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Address:

SGH Warsaw School of Economics

Collegium of Management and Finance

al. Niepodległości 162, 02-554 Warsaw

e-mail: oik@sgh.waw.pl, www.sgh.waw.pl/oik/

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PREFACE

We are pleased to provide you with a new issue of our magazine “Organization and Management” in the New Year. In this issue you will find five interesting articles.

In the first article, Patryk Dziurski presents the results of literature research on the relationship between cooperation and innovation. The results of the author’s analysis indicate the existence of two research streams on interplay between cooperation and innovation in the literature. The first one tries to answer the question how cooperation impacts performance of firms in terms of innovation output. Empirical studies show that cooperation with rivals may either foster, hamper or be neutral to innovation and different contingencies factors may be identified. The second one sees innovation-related factors on organizational and industry levels as important determinants of the cooperation.

Józef Ober, Janusz Karwot and Aleksandra Kuzior in their article examine how the pro-social actions taken by the Sewage and Water Supply Ltd. Rybnik (PWiK Rybnik) influence the image of this company in the opinion of the local community in Rybnik. Surveys conducted by the authors were designed to assess the effectiveness and adequacy of pro-social activities undertaken by PWiK Rybnik in the context of the possibility of improving the services provided by the company. The conducted research allowed to formulate conclusions and suggestions for the improvements in creating a positive, pro-social image of a water and sewage company, which will allow to implement the pro-social innovation strategy of PWiK Rybnik.

Wioletta Mierzejewska and Anna Krejner-Nowecka in their article described internationalization strategy of family-owned business groups. They successfully illustrate internationalization strategies through case studies on the example of the LPP group.

In the next article Mirosław Jarosiński and Ireneusz Janiuk present internationalization as a strategy supporting both enterprise diversification and leading to the

* Maciej Urbaniak, Ph.D., Full Professor – Editor in Chief of “Organization and Management”, University of Lodz.

growth of a firm. The literature review reveals that there exists a research gap in the insufficient research on the joint use of internationalization and diversification in the growth processes of a firm. In the empirical section the authors describe the findings of the analyses regarding the ways of implementing these two strategies on the basis of four biggest Polish furniture manufacturers being major Polish exporters at the same time. In all four cases a direct interrelation between both strategies is visible providing synergies that allow for growth.

In the last article, Sławomir Winch presents connection between the anomie of employee behavior and the attitude of superiors as well as strength of their identification with their company. Author's considerations are based on the results of quantitative research carried out on a target sample of 389 workers. The research results indicate that the genesis of anomie is a strong emotional relation between a subordinate and a superior and their strong identification with their enterprise.

Wishing you in 2020 many successes in your professional and personal life!

Maciej Urbaniak

INTERPLAY BETWEEN COOPETITION AND INNOVATION: SYSTEMATIC LITERATURE REVIEW¹

Introduction

The phenomena of coopetition and innovation have become increasingly popular in recent years. Traditionally, both concepts have been analyzed separately. However, scholars have recognized the importance of interplay between coopetition and innovation and it seems that it has attracted the considerable attention of researcher as well as managers [Dorn et al., 2016; Klimas, Czakon, 2018]. Nevertheless, as far as the author is concerned, the concept-related literature has not been revised in a systematic way so far. Therefore, the systematic literature review of studies on the relationship between coopetition and innovation seems to be a valuable contribution in the field of management science. Thus, the paper aims to present results of the systematic literature review on coopetition and innovation as well as to identify key research problems and potential directions further studies. Author's intention is to provide the comprehensive understanding of interplay between coopetition and innovation.

The paper is organized as follows: section one presents definitions of coopetition and innovation as well as links two concepts. Section two introduces the research methods and section three presents the result of the systematic literature review.

* Patryk Dziurski, Ph.D. – SGH Warsaw School of Economics. ORCID 0000-0003-2132-8657.

¹ This paper was supported by a research grant from the National Science Centre under the project titled: *Coopetition in business groups: Scale, Nnature, determinants, and impact on effectiveness* [Koopetycja w grupach kapitałowych – skala, charakter, determinanty i wpływ na efektywność] (UMO – 2017/25/B/HS4/02448).

1. The concept of coopetition and innovation

Coopetition is a far-reaching phenomenon in the management literature. Bengtsson and Kock [1999] defined coopetition as simultaneous cooperation and competition with the same partners at the same time [Luo, 2007]. However, in a broader sense it can also include “collaboration at one time and competition at a different time with the same competitor or collaboration with some competitors to develop strengths to compete against other competitors” [Gnyawali, Part, 2009: 311]. Thus, coopetition combines two types of relationships that usually involve strongly opposing logics [Dorn et al., 2016]. Cooperation is a non-zero-sum game aimed to create and share value collectively, whereas competition is a zero-sum game meant to capture all benefits with opportunistic behaviors [Das, Teng, 2000]. Coopetition can be seen as a paradox, but it is a unique strategy that capitalizes on the benefits of cooperation with rivals. Firms cooperate in order to increase the size of the business pie and compete to divide it [Brandenburger, Nalebuff, 1996]. Coopetition is a new type of strategy showing that the pure competition is not enough to succeed on the market and cooperation with rivals is a must.

Another far-reaching phenomenon in the management literature is an innovation. In general, innovation is defined as “an idea, practice, or object that is perceived as new by an individual or other unit of adoption” [Rogers, 1995: 11]. Roger’s definition pertains to the new outcome of the activity, but the concept of innovation can also signify the activity itself. The concept of innovation can also refer to a new or improved product and business process that are significantly different from the previous ones. Product innovation is a new or improved good or service that has been launched on the market, while business process innovation is a new or improved business process for one or more business functions that has been implemented into firm [OECD/Eurostat, 2018].

The management literature clearly distinguishes innovativeness from innovation. The first one refers to the organizational competence (however, innovativeness found substantial resonance on all levels of analysis, such as individual, team, industry, network, country) associated with introducing new products and processes [Hult et al., 2004]. Hence, innovativeness is seen as an organizational trait enhancing innovation performance in terms of innovation output [Shoham et al., 2012]. Thus, innovation is a result of organizational innovativeness.

Innovation processes require knowledge creation and knowledge sharing, especially from the external sources. The literature points out that competitors are important partners therein [Cruz-González et al., 2014], because they face similar challenges and they have a similar knowledge base, capabilities and strategies [Hamel et al., 1989]. Thus, cooperation with competitors helps firms to access, acquire and exploit value

knowledge for innovation and it facilitates learning that is positively associated with innovation [Bouncken et al., 2015]. Additionally, cooptation is important in high-tech industries that are knowledge-intensive, dynamic and complex [Gnyawali, Park, 2009] suggesting that firms operating under innovation pressure and technological advancement have higher willingness to cooperate with rivals as it can increase the innovation performance [Klimas, Czakon, 2018]. Hence, innovation-related antecedents on organizational and industry levels can promote cooptation and cooperation with competitors can positively impact the innovation performance. By the mean of the systematic literature review the study attempts to provide better understanding of the interplay between cooptation and innovation.

2. Research method

The systematic literature review was applied to meet the aim of the paper, i.e., to provide the comprehensive understating of interplay between cooptation and innovation and to identify key research problems and potential further studies. Fink [2005: 3] defined it as “a systematic, explicit, and reproducible method for identifying the existing body of completed and recorded work produced by researchers, scholars and practitioners”. The systematic literature review is aimed at identifying and assessing relevant studies and analyzing their contents [Czakon, 2015]. It is crucial in advancing knowledge about modern organizations. The systematic literature review uncovers areas where researches are needed, facilitates the theory development, and provides closing conclusions in mature research fields.

The study follows the four-stage research process [Czakon, 2015]. First of all, the research field, and the research aim were identified. Secondly, key publications in the research field were selected, followed by the reduction of duplicated bibliometric records. Thirdly, the analysis of abstracts and full texts was applied in order to identify key contributions and further researches. Fourthly, the research report was written.

In order to select the most relevant studies on cooptation and innovation, papers including phrases “cooptation”, “co-ooptation” and “innovat*” in their topic were retrieved from the Web of Science database. The sampling process was conducted on 10 February 2019. The search was limited to a paper topic to identify relevant publications. Additionally, the search was reduced to articles, books and editorials written in English (the research shows bias toward English which is the language of most papers) in social sciences research domain (research area: business economics, operations research management science, social science other topics), while other papers were excluded from the research. The research process revealed 183 papers in response to the search with the words: “cooptation” and “innovat*” and 120 papers in response to the search with the words: “co-ooptation” and “innovat*”. The research

was followed by the reduction of duplicated papers and as a result 219 publications were identified. The analysis of abstracts of publications allowed to limit the sample to 71 papers; author excluded units, which are not focused solely on cooperation and innovation. Table 1 presents the summary of the research process.

Table 1. Number of papers on cooperation and innovation – the research process

	Search for "cooperation" and "innovat*"	Search for "cooperation" and "innovat*"
Initial number of papers on cooperation and innovation	248	166
Number of papers including only articles, books and editorials	210	137
Number of papers written in English	203	132
Number of papers in the social sciences research domain	190	125
Number of papers in the business economics, operations research management science, social science and other topics	183	120
Number of papers after the reduction of duplicated records	219	
Number of papers focused solely on cooperation and innovation	71	

Source: own study based on records from the Web of Science database.

3. Results of the systematic literature review

The research sample consists of 71 papers and the majority of research productivity within the sample has been observed in recent years. Most of the papers have been published since 2009. It is not surprising as the concept of cooperation is a new phenomenon compared for example to innovation which has been studied for many years. Conducted analysis shows that the research on interplay between cooperation and innovation has been emerging as an interesting research field [Dorn et al., 2016; Klimas, Czakon, 2018].

The research allows to identify key contributors in the field of interplay between cooperation and innovation, they are: Gnyawali and Park as well as Ritala and Hurmelinna-Laukkanen. Publications of those authors are among the highest cited papers in the Web of Science database (Table 2) and they bring valuable insights in the analyzed research field.

The research reveals two streams of studies. The first one, more dominant accounting to 60 papers, tries to answer the question whether cooperation impacts innovation, while most of studies refer to innovation output. The second one, less dominant with 15 publications, investigates how innovation-related factors influence cooperative behaviors. Here, innovation-related factors on industry and organizational level are seen as determinants of cooperation, while factors from an external and a competitive

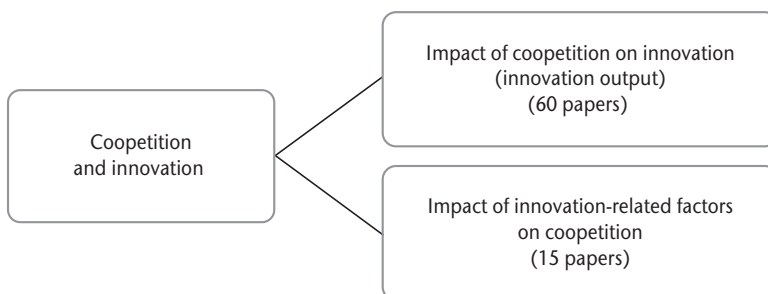
environment are analyzed more often. Figure 1 presents two research streams on cooperation and innovation.

Table 2. The highest cited papers in the Web of Science database

Author(s)	Title	Total times cited
D.R. Gnyawali B.-J. Park	Co-opetition between giants: Collaboration with competitors for technological innovation	241
D.R. Gnyawali B.-J. Park	Co-opetition and technological innovation in small and medium-sized enterprises: A multilevel conceptual model	207
P. Ritala P. Hurmelinna-Laukkanen	What's in It for Me? Creating and appropriating value in innovation-related cooperation	161
C. Quintana-García C.A. Benavides-Velasco	Cooperation, competition, and innovative capability: A panel data of European dedicated biotechnology firms	149
Y. Luo	A cooperation perspective of global competition	135
P. Ritala P. Hurmelinna-Laukkanen	Incremental and radical innovation in cooperation – the role of absorptive capacity and appropriability	121
A.-L. Mention	Co-operation and co-opetition as open innovation practices in the service sector: Which influence on innovation novelty?	120
P. Ritala	Coopetition strategy – when is it successful? Empirical evidence on innovation and market performance	111
P.E. Eriksson M. Westerberg	Effects of cooperative procurement procedures on construction project performance: A conceptual framework	105
K. Hutter, J. Hautz, J. Füller, J. Mueller, K. Matzler	Communitition: The tension between competition and collaboration in community-based design contests	97

Source: own study based on records from the Web of Science database.

