapt overseas solutions; transition from assembling uncomplicated parts to manufacturing more technologically advanced products; mass vocational education on the

secondary and university level [Paus 2012]. Researchers who support this approach indicate the importance of co-existing of pro-innovative activities in companies (shift towards products with higher added value, intensifying R&D activities also in local companies owned by international corporations) with activities in the public sector such as enhanced emphasis on education, R&D and infrastructure especially related to IT [Lin and Volker 2012; Ocampo et al. 2009].

Some scientists mention non-economic determinants, in particular threats to growth posed by the widening income disparity and institutional underdevelopment [Foxley 2012]. In terms of Latin America countries Foxley goes as far as to mention 'institutional trap' of development.

Other researchers perceive globalisation as a decisive factor. In order to avoid the risk of moving back to the group of lower income group, middle income countries must rush ahead. They believe that the liberalisation and opening up of markets in the 90s have forced economies to improve competitiveness. This in turn may only be achieved through increased innovation financed by both private and public sector [Deloitte 2012, Dahlmann 2009]. As a result of globalisation the more developed economies have increased spending on R&D significantly and thus compel less developed countries to undertake similar actions. China is a frequently mentioned example here.

China as a country which has succeeded in catching up with world leaders very fast but at the same time it may face the risk of falling into MIT is an object of numerous studies. It seems though that Latin America countries offer even more material to comparison of whom Argentina as early as in the 19th century might have aspired to the high income group economies. Yet in the following years the distance between Argentina and leading economies increased [Eichengreen et al 2013, Glawe and Wagner 2016].

Focusing research on the economic downturn as the sign of MIT enables one to extend the research and adopt a wider historical perspective yet it does not provide the explanation of the origin of the slowdown. Depending on the assumed criteria related to the selected time periods and slowdown levels the obtained results vary. They seem though to confirm that the likelihood of slowdown is bigger in middle income countries than others [Aiyar et al 2013; Robertson and Ye 2013]. Eichengreen [Eichengreen et al 2013] argues that while analysing historical processes one may observe that the economic downturn may occur on several income levels and not only the presently determined as middle income. Factors which in the past led to temporary downturn of the most developed economies were large share of people at post-working age, high rate of investment which in the long-term resulted in the lower return rate and undervalued exchange rate. All of the above resulted in reducing investments. Eichengreen believes that numerous analyses indicate that the correlation between the education level of

population, export diversification and the risk of economic slowdown is much greater than in case of other factors.

Gill and Kharas [Gill and Kharas 2015] while summarising a decade of MIT research emphasize the significance of access to external financing in overcoming the trap in the area of technology and especially in transition from new technology adaptation to its creative transformation and development of new solutions. In the view of the mentioned by them studies the ease of entering market is particularly important in case of economy innovativeness characteristic of countries which aspire to enter the high income group. They believe that innovativeness is connected with high risk of failure and the ease of market entry (institutional, financial, etc.) enables a bigger number of innovative attempt to be taken. Moreover, they emphasize the importance of institutional factors including the state which according to numerous researchers in the process of gaining higher income should become more democratic in order to assure common access to essential public goods in the view of increasing income inequalities [Kleer 2015].

Some authors [Wojtyna 2016] try to replace the notion of MIT with the concept of middle level of development. They argue that the MIT notion is an example of scientific marketing. It seems therefore that because of the difficulty connected with measuring the level of development it is more appropriate to refer to a very specific notion of the level of income per capita, which allows a better description of the research subject.

In conclusion, some authors focus on the period needed to advance to a higher income group that is the growth rate in the catching up group and the one that is being caught up. The authors of the more interesting elaboration seek to answer the question related to the factors enabling economy to move from one group to the other. Similarly at the dawn of development economics in the 50s it was commonly believed that the primary way to emerge from the economic underdevelopment was industrialisation, nowadays it is assumed that the transfer to a higher income group is subject to structural changes in economy enabling shift to a favourable position in the global value chain [OECD 2013]. Specific authors focus on different aspects of those structural transformations and the factors which condition them.