Figure 1. Research streams on cooperation and innovation



Number of papers (75) exceeds the number of papers elaborated in Table 1, because four papers are accounted to both research streams.

Source: own study based on records from the Web of Science database.

Most of studies focus on the impact of coepetition on innovation, while studies on the relationship between coepetition and organizational innovativeness are scant [Shoham et al., 2012; Klimas, Czakon, 2018]. However, limited studies show that organizational innovativeness positively affects coepetition between direct and indirect rivals [Klimas, Czakon, 2018]. Nevertheless, most of studies refer mainly to relationship between coepetition and innovation performance or more narrowly to innovation output. Park et al. [2014] reported that competition and cooperation intensities have non-monotonic positive relationship on innovation performance, while balanced coepetition (i.e., moderately high competition and high cooperation) has positive effect on it. Researchers show that coepetition impacts technological innovations [Gnyawali, Park, 2011], product innovations [Hurmelinna-Laukkanen, Ritala, 2010; Bouncken et al., 2016; Estrada et al., 2016; Bouncken et al., 2018], business model innovations [Rusko, 2015] and to a certain degree innovation novelty [Ritala, Hurmelinna-Laukkanen, 2013; Bouncken et al., 2018].

The systematic literature review provides ambiguous answers to the question how coepetition impacts innovation showing that it may either promote, inhibit or be neutral to innovation output in terms of number of innovation and their novelty [Mention, 2011; Ritala, 2012; Ritala, Hurmelinna-Laukkanen, 2013; Klimas, Czakon, 2018]. Literature describes coepetition as a rewarding, but also a potentially risky relationship [Ritala, Hurmelinna-Laukkanen, 2013]. It can be associated with numerous positive effects in terms of innovation output, but also the risk of unintended knowledge transfer and spillovers. It may be argued that sharing, learning and protection of knowledge within the coepetition are recognized as key determinants of possible benefits and hazards [Bouncken et al., 2016].

The relationship between coepetition and innovation has been investigated along with the moderating effect of different variables, e.g., a model of coepetition and a coepetition experience [Park et al., 2014]; a stage in the new product development process on which coepetition is implemented [Bouncken et al., 2018]; an alliance governance [Bouncken et al., 2016]; an innovative firm's technological capability [Wu, 2014]; internal knowledge sharing mechanisms and formal knowledge protection mechanisms [Estrada et al., 2016]; an absorptive capacity and an appropriability regime [Ritala, Hurmelinna-Laukkanen, 2013] and a type of innovation project [Fernández et al., 2018]. Success of innovation projects in coepetition can be explained by the capability to match three variables: project knowledge attributes, a project governance structure, and a project partner selection [Cassiman et al., 2009]. Hurmelinna-Laukkanen and Ritala [2010] pointed out that the type of innovation, here goods and services innovations, may be also important as in the case of the first one knowledge management may be more challenging. Some studies also provide evidences that the relationship between coepetition and innovation is not linear, but it has an inverted U-shaped relationship [Wu, 2014].

Considering that the cooperation is popular in high-tech industries [Gnyawali, Park, 2009] some authors point out to industry-specific characteristics in the relationship between cooperation and innovation. Ritala [2012] indicated that the high market uncertainty as well as the low competition intensity positively impact the relationship between cooperation and innovation.

The second stream of research that has emerged from the systematic literature review focuses on the impact of innovation-related factors on cooperation. Industry and technological challenges and opportunities [Gnyawali, Park, 2011], especially increasing R&D costs, shrinking product life cycles and convergence of technologies are seen as the main external drivers of cooperation [Gnyawali, Park, 2009]. Von Hippel [1987] pointed out that the cooperation is more likely when combining multiple knowledge bases provides more advantages than solo knowledge does. The likelihood of cooperation is higher when there is a need for a technological progress. Innovation pressure exerted by the external environment and technological advancement of an industry increases willingness to cooperate with competitor [Klimas, Czakon, 2018], while lack of the innovation pressure does not promote cooperative behaviors [Beckeman et al., 2013]. Thus, high-tech industries seem to face unique challenges and opportunities and therefore are more conducive to cooperation [Gnyawali, Park, 2011].

Industry innovation-related factors are not the only determinants of cooperation. Literature reveals other external, relationship-specific and internal antecedents of cooperation [Dorn et al., 2016]. The environmental pressure and the dyadic factors between potential partners may not be enough to encourage firms to cooperate with competitors. They may facilitate the cooperation, but willingness and capabilities to enter cooperation are crucial. One of the firm-level cooperation antecedents is an organizational innovativeness. Klimas and Czakon [2018] showed that direct and indirect cooperation are depended on innovativeness. Following the study of Pallas et al. [2013] they reported that an openness and an encouragement to innovate is positively related with the indirect cooperation, while a strategic innovative promotes the direct cooperation. Thus, innovation-related factors on industry and organizational level are important determinants of cooperation with rivals.

Conclusion

The systematic literature review allowed to identify two research streams on the interplay between cooperation and innovation. The first one focuses on the impact of cooperation on innovation, especially in the terms of innovation output. Prior empirical studies provide ambiguous results showing that the cooperation may either foster, hamper or be neutral to innovation. Many studies have tried to answer the question

about positive and negative role of coopetition for innovation output, however results bring more questions than answers. Coopetition for innovation involves challenges and tensions and the existing literature has brought up new insights, issues, and research opportunities. One relatively under-researched topic relates to coopetition and organizational innovativeness. Thus, more studies accounted to this research stream should be conducted in order to provide more comprehensive understating of paradoxical nature of the interplay between coopetition and innovation.

The second research stream focuses on the impact of innovation-related factors on the coopetition. The identified studies show that innovation-related factors in the external environment as well as an organizational innovativeness itself promote cooperation with competitors. However, there are not many studies on determinants of coopetition, especially focusing on innovation-related factors. Most of them are dated to the first period of research on the interplay between coopetition and innovation. It is surprising as the call for more research on determinates of coopetition has existed in the literature for some time [Gnyawali, Park, 2009; Dorn et al., 2016]. Thus, researchers should answer this call and more systematically examine the problem.

The literature review reveals also that the problem of coopetition and innovation has been mainly analyzed on the interfirm level. Studies on individual, intrafirm and network levels are rather scant. Researches on these levels have been emerging, but still they are under-researched topics. Additionally, a lot of studies have focused on one particular industry (with domination of high-tech industries) and country. Taking into consideration that both coopetition and innovation are acknowledged as industry- [Klimas, Czakon, 2018] and country-related concepts, transferring results from one research to another is not possible. Thus, more studies covering different industries and countries, especially including industrial and international comparison, are needed.

Although the paper has reached its aim, there are some unavoidable limitations. Firstly, the method is limited to the systematic literature review omitting the requirement of triangulation of research methods. Secondly, publications included in the sample were drawn from the Web of Science database, which includes the most valuable papers that accounted only to small part of the whole body of knowledge on interplay between coopetition and innovation worldwide. Additionally, the Web of Science database is biased towards papers written in English, while neglecting valuable publications in other languages. Thirdly, the analyses of abstracts and full texts are flawed with a high level of subjectivity. Therefore, the aforementioned limitations should be reduced in further studies.

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INTERPLAY BETWEEN COOPETITION AND INNOVATION: SYSTEMATIC LITERATURE REVIEW

Abstract

The paper aims to present results of the systematic literature review on the interplay between cooperation and innovation as well as to identify key research problems and potential directions for further studies. Author's intention is to provide the comprehensive understanding of interplay between cooperation and innovation. Both phenomena are very often analyzed as separate concepts, but researchers have also combined them in studies. The study reveals two research streams on interplay between cooperation and innovation. The first one tries to answer the question how cooperation impacts performance of firms in terms of innovation output. Empirical studies show that cooperation with rivals may either foster, hamper or be neutral to innovation and different moderators may be identified. The second one sees innovation-related factors on organizational and industry levels as important determinants of the cooperation. Both research streams are worth exploring in the future. Researches on impact of cooperation on innovation output have brought more questions than answers, while studies on innovation-related determinates of cooperation are rather scant. Thus, the interplay between cooperation and innovation is an interesting area for the future research.

KEYWORDS: COOPETITION, COLLABORATION WITH RIVALS, INNOVATION, OPEN INNOVATION

JEL CLASSIFICATION CODES: O31, O36

WZAJEMNE ODDZIAŁYWANIA MIĘDZY KOOPETYCJĄ A INNOWACJAMI: SYSTEMATYCZNY PRZEGLĄD LITERATURY

Streszczenie

Celem artykułu jest przedstawienie wyników systematycznego przeglądu literatury przedmiotu dotyczącego wzajemnych powiązań między kooperacją a innowacją oraz zidentyfikowanie najważniejszych problemów badawczych i przyszłych kierunków badania. Zamiarem autora jest zapewnienie kompleksowego zrozumienia wzajemnych zależności między kooperacją a innowacjami. Oba zjawiska są bardzo często analizowane jako odrębne koncepcje, ale naukowcy łączą je również w swoich badaniach. Przeprowadzone badanie pozwoliło zidentyfikować dwa obszary badawcze dotyczące współdziałania kooperacji i innowacji. Pierwszy z nich próbuje odpowiedzieć na pytanie, w jaki sposób kooperacja wpływa na wynik działalności innowacyjnej przedsiębiorstwa. Badania empiryczne pokazują, że współpraca z rywalami może sprzyjać, hamować lub być neutralna dla innowacji, przy czym relacja ta może być moderowana przez różne zmienne. Drugi obszar koncentruje się na organizacyjnych oraz branżowych czynnikach związanych z innowacjami, które postrzegane są jako determinanta kooperacji. Oba zidentyfikowane obszary badań warto badać w przyszłości. Badania wpływu kooperacji na wyniki procesu innowacyjnego przyniosły więcej pytań niż odpowiedzi, podczas gdy badania nad determinantami kooperacji związanymi z innowacjami są raczej rzadkie. Współdziałanie kooperacji i innowacji jest więc interesującym obszarem dalszych badań.

SŁOWA KLUCZOWE: KOOPETYCJA, WSPÓŁPRACA Z KONKURENTAMI, INNOWACJE, OTWARTE INNOWACJE

KODY KLASYFIKACJI JEL: O31, O36

PRO-SOCIAL ACTIVITIES AND THE IMAGE OF A WATER AND SEWAGE COMPANY ON THE EXAMPLE OF PWIK RYBNIK

Introduction

Water and sewage companies are responsible for the collective supply of water and sewage for individual and institutional clients. Responsibility and scope of their activities vary depending on the way of organizing water and sewage services in a given area. The activity of enterprises is subject to many regulations and legal conditions, among others due to the specificity of their functioning under the conditions of monopoly. The literature covering the area of management and quality sciences mainly focuses on the functioning of the economy in industries that determine its competitiveness on the global market [Chudziński, 2018: 17]. The clients of municipal companies are in a completely different situation than the clients of companies operating in conditions of full market competition. Thus, the area of municipal services is less interesting for researchers in management and quality sciences. It is worth emphasizing, however, that the level of municipal services together with their standards and availability directly affects the activities of enterprises and the local community. According to S. Cyfert, if the water and sewage company does not take proactive measures, the pace of its development will be slower than the pace of development of the environment, which in the long run will lead to a gap in the development and decline of the organization [Cyfert, 2018: 135].

* Józef Ober, Ph.D. Eng. – Silesian University of Technology. ORCID 0000-0001-6290-381X.