It seems that one of the most important developments in MIT research in the last decade has been the following conclusion: when the level of economic growth corresponds to the middle income the required productivity growth of production factors must increasingly result from cross-sectoral shifts since the capacity for inter-sectoral productivity growth have been exhausted. If the economic policy does not evolve towards this end it may curb economic growth rather than support it [Gill and Kharas 2015].

Moving up the value chain depends on competitiveness in international trade. It may be maintained and improved only in selected sectors. This trade is increasingly carried out within a company. In terms of Asian economies numerous researchers indicate the

importance of regional connections [World Bank 2015]. Sustaining competitiveness or, better still growth is only possible in case of innovative economies. This aim may be achieved provided a number of requirements are met: creative implementation of overseas solutions frequently with the use of direct foreign investments, scientific and implementation research conducted by various parties from both private and public sector, national and foreign, as well as development of infrastructure [Aiyar 2013; Bulman et al 2014; Felipe 2012; Foxley 2013; Radło and Ciesielska 2013; Żuławska 2017].

Achieving better position in the global value chain is reflected in international trade, its diversification, increasing share of products with higher added value. It is usually connected with technologically advanced products which are characterised by higher income elasticity of demand.

Entrapment at a specific level of income or economic growth may be related to the lack of stability in one of the key areas, such as financial and currency markets, income distribution, demographic structure, socio-political and legal system.

Thus, although the notion of MIT is fairly imprecise [e.g. The Economist 7.10.2017] analyses which make use of it present a substantial list of both economic downturn causes at this income level as well as the means of increasing it.

Polish economy in the view of MIT

It may be useful to present Polish economy in comparison to other countries with similar level of income per capita as well as similar period when according to the World Bank these economies were included into the High Income Countries, that is Hungary and Chile. Although considerably smaller than Polish, Hungarian economy (GDP four times smaller than in Poland) display numerous similarities. These are common past experience of centrally planned economies and comparable process of transition to market economy, concurrent access into EU but not to the Euro Zone, similarly structured economy and foreign trade turnover. Chilean income economy though, from the perspective of income per capita is comparable to the Polish one yet it is heavily dependent on natural raw resources. However in the past Polish economic policy used to draw on the experience of this country (e.g. privatisation, reform of the pension scheme).

Table 1. Poland in comparison to countries with similar income per capita

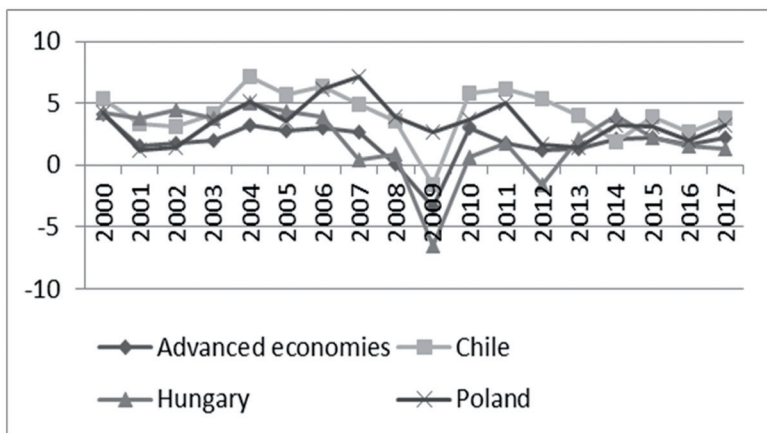
Country	GNI per capita (Atlas method) USD 2016 (limit 2016 – 12235)	Years of classification as high income group by WB	Rate of GDP growth 2000 – 2017 (Highly developed countries – 1,73% annually)
Poland	12690	from 2009	3,4

Chile	13540	from 2012	3,9
Hungary	12570	2007-11 and from 2014	2,0

Source: OECD Database, IMF Database.

In terms of income growth rate Chile and Hungary in the 21st century have noted greater business cycle convergence with the more developed countries, that is the 'target group'. Whereas Polish economy is characterised by substantially bigger growth stability (graph 1). All the three countries have been catching up with the world leaders, however Poland has noted the highest growth rate.

Graph 1. Economic grow



Source: IMF Database.

According to the MIT concept maintaining high level of growth rate in the present globalised environment may be possible only if the competitive position is retained or better so improved and the position of economy in the global value chain is enhanced. This is reflected in the volume and structure of international trade.