** Janusz Karwot, Ph.D. Eng. – Sewage and Water Supply Ltd. Rybnik. ORCID 0000-0002-5810-7535.

*** Aleksandra Kuzior, Ph.D. Eng., Associate Professor – Silesian University of Technology. ORCID 0000-0001-9764-5320.

An intelligent enterprise, similarly to an intelligent city, makes a rational use of the scientific and technological advances and manages knowledge in the company on the one hand, on the other, however, it takes care of the social and ecological spheres, which makes it comply with the principles of sustainable development. The concept of CSR appeared in the 1950s in the western developed countries as a result of concerns of investors, companies and participants of social campaigns. Some authors, although not available in detail, from this period underline the important role of CSR in combating poverty in developing countries [Palihawadana et al., 2016: 4965]. Over time, the importance of establishing corporate social responsibility (CSR) is growing worldwide. Corporations are expected to be good sides for fulfilling social roles and solving social problems [Liao et al., 2017: 329]. Currently, corporate social responsibility (CSR) described in the literature as measures through which companies integrate the social and ecological aspects of their day-do-day operations and in their mutual relations with stakeholders on a voluntary basis is an integral part of the sustainable development [Żemigła, 2007: 100]. L. Zbiegień-Maciąg emphasizes, however, that the notion refers to the company's responsibility for accounting with the law and society for its actions. A company is responsible to: owners, employees, shareholders, customers, creditors, environmental movements, suppliers, subcontractors, and public administration [Zbiegień-Maciąg, 1997: 48–49].

As M. Goergen aptly notes, CSR covers issues such as the good of employees, community programs, donations to charity and environmental protection. In other words, it contains both internal and external dimensions. That is why CSR consists in undertaking activities aimed at further social good or other that may be internal or external to the company. The latter concerns the degree to which the company engages in socially responsible behaviors towards the wider community, and the first describes the attitude towards internal stakeholders, primarily employees [Goergen et al., 2017].

The subject literature distinguishes a few types of social responsibility. Economic responsibility is fundamental, the essence of which lies in the production of goods and services demanded by the public, at a price that enables the business not only to exist, but also to develop. It is worth emphasizing that the price is satisfactory for the customers, too, and it makes it possible to regulate the liabilities towards investors [Szaban, 2012: 152]. Another type of responsibility is the legal one, which means complying with the local and national legislation, as well as the European Union law [Szaban, 2012: 153]. The ethical responsibility, in turn, can be defined as obeying the usually unwritten rules and customs generally accepted by the local community, and acting according to its expectations [Szaban, 2012: 153]. What is also worth mentioning is the responsibility by choice, which might be referred to as additional actions, desirable for a given community, and simultaneously valuable in terms of running a business. An example of such measures may include supporting local

initiatives, which might turn out to be useful in the short and long term in supporting the company. It might be, for instance, investing in the development of infrastructure, which will attract new investors or customers thereafter [Szaban, 2012: 153]. Basing on the aforementioned concept, companies have been showing an increased interest in complying with the particular ethical standards, bearing in mind not only their own interests, but also the public good (including environmental protection). Such an approach can be reflected in the more intensive implementation of the so-called social innovation basing on the cooperation with the environment. P. Drucker shared such an understanding of the innovation, claiming that innovation should be accomplished in the real sense of the word, as well as a new wealth creation potential should be built, both technical and social [Drucker, 1995: 65]. The motives for active implementation of corporate social responsibility assumptions are exceedingly diverse. On the one hand, it might be an attempt to win the confidence of the public and strengthen the company's position on the market through a creation of a positive image of the company. On the other hand, the objective of such measures might include the development of knowledge, innovation, new experiences and, above all, concern for the natural environment and improved relationships with the social environment [Kochmańska, 2009: 88].

Currently, companies are facing an increased demand for information on CSR performance. That is why CSR reporting is becoming an important strategic activity. Thanks to CSR reports, companies are trying to present their efforts to reduce the negative impact of their activities on society and the environment. At the beginning, the reports focused only on environmental and ecological issues, and as the demand increased, they were supplemented with other areas. In general, CSR reports have a similar format: they describe social or environmental problems, and then present company spending on a series of actions solving the problems [Vartiak, 2016: 177–178]. However, it should be noted that CSR reporting is not mandatory, and the lack of a report does not necessarily mean that the company does not take pro-ecological measures. Therefore, it is difficult to find a direct correlation between CSR reporting and the implementation of pro-ecological activities [Śmiechowski, Lament, 2017: 993–994].

The most important activities in CSR campaigns may be related or not to the core business of the company. The literature review revealed mixed results regarding which option provides the most beneficial consumer reactions. However, it is clear that companies' engagement in CSR activities, positively increases consumer's attitude towards them and their products [García-Jiménez et al., 2017: 28].

Companies undertake CSR communication because it contributes to creating a positive image of a company among the local community. However, if the idea of corporate social responsibility is understood in its actual meaning, company's actions are not a result of its desire to gain competitive advantage on the market and attract as many customers as possible, but of its moral obligations towards the local

community where it functions. Due to the nature of PWiK's operations, being the only provider of water-sewage services in the city, it does not have to take additional actions in order to gain clients. Conducting large-scale activities that influence environmental awareness of the local community, providing top quality services, implementing intelligent green innovative system solutions to protect the natural environment prove that the social responsibility of the Sewage and Water Supply Ltd. Rybnik results from the moral motives and is based on the institutional responsibility of the company, as well as the individual responsibility of its managers, aware of their social roles [Kuzior, 2013: 18].

1. Materials and methods

Aim of the research

The aim of the research was to get acquainted with the opinions and views of the Rybnik's local community on pro-social activities undertaken by PWiK Rybnik and their impact on the company's image.

The research method, technique and tool

In the literature on the subject, the vast majority of research regarding the opinions of clients and social image of water and sewage companies was carried out on three levels: descriptive studies on the recognition of companies, monitoring the image of companies in the long run and evaluation studies based on the adopted criteria. Most often, research problems included: level of familiarity with the company compared to other municipal companies, level of company's name and logo recognition, knowledge of the company's location, knowledge of the company's owners, level of knowledge of the company's promotional and sponsorship activities, level of familiarity with the company's marketing campaigns and slogans. In this type of research, quantitative research with the use of a standard questionnaire is of fundamental importance [Cichocki, 2018: 22].

In this article, quantitative study has been chosen as the research method, which allows to conduct a survey, and the variables are selected in such a way that a statistical analysis is possible to perform. A questionnaire has been used as the research technique as it enables the high level of standardization of the questions. According to Sztumski, the questionnaire is a technique used in social sciences. This technique is considered a specific written form of the interview and belongs to the categorized research, where the rules and principles for a given study are strictly defined. The survey allows to collect large amount of information about phenomena occurring

in society [Sztumski, 1995: 130–133]. The questionnaire, a research tool designed by the authors of the article, adopted two forms of distribution: 1) the tool was placed on the PWiK Rybnik website and the respondents had the possibility to fill it on their own, 2) some questionnaires were printed and mailed to those respondents who do not use the electronic way of contacting PWiK Rybnik. The research tool consisted mostly of closed and half-open questions, where a respondent could choose “other” as an answer and give their own response if the possible answers were not satisfactory enough. Open questions were also present in the survey, so respondents could share their feelings and suggestions. The questionnaire included conditional questions as well. The respondents could skip the questions they were unable to respond to because of their previous answers.

Study population and the choice of research sample

The research population consisted of the community living in the city of Rybnik, and the sample consisted of the users of the Sewage and Water Supply Ltd. Rybnik services. The city of Rybnik is inhabited by 140,000 people, who live in 27 districts on a total area of 148 km² [Rybnik].

The research sample has been selected in a random-purposeful way so we could take advantage of both kinds of sampling, which radically decreased the level of complexity of analytical procedures as the problem of selecting the most representative unit has been eliminated and the necessity to have a fully systematized register of units belonging to the population has been limited.

We have collected 800 completed survey questionnaires and put them into analysis. Women constituted 46% of the respondents, while 54% were men. The biggest group of respondents was composed of persons aged 35–44, who accounted for nearly 30% of the research sample. The groups of people aged 25–34, 45–54 and over 55 were roughly equal and each constituted 23% of the research sample. The percentage of the respondents aged below 25 was very small. The possible explanation is the fact that people at such age rarely run a household on their own. Such a distribution of the sampling frame in terms of gender and age made it possible to familiarize with the opinions and feelings of both men and women, as well as the representatives of most age groups equally. The majority of the respondents were individuals with tertiary education, who constituted over 55% of the respondents. The second most numerous group (11%) were those with the secondary education, whereas primary education was declared by less than 1.5% of the surveyed. Households run by the respondents mostly consist of three or four people. They constitute 24% of the study population. The smallest group is represented by those running a single person household and those, whose households consist of more than six people. They constituted 5.5% and 2%, respectively.

The residents of the following districts answered most willingly the questions raised in the survey: Niedobczyce (10.5%), Rybnik Północ (8%) and Śródmieście (7.5%). A statistical analysis of the sample data revealed that nearly 94% of the respondents live in owner-occupied houses or flats. The remaining 6% of the respondents live in tenant or cooperative flats (3%) or they rent apartments (almost 3%). Those who rent flats constitute 0.25% of the respondents. Over 86% of the polls concede that they possess a backyard or an allotment garden.

2. The company image and the evaluation of pro-social activities

The Sewage and Water Supply Ltd. Rybnik is engaged in large-scale environmental education activities manifesting themselves in a number of green initiatives. For instance, in the years 2014–2015 the company organized two events: an art competition on World Water Day in 2014 for primary school pupils; an eco-weekend in PLAZA shopping center in Rybnik in June 2014, a photo contest for secondary school students entitled “Water? Best straight from the tap, naturally!” in March 2015; installing water-machines – devices to prepare and serve tap water drinks made of water coming from the city’s first established water intake in Tęczowa-Street in Rybnik; World Hand Washing Day in October 2015, when PWiK laboratory employees conducted educational classes in kindergartens; annually organized school trips to the Water Treatment Plant at Rybnik-Orzepowice, giving the young generation a chance to become familiar with the technological process of purifying waste water and to prove that every resident of the city, wisely using the benefits of civilization, influences his or her environment.

The respondents were asked questions concerning their familiarity with the aforementioned initiatives. Analyzing the results, 87% of them do not know the initiative of “Painted on water” art contest on World Water Day, whereas 7% confirm that they do, and find the initiative significant.

The statistical data in Table 1 show the relationship between the familiarity of the art contest on World Water Day and the respondents’ age. 56 people (including 1 person below 24, 11 people between 25–34, 6 respondents between 35–44, 16 people between 45–54, and 22 respondents over 55) not only know the initiative, but also find it important. Considering the fact that the action was directed at a particular target group of primary school pupils, the result seems to be optimistic.

In terms of the respondents’ education, 35 people with tertiary education, 12 people with secondary education, 8 people with basic vocational education, and 1 person with primary education, not only know the initiative, but also find it significant.

Table 1. The familiarity with the "Painted on water" art contest on World Water day for primary school pupils and its evaluation according to age category

	Age					Total
	Below 24	25–34	35–44	45–54	Over 55	
I don't know it	7 0.9%	156 19.5%	214 26.8%	157 19.7%	161 20.2%	695 87.1%
I know it, it's an important initiative	1 0.1%	11 1.4%	6 0.8%	16 2.0%	22 2.8%	56 7.0%
I know it, but it's hard to say	0 0.0%	11 1.4%	15 1.9%	8 1.0%	10 1.3%	44 5.5%
I know it, I find it unimportant	0 0.0%	0 0.0%	2 0.3%	1 0.1%	0 0.0%	3 0.4%
Total	8 1.0%	178 22.3%	237 29.7%	182 22.8%	193 24.2%	798 100.0%

Source: own study based on the research.

Another initiative examined in the research was the Eco-weekend in PLAZA shopping center in Rybnik, which focused on waste water purification. As many as 88.6% of the respondents do not know the initiative, whereas 6.76% do and find it significant in terms of raising environmental awareness.

Considering gender of the respondents, it can be observed that men and women are aware of the initiative almost equally (as 28 and 26 of them, respectively, not only are familiar with the initiative, but also find it significant), while 19 people at the age of 45–54, 15 people over 55, 13 respondents between 35–44, and 7 people between 25 and 34 both know the initiative and find it positive.

Another initiative analyzed were the educational classes organized in preschools in Rybnik, which 75.6% of the respondents did not hear of, whereas 21.5% of them not only knew the initiative, but also evaluated it positively. The result is significantly better than in the case of the two previous examples. The initiative is recognized and evaluated positively among those, most probably, who have children at preschool age (41 respondents at the age of 25–34 and 38 of them between 35 and 44 indicated such an answer). The answer was also chosen by 54 people over 55 (who, presumably, have grandchildren at that age).

As it was mentioned before, PWiK Rybnik organizes photo contests for secondary school students, whose main theme is water. However, 85.48% of the respondents claim not to be familiar with the initiative, while nearly 10% admit not only to know it, but also they evaluate it positively. 77 people both know the contest and find the initiative positive (including 19 respondents at the age of 45–54, whose children might be potentially secondary school students).

In order to increase students’ environmental awareness, schools organize trips to the water treatment plant in Rybnik-Orzepowice. 75.6% of the respondents do not know the initiative, whereas 20.28% are not only familiar with it, but also find it significant. The statistical analysis presented in Table 2 indicates that 162 people are aware of the fact that school trips to the water treatment plant in Rybnik-Orzepowice are organized, moreover, they find the initiative significant. What is worth mentioning at this point is the fact that such an answer was indicated by 45, 44, 20 and 16 respondents whose households consist of three, four, five and six people, respectively. They are, inter alia, large families and therefore a conclusion can be drawn that their children might have taken part in such educational trips.

Table 2. The familiarity with the school trips to the water treatment plant in Rybnik-Orzepowice and their evaluation according to the number of people in a household (living together)

	The number of people in a household (living together)									Total
	1	2	3	4	5	6	7	8	9	
I don't know it	39 4.9%	115 14.4%	146 18.3%	138 17.3%	90 11.3%	55 6.9%	15 1.9%	2 0.3%	2 0.3%	602 75.5%
I know it, it's an important initiative	2 0.3%	31 3.9%	45 5.6%	44 5.5%	20 2.5%	16 2.0%	1 0.1%	2 0.3%	1 0.1%	162 20.3%
I know it, but it's hard to say	3 0.4%	6 0.8%	3 0.4%	12 1.5%	6 0.8%	1 0.1%	1 0.1%	0 0.0%	0 0.0%	32 4.0%
I know it, I find it unimportant	0 0.0%	0 0.0%	1 0.1%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 0.1%
Total	44 5.5%	152 19.1%	195 24.5%	194 24.3%	116 14.6%	72 9.0%	17 2.1%	4 0.5%	3 0.4%	797 100.0%

Source: own study based on the research.

Another aspect dealt with while conducting the research applied to the respondents’ knowledge of the elements that identify a company. A logo constitutes one of them, referred to as the most important part of the visual identification of a company. The respondents were asked whether they recognize the PWiK’s logo and nearly all of them were unanimous in this case, as almost 95% of them replied positively.

A tagline constitutes another element that characterizes a company and should immediately associate with the company’s profile and activities. Unfortunately, only as few as 5% of the respondents turned out to be familiar with the company slogans. Then, they were additionally requested to enumerate PWiK’s taglines that they could remember. The following were mentioned: “Tap water won’t bite you,” “Good water,” “Water? Best straight from the tap”, “Don’t waste water”.

As a result of its business profile, the company is obliged to take numerous environmental measures (the so-called eco-innovations), which might include the following: the use of biogas produced by the water treatment plant to generate electricity and heat (renewable energy sources); reducing water losses through a modern water-sewage monitoring and management system as a result of a research project; decreasing the level of biogenic substances (nitrogen and phosphorus) through launching a system of reducing nutrients resulting from a research project; remote water meter read-out systems using radio transmitters (decreasing labor consumption and fuel costs).

Therefore, the respondents were asked about their awareness of the aforementioned activities. Unfortunately, 93.6% of the survey participants are not familiar with them. Only 6.4% replied in the affirmative. Table 3 presents the familiarity with the ecological initiatives, taking into account the age criterion. It shows that 17 people at the age of 45–54, 12 people over 55 and between 25 and 34, as well as 10 respondents at the age of 35–44 are familiar with the initiatives. As far as education is concerned, the green initiatives are recognized by 39 people with tertiary education, 6 respondents with secondary education, 5 people with basic vocational education, and one person with primary education.

Table 3. The familiarity with the measures to enhance the natural environment taken by the company according to age category

	Age					Total
	Below 24	25–34	35–44	45–54	Over 55	
Yes	0 0.0%	12 1.5%	10 1.3%	17 2.1%	12 1.5%	51 6.4%
No	8 1.0%	165 20.8%	227 28.6%	164 20.7%	179 22.5%	743 93.6%
Total	8 1.0%	177 22.3%	237 29.8%	181 22.8%	191 24.1%	794 100.0%

Source: own study based on the research.

Moreover, those who gave positive answers were requested to provide examples of such measures. The following were enumerated: replacing some elements of the water-sewage system; building a modern water treatment plant; refuse collection and waste water treatment; building the sanitary sewage system; using the biogas to generate electricity; environmental campaigns.

Also, the respondents were asked about their own ideas concerning further ecological innovative actions that could be taken by the company. The following measures were suggested: eliminating the troublesome odor and noise; extending the water-sewage

system; improving the taste of water and encouraging the residents to drink tap water; running educational campaigns at schools; building the environmental awareness; upgrading the water treatment plant; “Tap water good for drinking – some research results, information, advertising”; drinking water points free of charge; building the sanitary sewage system in places where it was too expensive or too complicated.

Conclusion

The research concerning the company image and the evaluation of pro-social actions was divided into several categories. The first one constituted the knowledge of the initiatives whose objective was to build the environmental awareness of the local community and the evaluation of the measures. Considering the fact that the majority of them was targeted at preschool and school children, the results of the research concerning this area provide some scope for optimism (especially when it comes to the familiarity with World Hand Washing Day, recognized by 21.5% of respondents and evaluated positively, as well as the school trips to the water treatment plant in Rybnik-Orzepowice, in case of which 20.28% of the respondents not only know the initiative but also find it significant). However, in order to promote such measures, it is suggested that advertising campaigns should be carried out (e.g., advertising Eco-weekend) in the mass media (local newspapers, radio and television). Such actions will enable the company to reach a larger group of potential customers and it will result in increased environmental awareness of the residents. Furthermore, it is recommended that more such campaigns should be directed at the elderly. Also, the participants of the aforementioned initiatives should be asked to fill in an evaluation survey, which will allow to assess the actions in an objective way and learn about the expectations of the local community in that regard.

Another category of the research concerned the elements that identify a company. Although almost all the respondents are familiar with PWiK's logo (nearly 94.47%), they have problems with indicating the company taglines (such answer was chosen by almost 95% of the respondents). In order to change that situation one might organize a contest for the best slogan, advertised on the company's website or, as in the previous case, in the mass media. After the announcement of the results of the contest it is worth conducting a promoting campaign, which will increase the visual identification of the company, as it will reflect best the scope of actions taken by the organization while emphasizing its concern for the social environment.

As it was mentioned above, the company is obliged to take numerous environmental measures as a result of its business profile (the so-called eco-innovations), which provide many benefits for the surroundings and protect the natural environment, simultaneously. Unfortunately, the local community's awareness of the actions is

low (93.58% do not know them). A solution of the problem might be to organize regular meetings with the residents in order to familiarize them with the initiatives, as well as to learn about the other side's opinions and suggestions concerning such actions. It will provide mutual benefits, as the company will improve its image and strengthen the relationships with its environment at the same time. The city residents, in turn, being aware of the influence they have on such a crucial aspect of life as the environmental protection, and even participating in some of the actions, will increase their confidence in the company, which will be perceived in an even more positive way.

Summing up the theoretical and practical considerations it can be said that corporate social responsibility is a very wide and complex activity. When talking about CSR in the context of water supply and sewage companies, it is worth noting that municipal companies still have to make up much for corporate social responsibility. Companies should use modern technologies, renewable energy sources, work to reduce electricity consumption, CO₂ emissions, dust, reduce waste and properly segregate and utilize it. One cannot forget about two-way communication with the recipients of the services and recognition of their needs. In addition to the PWiK Rybnik's case, the practical implementation of such a philosophy may be the Poznań-based company Aquanet, which organizes, for example: free classical music concerts, jazz music festivals and supports the activities of numerous environmental organizations, associations of the sick and needy people [Wiśniewska, 2018: 45]. Therefore, the overall development strategy of a water and sewage company should cover the economic, ecological and social dimensions equally, with a simultaneous dialogue with stakeholders. The effect of this dialogue is the emergence of an increasingly common belief that soon only the sustainability and socially sustainable development will be well perceived [Rok, 2013: 27].

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PRO-SOCIAL ACTIVITIES AND THE IMAGE OF A WATER AND SEWAGE COMPANY ON THE EXAMPLE OF PWiK RYBNIK

Abstract

The aim of the paper is to examine how the pro-social actions taken by the Sewage and Water Supply Ltd. Rybnik (PWiK Rybnik) influence the image of this company in the opinion of the local community in Rybnik. In order to answer the questions, a quantitative research has been conducted in order to enable statistical analysis. A survey questionnaire, designed by the authors, was used as a research tool. The survey questions concerned the perception of PWiK's company image and were designed to assess the effectiveness and adequacy of pro-social activities undertaken by PWiK Rybnik in the context of the possible improvement of the services provided by the company. The conducted research allowed to formulate conclusions and suggestions on how to better create a positive, pro-social image of a water and sewage company, which will allow to implement the pro-social innovation strategy of PWiK Rybnik.

KEYWORDS: COMPANY IMAGE, PUBLIC RELATIONS, CSR, WATER-SEWAGE SECTOR

JEL CLASSIFICATION CODES: A13, O35, L14

DZIAŁANIA PROSPOŁECZNE I WIZERUNEK FIRMY WODNO-KANALIZACYJNEJ NA PRZYKŁADZIE PWiK RYBNIK

Streszczenie

Celem artykułu jest zdiagnozowanie, w jaki sposób działania prospołeczne Przedsiębiorstwa Wodociągów i Kanalizacji Sp. z o.o. wpływają na wizerunek tej firmy w opinii społeczności lokalnej w Rybniku. Aby odpowiedzieć na to pytanie, przeprowadzono badanie. Metodą badawczą były badania ilościowe, umożliwiające analizę statystyczną, natomiast narzędziem badawczym – zaprojektowany przez autorów kwestionariusz w formie ankiety. Pytania dotyczyły postrzegania wizerunku PWiK i miały za zadanie ocenić skuteczność i adekwatność działań prospołecznych podejmowanych przez PWiK Rybnik, w kontekście możliwości poprawy świadczonych przez przedsiębiorstwo usług. Przeprowadzone badanie pozwoliło na sformułowanie wniosków i opracowanie propozycji usprawnień kreowania pozytywnego,

prospołecznego wizerunku przedsiębiorstwa wodno-kanalizacyjnego, które pozytywnie wpłyną na realizację prospołecznej strategii innowacyjności firmy PWiK Rybnik Sp. z o.o.

SŁOWA KLUCZOWE: WIZERUNEK FIRMY, PUBLIC RELATIONS, CSR, BRANŻA WODNO-KANALIZACYJNA

KODY KLASYFIKACJI JEL: A13, O35, L14

INTERNATIONALIZATION STRATEGY OF FAMILY-OWNED BUSINESS GROUPS – LPP CASE STUDY

Introduction

In the recent years we have been witnessing growing interest in the realm of family business reflected in the increasing number of research publications, newly established associations of family businesses, as well as the newly launched journals dedicated to issues specific of family business (e.g., *Family Business Review*, or the Polish *Magazyn Firm Rodzinnych [Family Business Magazine]*). All of the above are motivated by the prominent role these businesses play in the developed, as well as emerging economies [LaPorta et al., 1999]. According to diverse estimates, family businesses represent between 50% to as many as 90% of the total population of firms in different economies across the world. The report by KPMG informs that the share of family businesses in total population of companies in Europe ranges from 50% (the Netherlands) to over 90% (Italy) compared to 90% in the United States and ca. 80% in Chile [KPMG, 2014]. Similar estimates are quoted by Jeżak [2014] who claims that family businesses occupy the most prominent place in the economy of the following countries: the United States, Mexico, Argentina, Chile, Japan, Singapore, and Hong-Kong. In Europe family businesses are the most active in Italy, Greece, Spain, Portugal, France, as well as in the Scandinavian countries.