Considering the period from Polish accession into EU, that is comparing year 2004 with 2016, export proved to be a critical factor stimulating economic growth. The value of exports increased in that period by 2,7 times with the increase in GDP in current prices calculated in national currency by 1,9 times and converted to USD by 2,1 times [IMF Database].

Assessment of the Polish export diversity (chart 2) reveals that the share of 10 basic exported goods decreased and the share of 5 key exports increased. This reflects some

diversification of export with maintaining specialisation at the same time, in particular in the area of automotive exports.

Table 2. Changes in the value of export of goods and in the share of 10 and 5 most important product groups in Polish, Hungarian and Chilean export in the years 2004–2016

	Export value increase	Share of 10 most important product groups in export		Share of 5 most important product groups in export	
		2004	2016	2004	2016
	2016/2004				
Poland	2,66	61,4	58,5	44,7	46,8
Hungary	1,86	75,2	75,7	62,0	64,9
Chile	1,83	80,7	83,3	69,7	71,0

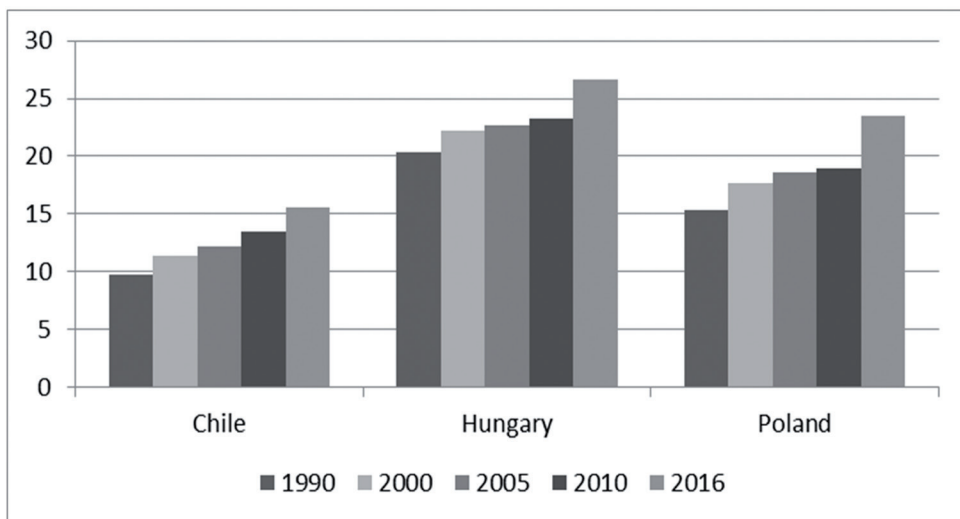
Source: International Trade Center Database.

Polish export is dominated by group 84: machines, nuclear reactors, boilers, etc. The second position is occupied by group 85, such as electrical and electronic appliances. This group is characterised by the highest dynamics in export value. This aggregated data prevent one from determining whether any positive changes in the movements in the value chain within these product groups (including a quarter of Polish export) occur [ITC Database].

In Hungary we do not observe in the period after accession into EU export diversification. One may note consistent focusing on production of machines, electrical appliances and cars. When it comes to Chile both export value and structure depend on fluctuations in global prices of metals, in particular copper. This makes economy extremely vulnerable to market fluctuations.