In Poland, family business sector began to develop after 1989. Currently, family business sector is a vital component of the Polish economy and their number continues to grow steadily. Studies conducted by PARP [Polish Agency for Enterprise

* Wioletta Mierzejewska, Ph.D., Associate Professor – SGH Warsaw School of Economics. ORCID 0000-0001-9777-4376.

** Anna Krejner-Nowicka, Ph.D. – SGH Warsaw School of Economics. ORCID 0000-0003-2848-1881.

Development] provide estimates according to which the share of family businesses, including one-person companies, amounts to as much as 78%. In a narrower perspective (excluding one-person companies, which do not have employees), family businesses account for 36% of the micro and SME sector, employ about 1.3 million people, and generate at least 10.4% of the Polish GDP (more than PLN 121 bn) [PARP, 2009]. The studies carried out in 2014 on a sample of 641 enterprises revealed that 65% of them were family businesses majority-owned by family members [PARP, 2015].

Family businesses are not just small companies. Examples worth mentioning include: Ikea, Porsche, BMW, Carrefour, Michelin, Auchan, and Raben Group at international level and some well-known big Polish family business groups, such as Cyfrowy Polsat, Pelion, Neuca, Farmacol, Selena, Pamapol, Vox, or Grupa Pruszyński. The fact that family businesses are not only SMEs is confirmed by, inter alia, studies conducted by PARP, in which 7.2% of family businesses included in the sample were large companies [PARP, 2015]. Cases of large family businesses are also confirmed by the ranking of 10 family businesses with the biggest turnover in the world published by "The Economist" [jk, 2014]. Walmart ranks first with the turnover of USD 476.3 bn achieved in 2013. Next in the ranking we can find the following companies: Volkswagen Group, Glencore, Samsung Electronics, Philips 66, Exor, Ford, Lukoil, McKesson, and Foxconn. Blikle [2016] reports that out of 250 the largest companies listed at the Paris Stock Exchange, 57% are family-owned while the share of the same category of firms at the Frankfurt Stock Exchange is 51%. Family businesses represent also 19% of companies listed at the Fortune Global 500 [jk, 2014]. Family-owned business groups have also dominated some regions of the world. In Asia, family-owned business groups make a very sizeable (although differentiated across the countries) contribution to the GDP [Dela Rama, 2012; Terlaak et al., 2018].

We need to bear in mind that the proportion of shares held by the family in a business and its management are decisive for a company's structure, strategic conduct, and the selection of goals [Kraus et al., 2011; Xi et al., 2015]. Although internationalization and its effects in family businesses are different than in companies representing diverse ownership structure [Fernandez, Nieto, 2006; George et al., 2005], family businesses internationalise in line with both the Uppsala model and the born-global model [Kontinen, Ojala, 2010a]. Nevertheless, latest research studies prove that internationalization is a vital development strategy for family-owned companies [Arregle et al., 2017; Pukall, Calabrò, 2014].

The paper integrates three research perspectives of: a family business, business group, and internationalization theory. The goal is to investigate into the internationalization of a family business group. Studies on the internationalization of family companies focus on small operators, which is why there is a research gap since this perspective misses the internationalization in large family companies organized in business groups.

The research goal will be attained through analyzing literature focused on aspects of family business and family-owned business groups, as well as empirical studies. The paper discusses pilot empirical studies focused on a business group run by a family actively involved in activities pursued by the group and successfully operating in international markets. The company was purposefully selected for the analysis. We selected a business group, which has been in the market for at least over dozen years and is listed on the Warsaw Stock Exchange.

1. Literature review

Family business characteristics

Family involvement in business makes a company a unique management structure, creates its inimitable organizational culture, specific communication patterns, and other processes within the organization. Yet, despite the studies that have been conducted for many years, no-one has come up with a definition of a family business that would be broadly approved [Littunen, Hyrsky, 2000]. That can be explained by different research approaches but also by the fact that in the group of companies with the same level of family involvement, some see themselves as family businesses and some do not.

In the simplest way possible, family business can be defined as a company owned and/or managed by a family [Casrud, 1994]. The definition rests on two criteria that dominate in the subject matter literature and are used to identify family businesses: ownership criterion and management criterion. In definitions founded on the ownership criterion stress is put on the fact that the family or some families own the business [Barry, 1989; Lansberg et al., 1988], while members of the family are motivated to hold shares in the company not just due to its financial performance, which becomes especially evident when the business is running at a loss [Donnelley, 1988]. Other definitions introduce the additional management criterion, i.e., family participation in day-to-day business management [Barnes, Hershon, 1976] and in the governance [Donnelley, 1988]. Thus, we may conclude that most definitions of a family business usually consider components of family involvement, such as: ownership, governance, and management [Chua et al., 1999]. Family involvement can be very different across companies. Some researchers are trying to operationalize the definition of a family business by measuring the above-mentioned components of family involvement, i.e., ownership, governance, and management [Astrachan et al., 2002].

Besides simply seeing a family business through the lenses of ownership and management, there are definitions which additionally take account of criteria that capture the specificity of family business. Relatively frequently definitions consider

the aspect of succession, e.g., definitions developed by Ashley-Cotleur [1999] or Churchill and Hapten [1987]. Some definitions use the term family business to denote companies, with which a particular family has been involved for at least two generations [Donnelley, 1988]. Others stress the impact of a family upon business strategy [Davis, Tagiuri, 1989] or their intention to maintain control over the company and its management [Litz, 1995]. Chrisman et al. [2005] draw attention to features that are decisive for the essence of a family business, such as intention, vision, and behavior resulting from interactions between family members and striving to ensure inter-generational sustainable growth of the company and its family character. If these features are missing, a company may not be classified as a family business even when it is family-owned. The essence of a family business lies in the need that drives the family to establish a business, in this family's capabilities and talents that help them run it, as well as in values dear to the family, which get transformed to become company values [Lea, 1998; Donnelley, 1988]. Such an approach to defining a family business is interesting but extremely difficult to operationalize.

Family-owned business groups

Although family businesses are mostly small entities operating at a limited scale, the sector also includes large enterprises or business groups. Business group is an economic organization that brings together companies pursuing diverse activities under joint, concentrated and centralized management and control [Saxena, 2013]. Business groups are set up to accomplish a common goal [Trocki, 2004]. Literature stresses that this format of economic activity occupies a place between the market and hierarchy [Powell, 1990]. Entities within a business group are linked with formal and/or informal ties, which can be of capital, contractual or personal nature [Granovetter, 1994; Trocki, 2004]. Business groups can be found everywhere, but they have dominated the economies in transition [Carney, 2008].

Some researchers point to the fact that perhaps due to the specificity and scale of operations we should formulate clear-cut definitions of micro, small, medium-sized and large family businesses [Winnicka-Popczyk, 2016]. Business groups also emerge based on different premises than family-owned business groups which result from investments made by a family or by some cooperating families [Dela Rama, 2012] or are linked with the wish to guarantee safe future to the family and secure different succession options [Marjański, 2014]. In studies devoted to family business groups, Marjański [2014] drew attention to two sets of premises behind establishing such complex structures. The first set includes family-specific premises connected with ensuring succession and avoiding conflicts in the family. The second set of premises behind establishing family business groups consists of purely business-specific premises

relating to business development, ensuring competitiveness, as well as striving for limiting the risk and maximizing financial benefits.

Growing population and importance of family business groups suggest we need to examine these operators, especially when managing family business groups (similarly to managing family businesses) differs from managing non-family business groups [Ramachandran, Jha, 2007]. The specificity of managing family business groups results from two factors. The first one links with operating within a concrete economic structure which forces out the implementation of advanced management methods. The second factor can be attributed to the absence of separation of ownership and management. These two factors exert significant impact on implemented strategy, organization of operations, type of corporate supervision, and personal issues. Specificity of strategic management in a family business group stems from strategic goals which focus on the survival of the group and passing it over to the next generation rather than on financial performance. Organization of a family business group differs from the organization of other business groups mainly when it comes to the involvement of the family in group activities which may be reflected in bigger centralization, a wider scope of cooperation amongst companies within the business group, and less complex structure of the business group. At the level of human resource management, the specificity of a family business group links predominantly with the issue of succession. Inter-generational transfer is the core aspect of family business group operations. Family-related issues produce a more closed organizational culture and paternalistic leadership but also personalize the approach to employees who are not family members.

Family business and internationalization

Family businesses are usually viewed in the context of the local market. However, they are increasingly more often seeking growth opportunities in the foreign markets [Zahra, 2003; Graves, Thomas, 2006]. That is true of small and large entities whose operating scale goes beyond not only one country but the entire region. Unfortunately, studies on the relationship between being a family business and internationalization are inconclusive. Some of them provide evidence for slower internationalization of family businesses [Fernandez, Nieto, 2005]. Other, on the contrary, argue in favor of a positive impact of family involvement in company internationalization [Kontinen, 2011], no relationship [Crick et al., 2006; Graves, Thomas, 2006; Muñoz-Bullón, Sánchez-Bueno, 2012] or curve-like relationship between family ownership and internationalization [Sciascia et al., 2012]. Differentiated results of studies on the relationship of family ownership and internationalization are due to ambiguous definition of a family business and research samples including companies denoted as family businesses based on diverse criteria.

Some studies argue that family businesses are unwilling to get actively involved in foreign markets or to buy abroad [Okoroafo, 1999]. Evidence is provided for negative correlation between family ownership and company internationalization [Bhaumik et al., 2010; Wąsowska, 2017; Tsao et al., 2018; Lin, 2012]. Research studies that compare internationalization in family and non-family businesses demonstrate that the first ones often exhibit lower export intensity and their internationalization takes place later and at a much slower pace [Fernandez, Nieto, 2005; Gallo, Pont, 1996]. In addition, if they do not internationalize in the first or second generation, most probably they will never go international [Okoroafo, 1999].

Factors that negatively impact internationalization of family businesses include risk aversion, insufficient capital, fear of losing control, lack of knowledge about foreign markets, and the absence of skillful management [Kontinen, Ojala, 2010b]. Risk aversion and aiming at stability are among the factors responsible for low propensity or reluctance to internationalization [Patel et al., 2012; Cerrato, Piva, 2012]. In addition, CEOs, who are family members, fear of losing control over the business [Gallo et al., 2004]. Graves and Thomas [2008] explain that the unwillingness to increase company's equity by taking loans can be another factor negatively influencing family business growth through internationalization. Financial limitations and capital shortages, especially in small entities, are surely such a factor [Yrkkö et al., 2007]. Also, difficulties in building the portfolio of strategic resources may hamper internationalization of family businesses [Fernandez, Nieto, 2006]. Low level of internationalization may also result from insufficient knowledge about foreign markets or low intensity of cooperation with other operators [Cesinger et al., 2016].

Besides studies providing evidence for negative correlation of family ownership with internationalization, there is another meaningful group revealing positive impact of family ownership on internationalization [Calabro et al., 2009; Zahra, 2003]. Apparently, in some studies family businesses got internationalized more quickly than other companies [Wach, 2015] driven principally by market-seeking motives [Daszkiewicz, Wach, 2014]. Rapid internationalization of family businesses is due to factors, such as quick decision-making process and long-term management orientation (compared to non-family companies) [Arregle et al., 2017; Brigham et al., 2014]. Experience of key managers in family businesses, their knowledge, education received abroad, and ability to speak foreign languages have positive impact on internationalization [Sernik, 2010]. However, the key role played by family members in making internationalization decision or knowledge acquired in the process often stays within the family and is not shared with non-family managers [Tsang, 2001]. Nevertheless, the involvement of family in business management positively correlates with internationalization [Kontinen, 2011; Zahra, 2003], even though it may negatively impact the number of countries in which the company is present [Zahra, 2003]. Family businesses successful in internationalization are willing

to use new information technologies, innovative, committed to internationalization, able to delegate power, and capable of using available resources. Furthermore, new generation that takes over the management [Kontinen, 2011] together with the system of governance and management specific to family businesses [Zahra, 2003] favor internationalization.

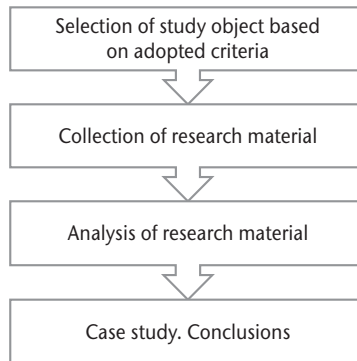
Internationalization of family businesses and the choice of internationalization path are influenced by diverse factors. Graves and Thomas [2008] stress first and foremost the involvement in internationalization that stems from the vision and strategic goals of the family, their financial resources and organizational skills (production, managerial, marketing and network relationship). Internationalization of family businesses can be enhanced by recruiting skillful managers from outside of the family. It helps in developing internal competencies useful in internationalization [Cerrato, Piva, 2012]. On top of that, ramifications caused by the shortages of resources necessary to implement the internationalization strategy in family businesses can be reduced by establishing cooperation with other firms and joining networks of enterprises. Engagement in collaborative networks positively correlates with internationalization of family businesses [Cabrera-Suárez, Olivares-Mesa, 2012].

2. Method and research design

The results of empirical studies discussed in this part of the paper are effects of authors' interest in two areas: family business and business groups. In most cases, subject matter literature and economic practice associate family businesses with small and medium-sized operators, although we can witness an increasing number of cases when they develop into business groups [Marjański, 2013]. Family business groups are typical of many regions of the world. Their intensive growth is triggered by changes occurring in institutional and competitive environment in countries of South-East Asia [Carnej, Gedajlovic, 2002]. In Central and East European countries, the growth of family business groups was facilitated by changes in the economic system. By implementing their growth strategy, small family firms were faced with a dilemma of business reorganisation and they often opted for the business group format as an optimum solution. Increasingly more business groups operating in Poland can be considered family business groups [Marjański, 2014]. Studies on family business groups are still viewed as a new research area that has not been sufficiently explored in the subject matter literature. Yet, due to the growing number of such business groups and, first and foremost, due to their relevance to the economy we observe growing demand for knowledge about their specificity, management or operating strategies [Marjański, 2014].

Our empirical studies were motivated by the wish to examine internationalization as a process carried out by a family business group. These pilot qualitative studies were conducted between March and May 2019. The stages of the studies are presented in Figure 1.

Figure 1. Stages of pilot studies



Source: own study.

The first stage consisted in the selection of the object (operator) for further examination. We adopted the following selection criteria:

- acting as a business group for at least 10 years,
- a holding company listed at the Warsaw Stock Exchange,
- family as a majority shareholder,
- family involvement in business group management,
- the feeling of being a family business.

Next stages of research studies were devoted to the collection of empirical material, its analysis, and drafting the case study. To collect and analyze data we conducted desk research of documents and other existing content, such as, materials and papers published on websites and in magazines, stock exchange reports, etc. Desk research and analysis are two methods widely used in management research studies. Documentation is the source of information about selected aspects of real-life performance and operations of objects covered by the research [Apanowicz, 2003]. Our research material consisted of qualitative and quantitative data that we collected.

Further analysis of the collected research material was conducted using the narrative data analysis technique. It allowed us to draft a detailed history of internationalization for the group in question. The history was enriched with comparative analysis of time series of quantitative, mainly financial, data [Czakon, 2013].

The above-mentioned analyses were used in drafting the case study focused on internationalization of a family business group. Case study is a method that is widely used in management sciences although in recent years the prevalence of quantitative methods can be observed. Nevertheless, many writings by precursors of management have been developed around single or several case studies and some of them have become genuine breakthrough achievements. Case study method requires strict research discipline and proper structuring of conducted analyses. It is particularly useful at early stages of knowledge development in a specific area [Czakon, 2013] which is why it fits our investigation into the internationalization strategy of family-owned business groups.

3. LPP as a case study

We purposefully selected the object of our studies based on the earlier listed criteria. The criteria were met by the LPP business group owned and managed by its founders: Marek Piechocki (President of the Management Board) and Jerzy Lubianiec (President of the Supervisory Board). In 2019, following in the footsteps of other family businesses, the LPP founders transferred their shares to two private foundations: Semper Simul (31.5%) and Sky (28.5%), whose Statutes state explicitly that shares in LPP cannot be sold. This step is intended to avoid equity fragmentation and ensure the continuity of group operations in the family business format. Besides effectively blocking the marketing of LPP shares, the Statutes of the foundations assume that LPP will not be voting on paying out more than 30% in dividend from profit and family members will be authorized to spend no more than 30% of their dividend on consumption; the rest should be invested in business projects. Currently, the founders are preparing their children to succession. Piotr Piechocki, Marek Piechocki's son, is a member of the LPP Supervisory Board, he also co-created the e-commerce department. The second son, Marcin Piechocki, started as a warehouse worker from where his career path progressed to the position of the head of the Design Department in Cracow, which was an intentional move to help him understand how the company works at each level. Having the security of the family in mind, they decided to diversify the portfolio and Piotr invested his dividend surplus in the real estate market, i.e., in the expansion of the Norwegian hotel chain Puro in Poland. The Piechocki family developed their own Family Constitution which recommends subsequent generations to live modest and unshowy lifestyle and invest in the growth of the Polish economy. It is designed to foster the position of LPP as a socially responsible Polish family business whose overarching goal is to create and develop the spirit of enterprise to ensure longevity to the business. The second co-founder, Jerzy Lubianiec, has no children but he fully supports the idea of a family-managed business [Grzeszak, 2018; Piechocki, 2019].

LPP is one of the largest family business groups in Poland and one of bigger family business groups in Europe (ranks 27; revenue EUR 1.7 bn) dealing with design, manufacturing, and distribution of clothes, although the owner, who is personally involved in the creation of subsequent collections, identifies the core of his business as “designing and selling fashion” [Stankunowicz, 2019]. The history of LPP begins in 1991 when Marek Piechocki and Jerzy Lubianiec established *Mistral*, a company trading in textiles imported from Asia. In 1995 the company changed its name to LPP after the names of its founders (Lubianiec, Piechocki and Partners). The business group has been listed at the Warsaw Stock Exchange since 2001 (since 2014 as part of the WIG20 index and it is also part of the prestigious MSCI Poland index) while its active internationalization was launched one year later. The current portfolio of the Group includes fashion brands such as: RESERVED, CROPP, MOHITO, HOUSE, and SINSAY. LPP employs over 25,000 people in its offices, distribution centers, and retail chains in Poland and in 23 countries in Europe, Asia, and Africa. In 2018 the total number of LPP stores reached 1,765.

LPP business model is similar to that pursued by other fashion companies which take care of clothes designing and distribution and outsource the manufacturing. LPP has got 3 design offices and 2 offices abroad designated for working with the suppliers. The Group has got no manufacturing plant within its business structure.

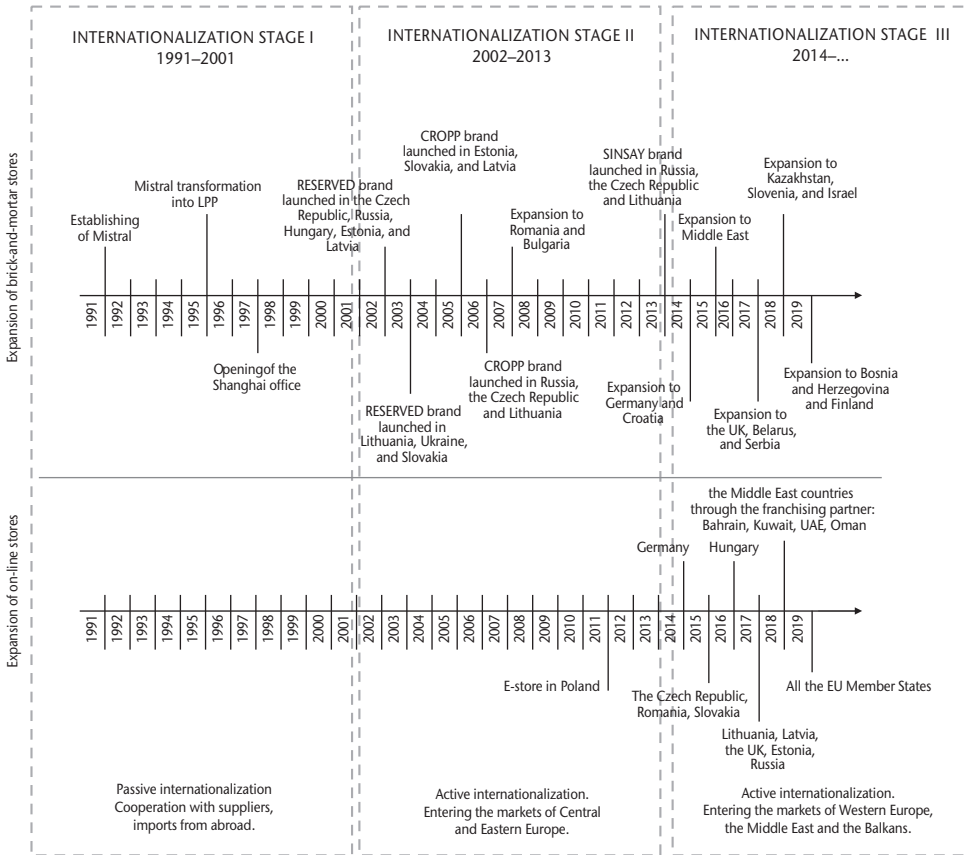
At present, LPP business group is composed of the parent company, 4 domestic companies and 23 foreign affiliates. LPP companies are based in the following countries: Estonia, Lithuania, Latvia, Hungary, the Czech Republic, Russia (3), Ukraine, Romania, Bulgaria (2), Slovakia, Croatia, Germany, Serbia, the United Kingdom, Bosnia and Herzegovina, Kazakhstan, Slovenia, Cyprus, Lebanon, and the United Arab Emirates. Foreign affiliates operating within the LPP Group take care of the distribution of products. In addition, there are offices based in Shanghai (China) and Dhaka (Bangladesh) responsible for contacts with suppliers.

4. LPP internationalization trajectory

LPP internationalization

Due to the adopted operating model and the activity profile, LPP got internationalized already at the very beginning of its activities when it acted as an intermediary in trade in goods imported from foreign suppliers. Some years later it began actively conquering foreign markets and opening stores in different countries. The timeline of LPP internationalization has been presented in Figure 2 and broken down into expansion within traditional brick-and-mortar stores and online sales.

Figure 2. Timeline of LPP internationalization



Source: authors' own compilation based on the LPP data.

Typically, most companies in the fashion industry have their suppliers in Asia. That is also true of LPP which is why from its very onset it has been a company operating at international scale. Besides traditional trade relations, founders started to invest rather quickly and in 1997 they opened the office in Shanghai dedicated to search for suppliers, supervise manufacturing and pursue quality control. The initial profile aimed mainly at supplying low price textiles to supermarkets was changed in 1998 when they created their own RESERVED brand and decided to start building their own retail chain. Addressed to fashionists, RESERVED brand offers good quality clothes for women, men, and children. The first RESERVED store opened in 2000. Currently, there are 464 RESERVED stores in 23 countries. In 2001 LPP became a listed company, which helps it in raising capital for further development. Consequently, 2002 marks the beginning of the next stage of internationalization when RESERVED brand entered the markets of Estonia, the Czech Republic, Russia, Hungary, and Latvia.

Next year brought the expansion forward to further markets of Lithuania, Ukraine, and Slovakia. Following the success of RESERVED in 2004 LPP introduced a new brand: CROPP. It targets young people and is founded on pop and hip-hop culture. CROPP debut in the Polish market was followed by its introduction into the Estonian, Slovak, and Latvian markets (in 2005) and in the markets of Russia, the Czech Republic, and Lithuania (in 2006) where RESERVED brand was already present. In 2007 LPP added on the Romanian and Bulgarian markets by placing both brands on them together with a newly created lingerie brand ESOTIQ (sold in 2010/2011). On top of that, by taking over the Artman company in 2008, LPP expanded its brand portfolio with Mohito and House. In 2013 another brand was created (SINSAY) and in 2014 LPP entered the Croatian and German markets. Next, in 2015 it celebrated its debut in the Middle East where it entered the markets of Egypt, Kuwait, Saudi Arabia, and Qatar. Parallely it expanded its presence in the German market. In 2017 LPP opened a store in the United Kingdom in Oxford Street, one of the most prestigious shopping streets. In the same year LPP stores opened in Belarus and Serbia. The next step is Kazakhstan and Slovenia, as well as the opening of a store in Israel under a franchising agreement. Plans for 2019 include Bosnia and Herzegovina plus Finland. All the markets, in which LPP is present enjoy positive GDP growth ratios and exhibit positive change dynamics in GDP per capita.