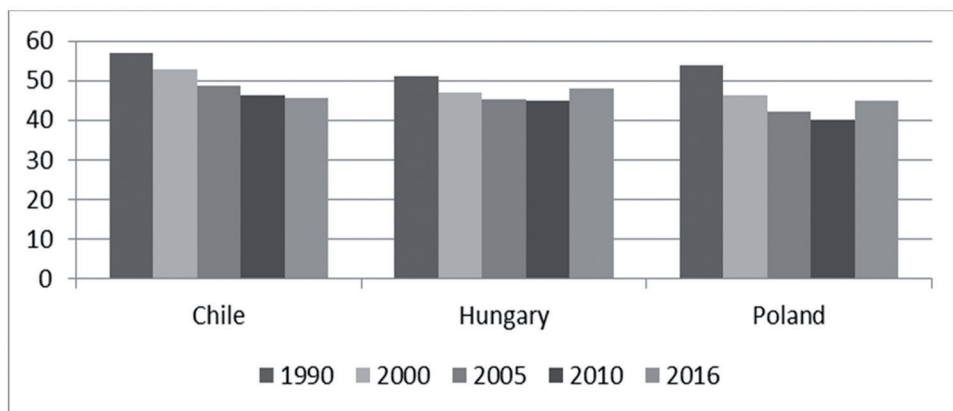
We may observe negative demographic trends in all three countries, however they seem to be notably more acute in Poland and Hungary than in Chile. Societies are ageing, the proportion of people at the post-production age to those in working age is growing (Graph 2). In the recent years this trend has dramatically accelerated in Poland and Hungary. The general demographic burden rate which from 1990 to 2010 in all three countries improved, both in Poland and Hungary has recently deteriorated (Graph 3).

Graph 2. Demographic Burden Rate (Relation of the number of over 65 population to the number of working age population, %)



Source: World Bank, World Development Indicators Database.

Graph 3. Demographic Burden Rate (Share of working age people in population,%)



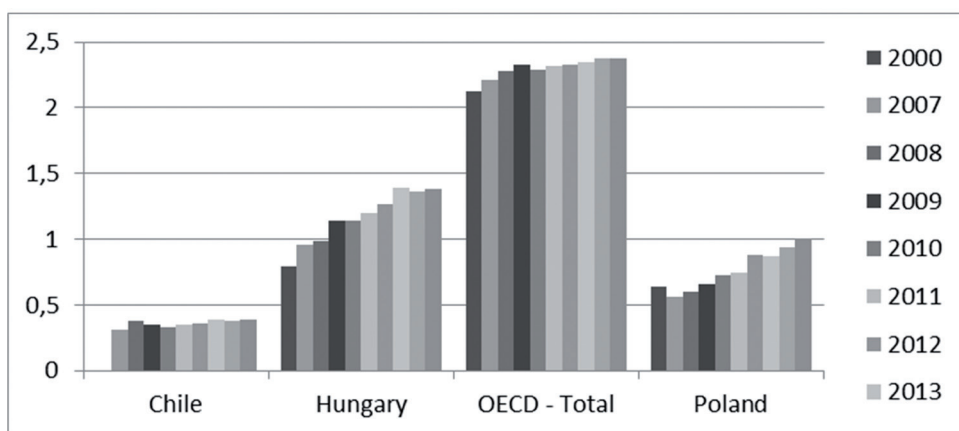
Source: World Bank, World Development Indicators Database.

Due to the unfavourable demographic situation improvement of the quality of human capital has become increasingly important. In order to meet this end actions in

many areas such as health and education are needed. They should be initiated and conducted by both public and private sector.

The quality of human factor depends on the level of education, however effective use of this factor is only possible if the appropriate working conditions for creative application of developed skills and innovative solutions are provided to the highly qualified workforce. Analyses of the situation of countries facing the risk of MIT indicate that expenditure on R&D as well as on education should come from both public and private sectors.

Graph 4. Expenditure on R&D as % GDP



Source: OECD Database.

Countries which have recently joined the group of economies with high income per capita differ significantly in this area from the middle level in OECD. It seems that in this situation Chilean economy will continue its dependence on raw materials markets, whereas Poland and in particular Hungary stand a chance of increasing innovativeness of economy and therefore may move in the global value chain.

The presented data seem to indicate that the 'poorest in the richest group of economies' such as Poland, Hungary and Chile face key development challenges which are similar to those related to the MIT. The risk of economic downturn concerns both countries classified by World Bank as 'high middle' and 'low high'.

Changes in the commodity structure of exports occur at the time of very good economic situation on world markets and do not guarantee solid move in the global value chain. Further research should focus on identifying an economic policy that would support stable growth in less favourable conditions.

In view of the unfavourable changes in the demographic structure there should be more focus on the improvement of the human factor. This will require further increase in expenditure on education, R&D as well as healthcare coming from both public and private sources.

It seems that Polish economy may avoid the risk of economic downturn if the strategy and economic policy take into account the growing threats and find tools to overcome them.

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