LPP internationalization strategy

LPP represents an interesting model of entering subsequent markets. The strategy consists in starting with the introduction of the flagship brand RESERVED which, if successful, is followed by brands from the Group's portfolio. LPP Group operates in six geographic regions of diverse characteristics. Central and Eastern Europe region (Poland, the Czech Republic, Hungary, Slovakia) together with the Baltic States (Lithuania, Latvia and Estonia) are considered mature markets mainly because of the long-term presence in these markets. Operating strategy in these markets provides for investing in store quality and modernization. The CIS (Commonwealth of Independent States) (Russia, Kazakhstan, Belarus, Ukraine) region includes markets of big development potential, in which LPP put in place a long-term investing perspective (in particular in large and attractive Russian market). The region of South-East Europe (Bulgaria, Romania, Serbia, and Croatia) is also a market with big development potential, in which LPP wants to invest and foster its presence by entering new markets (Bosnia and Herzegovina in 2019). Although being objectively mature, the market of Western Europe is in the early growth stage to LPP due to its relatively short presence in it. Strategic plans include building brand awareness (in particular for RESERVED brand) also in other European countries, intensification of sales and boosting the profitability within the existing retail network in Germany and in the UK.

This is the market where RESERVED brand is present as a flagship product of LPP Group. The last region of LPP operations is the Middle East (Egypt, Qatar, Kuwait, the United Arab Emirates, and Israel). Growth in these markets is achieved through cooperation with franchising partners. At the moment, only RESERVED brand is available. In parallel to the expansion of brick-and-mortar store network, on-line sales develop intensely. Availability of individual brands in geographic markets is presented in Table 1.

Table 1. LPP internationalization by brand

Brand	RESERVED	CROPP	HOUSE	MOHITO	SINSAY
Available in on-site stores	Poland, the Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Russia, Ukraine, Belarus, Kazakhstan, Bulgaria, Romania, Croatia, Serbia, Slovenia, Germany, the United Kingdom, Egypt, the United Arab Emirates, Kuwait, Qatar, Israel	Poland, the Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Russia, Ukraine, Belarus, Kazakhstan, Bulgaria, Romania, Croatia, Serbia	Poland, the Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Russia, Ukraine, Belarus, Kazakhstan, Bulgaria, Romania, Croatia, Serbia	Poland, the Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Russia, Ukraine, Belarus, Kazakhstan, Bulgaria, Romania, Croatia, Serbia	Poland, the Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Russia, Ukraine, Belarus, Kazakhstan, Bulgaria, Romania, Croatia, Serbia
Available on-line	Poland, the Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Russia, Romania, Germany, the United Kingdom	Poland, the Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Russia, Romania, Germany	Poland, the Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Russia, Romania, Germany	Poland, the Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Russia, Romania, Ukraine, Kazakhstan, Belarus, Bulgaria, Croatia, Serbia	Poland, the Czech Republic, Slovakia, Hungary, Lithuania, Latvia, Estonia, Russia, Romania, Germany

Source: authors' own compilation based on LPP data.

LPP internationalization strategy fits the Uppsala model. In LPP we can distinguish three main stages of geographic expansion of company's operations: passive internationalization, active internationalization to markets in cultural proximity, and active internationalization to more distant markets (see Figure 2).

They started with passive internationalization as the company entered new markets for import-related purposes and then proceeded with actions that necessitate deeper involvement. In the first stage of internationalization which took 10 years, LPP decided

to open its representative office in Shanghai to facilitate the purchases of goods and cooperation with suppliers. Due to the nature of international relations in this stage of internationalization the cost and resource seeking motive is considered dominant (the source of low-price products). Further stages are active internationalization when, by creating its own fashion brand, LPP ceases to buy ready-made goods from foreign suppliers but engages in cooperation consisting in placing manufacturing orders for their collections.

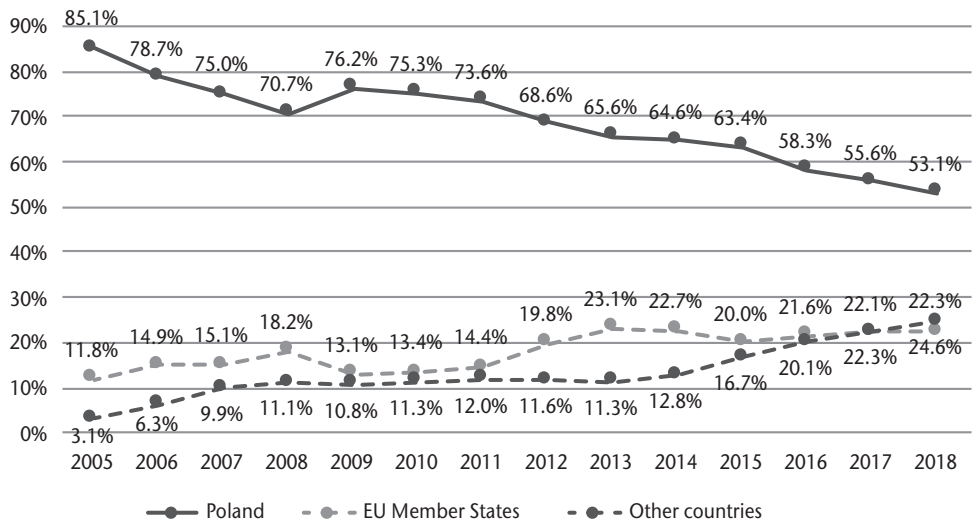
Further stages are dominated with market seeking motives connected with looking for new markets, benefiting from the economies of scale, and the wish to maximize the value of the company. Active internationalization took quite a long time and started with countries in geographic proximity located within short psychical distance (small cultural differences between the markets, similar level of economic development). The accumulation of knowledge about how a company should operate in foreign markets helped LPP in entering more difficult (Western Europe) and culturally distant markets (the Middle East). Interestingly, in order to develop LPP expands its distribution network by opening its own stores (95% of LPP stores operate in Central and Eastern Europe) and uses franchising as a tool of development only in culturally distant markets (e.g., the Middle East). At that time the company wanted to improve its competitiveness and grow in China, for which LPP needed a high brand awareness in Europe and later expanded to cover Germany and the UK. Western markets are the source of inspiration as customer expectations in these markets are much higher and new experience is transferred to Poland before the competitors “reach out” to LPP customers in their domestic market.

In the third stage of internationalization we can notice the “behavioral” motive understood as a desire of success, the wish to join the top players in the industry, i.e., to make LPP one of the top five clothing companies in Europe and turn Reserved into a global brand that would be admired by all. This finds confirmation in interviews with the founder of the company, Marek Piechocki, who on multiple occasions has stressed that “Europe giants are the world giants”. LPP owner prefers evolutionary growth path for his business, at the rate between 10 and 15% annually which, according to him, is good for quality. In the owner’s opinion, progressing technological advancement and involvement in on-line sales (currently below 10%) are not in contradiction with the growth through expanded distribution network. Brick-and-mortar stores will always be the distinguishing feature of the industry but LPP seeks its advantage not in the sales force, like the Internet boutiques (Zalando), but in frequent changes of the collections and creative skills of designers (over 1,000 people) because “fashion is about art, the act of creation, and managing emotions”. The role of modern technologies is restricted to that of a tool used to support productivity. In the near future, “selling dreams” to customers who do emotional purchases will no more be possible with “next business day” delivery date (the current standard) as they will

be looking for “on the spot” option. In the future, LPP plans to draw most of its market advantage from product individualization and an extended network of stores operating as distribution mini-centers, because the future lies not only in on-line sales but in immediate order execution.

The analysis of revenues from sales generated in individual markets confirms that LPP’s internationalization¹ was a slow process. At the same time, we may clearly conclude that it is a valid growth strategy (Figure 3). Even though revenue from the home country continues to represent a major share of all revenues of the company, it has been decreasing systematically since 2005. At the same time, the share of revenue generated in the EU Member States and in other countries is growing.

Figure 3. LPP revenue generated in individual geographic markets



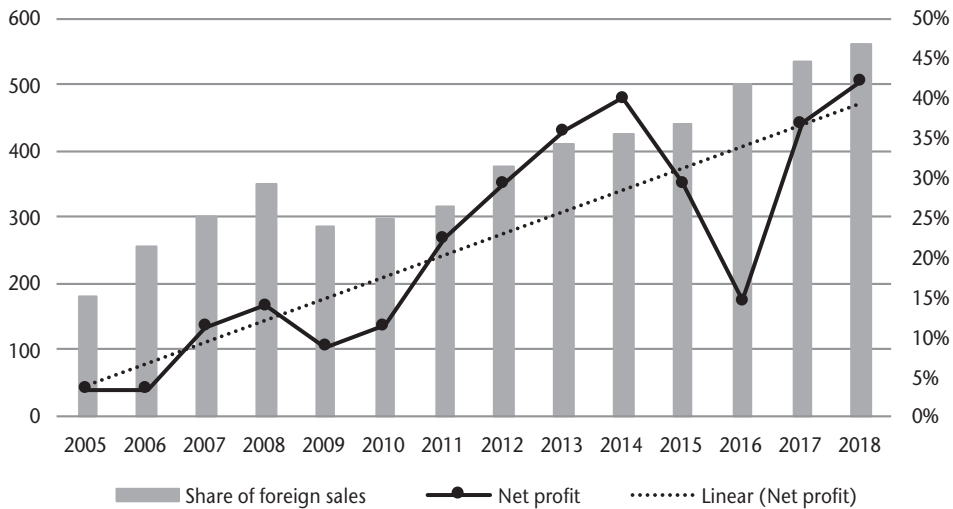
Source: authors’ own compilation based on LPP data.

LPP internationalization: Effectiveness assessment

The assessment of effectiveness of LPP internationalization can be carried out by analyzing the performance of the business group. Figure 4 shows net profit against the background of the share of foreign sales.

¹ For reasons pertaining to data availability, revenue from sales and other financial indicators were analyzed for the period 2005–2018.

Figure 4. Share of foreign sales and LPP net profit



Source: authors' own compilation based on LPP data.

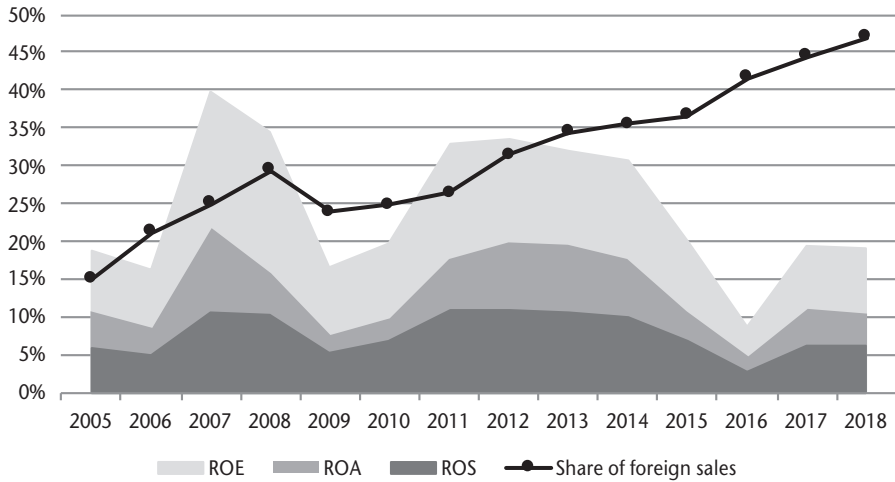
In the above presented figure, we can see a positive increasing trend in changes to the net profit. Net profit increases in subsequent years together with the growing share of foreign sales. It confirms the positive impact of internationalization strategy on LPP financial performance. The only drops in net profit are linked with the economic crisis but they were compensated rather quickly in 2010 and in the next years. Decrease in net profit reported in 2016 was caused by a number of investment initiatives, e.g., the opening of a new design office, launching a new e-commerce distribution channel in more countries, and, predominantly, the placing on the market of a new Tallinder brand (premium segment), which, unfortunately, failed to generate satisfactory sales which is why it was withdrawn.

Positive impact of internationalization on the effectiveness of LPP business group is also confirmed in the analysis of profitability ratios (Figure 5).

Increasing share of foreign sales is accompanied by positive profitability ratios (ROE, ROA, and ROS). The only years when the ratios were decreasing are the years marked with economic crisis and substantial investment including the Tallinder brand failure.

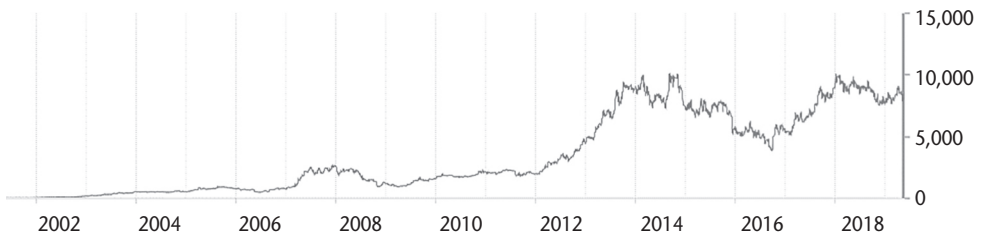
Another confirmation of a properly executed growth strategy through internationalization comes from the analysis of LPP share price performance, which since LPP Stock Exchange debut in 2001 has been systematically increasing (Figure 6). Some slowdown was observed in 2015–2016 when the value of shares dropped by two thirds. In response, corporate management style was changed by delegating responsibility to lower levels and by staff empowerment (heading towards turquoise organization).

Figure 5. Share of foreign sales and profitability ratios



Source: authors' own compilation based on LPP data.

Figure 6. Value of LPP shares in the period 2001–2019



Source: Warsaw Stock Exchange data.

In general, LPP internationalization should be assessed positively as indicated by the analyses of changes in net profit and profitability ratios, which although ranging, remain on the positive side; first and foremost, we need to take account of the value of the group since its stock exchange debut.

Conclusion

The paper outlines the main research lines that reveal the impact of family ownership on the course and strategies of internationalization of family business groups on the example of the Polish LPP business group dealing with clothes designing and

distribution. Activities of LPP family business connected with internationalization were assessed based on the analyses of revenues generated by LPP in individual geographic markets, net profit against the background of foreign sales, and profitability ratios. Obtained results have allowed us to clearly state that in the case of LPP internationalization is a valid growth strategy. LPP business group followed different internationalization motives in diverse stages of the process. Internationalization strategies fit the Uppsala model in a staged and sequential way. Initially, internationalization was driven by the market seeking motives to find new markets when sales opportunities in the domestic market are limited; then economies of scale emerged in parallel with the expansion to markets that are geographically and culturally close and finally there is the learning effect, i.e., the wish to use experiences acquired in one market by transferring them to other foreign markets. Expansion was preceded by domestic success. The fear of inevitable confrontation with foreign suppliers in the domestic market motivated the company to make a pre-emptive move and acquire knowledge about much higher expectations of customers in the Western markets and transposing the experience to the domestic market. Alongside with the initial economic goal of achieving the highest possible income, long-term goal is paramount, i.e., maintaining the continuity of company existence in an increasingly more globalized and competitive environment.

Conclusions from the above presented case study of LPP Group internationalization fit within the mainstream of research suggesting positive impact of family ownership of a business upon the implementation of internationalization strategy. Positive correlation between the strategy and financial performance of the company has also been confirmed although due to the nature of the research (qualitative analyses) it should be confirmed on a bigger research sample.

Research studies on family business groups, such as LPP can lead to the identification of some regularities and rules that could contribute to the drafting of a code of best practices that would help in proposing a kind of recipe for success for the future that could be used not only by family businesses but also by other institutions from outside of this group.

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INTERNATIONALIZATION STRATEGY OF FAMILY-OWNED BUSINESS GROUPS – LPP CASE STUDY

Abstract

The paper discusses pilot empirical studies focused on the impact of family ownership on the course and strategies of internationalization of family business groups on the example of LPP. LPP is one of the largest family business groups in Poland and one of the bigger family business groups in Europe dealing with clothes designing and distribution. Internationalization strategy of LPP was assessed based on the analyses of activities on each geographical market and financial indicators generated by LPP from foreign markets. Obtained results have allowed us to clearly state that: LPP internationalization strategy fits the Uppsala model and in the case of the LPP internationalization is a valid growth strategy because positive correlation between the strategy and financial performance of the company has been confirmed. The main research methods used for this article are a literature study and a case study.

KEYWORDS: FAMILY-OWNED BUSINESS GROUPS, INTERNATIONALIZATION, LPP, CASE STUDY, POLAND, FASHION INDUSTRY

JEL CLASSIFICATION CODES: F23, L22

STRATEGIA INTERNACJONALIZACJI RODZINNYCH GRUP KAPITAŁOWYCH NA PRZYKŁADZIE GRUPY LPP

Streszczenie

W artykule przedstawiono pilotażowe badanie strategii internacjonalizacji polskich rodzinnych grup kapitałowych na przykładzie grupy kapitałowej LPP. LPP to jedna z największych rodzinnych grup kapitałowych w Polsce oraz jedna z największych grup branży odzieżowej w Europie. Strategię internacjonalizacji LPP oceniono na podstawie analizy działalności na poszczególnych rynkach geograficznych oraz wskaźników finansowych generowanych przez grupę. Wnioski z analizy wskazują na zgodności zachowań grupy LPP z teoretycznymi przewidywaniami – strategia internacjonalizacji następuje w sposób sekwencyjny zaprezentowany w modelu uppsalskim. Pozytywny wybór internacjonalizacji jako strategii rozwoju potwierdzają uzyskiwane wyniki finansowe. Głównymi metodami badań użytymi na potrzeby artykułu są studia literaturowe oraz studium przypadku.

SŁOWA KLUCZOWE: RODZINNE GRUPY KAPITAŁOWE, INTERNACJONALIZACJA, LPP, CASE STUDY, POLSKA, BRANŻA ODZIEŻOWA

KODY KLASYFIKACJI JEL: F23, L22

STRATEGIES OF INTERNATIONALIZATION AND DIVERSIFICATION: THE ANALYSIS OF SELECTED FURNITURE MANUFACTURERS

Introduction

In the literature on the subject the issues of internationalization and diversification of company activities have been discussed for many years from both the theoretical and the empirical perspective. Scholars emphasize the role of diversification in the growth process of firms. At the same time other authors highlight the opportunities arising from internationalization. The diversification strategy provides firms with access to new organizational resources and leads to their growth in new functional areas whereas internationalization makes it possible for the enterprises to gain access to geographic markets and thus reach new customers.

Nevertheless, the theoretical analysis conducted in this article reveals a research gap. The available studies are not comprehensive enough when it comes to the role of internationalization in the growth process of diversified enterprises. This under-researched area covers both internationalization and diversification leading together to the company growth.

The aim of this paper is to present together internationalization and diversification as enterprise growth strategies. The first part of the article contains a literature review. It begins with a characteristic of as a company growth concept, based on the relevant literature. Subsequently, the paper presents a review of the most important studies on

* Mirosław Jarosiński, Ph.D., Associate Professor – SGH Warsaw School of Economics. ORCID 0000-0003-2938-2690.

** Ireneusz Janiuk, Ph.D. – Państwowa Wyższa Szkoła Informatyki i Przedsiębiorczości w Łomży. ORCID 0000-0001-8192-8975.

diversification including studies on internationalization and diversification. Due to the fact that in the available research on the use of diversification internationalization is only one of its elements, if it is at all discussed, there is a need for a deeper analysis of this subject.

The second part of the paper presents the research methodology. It describes the methods adopted to carry out the study and carefully explains why given firms were selected for its purposes. The case study method was chosen to illustrate the role of the internationalization and diversification strategies.

The study draws on the data presented in *Ranking eksporterów. Lista 2000 polskich przedsiębiorstw i eksporterów [the List of 2,000 Polish enterprises and exporters]*. Firstly, a quantitative analysis of the largest exporters of 2015 in one of the key industries of the Polish economy – 31.0 Manufacture of furniture – was conducted. This was followed by an in-depth analysis of the four largest manufacturers-exporters of furniture in Poland: *Grupa Nowy Styl Sp. z o.o.*, *Fabryka Mebli Forte S.A.*, – *Corporate Group*, *Black Red White S.A.*, – *Corporate Group* and *Grupa Meblowa Szynaka*.

The aforementioned companies exemplify the phenomena connected with the use of the strategies of internationalization and diversification. Thanks to this research it was possible to present particular enterprises and areas of diversification of their operational activities. As a result, detailed conclusions on the subject of the role of internationalization and diversification of companies are formulated. The final part of the article presents the results of the research as well as general conclusions.

The findings presented here are consistent with the global trends described in the literature and confirm the results of the previous studies on internationalization and diversification. Diversification can be seen in the companies' growth concepts; however, they also implement the strategy of internationalization.

The innovative character of the authors' own research described here lies in the fact that it presents the growth opportunities connected both with internationalization and diversification. Its conclusions may trigger a discussion about the growth strategies selected by the enterprises. The deliberations presented in this paper support the assumption that there is a need for further and more detailed research investigating the aforementioned matters.

1. Literature review

Diversification as a firm's growth strategy

Management literature has investigated the issues connected with diversification for many years now. The interest in this subject was primarily expressed in the two works described below. The first one presents the theoretical assumptions of

diversification within the product-market matrix [Ansoff, 1957: 113–124]. When analyzing growth opportunities, Ansoff differentiates the following strategies: market penetration, market development, product development and diversification. These growth strategies reflect different expansion directions taken throughout the stages of enterprise development. The second work undertaking the issue of diversification [Chandler, 1962] examines the relations between the strategies and the structures of large American corporations.

Other publications concerning diversification were written by Rumelt, who looked at the relations between diversification and the company performance [Rumelt, 1974; 1982: 359–369]. The issues connected with diversification are often explained in the light of *the theory of the growth of the firm* developed by Penrose [1959]. While looking into the stages of company development, Penrose highlights the basic strategies of international expansion, diversification, expansion through mergers and acquisitions, and innovation.

What should be noted in the process of discussing diversification is that it is interpreted in various ways in the literature. According to Ansoff [1957], the strategy of diversification involves relocation of resources possessed by an enterprise to actions significantly different from those which the firm used to carry out. It requires involvement in industries, technologies and markets that are new for the company together with offering new products.

Similarly, Miller & Dess [1996: 42] consider the strategy of diversification as the beginning of engagement in a new, additional activity. Mintzberg & Quinn [1992: 79] stress that diversification consists in starting to operate on a different economic path. Also Rue & Holland [1986: 124–125] believe that we can talk about diversification when a company enters areas that differ considerably from its current activity.

As can be seen, all aforementioned authors associate diversification with the commencement of a new activity, different than the one currently conducted, or with entering new markets with new products. The strategy of diversification leads to the creation of a new quality in the market-product area of a firm activity and in consequence means the beginning of engagement in operational activities in new fields. This is the sense in which the term diversification is used further in this article.

Diversification of activities should follow a detailed analysis of the opportunities opening up before a firm. According to Penrose, it ought to be taken into consideration, whether further growth is possible in the current field of operations. What should also be taken into account is whether the resources and firm's capabilities are sufficient to ensure it keeps its position in a given area and at the same time to enable it to enter new ones. When discussing diversification of activities, the managers should focus on the best possible way of taking advantage of their current resources. They ought to also ask themselves whether the areas in which they want to operate are profitable and whether it is possible to take control over them. Penrose believes that growth

by diversification is the most effective if the new activities are related to the existing resources [1959: 10, 29, 43, 85–99, 136].

In a discussion concerning enterprise diversification it should also be pointed out that management literature mentions many different types of diversification [Leksykon zarządzania, 2004: 530]. The most commonly differentiated kinds include: related and unrelated diversification, as well as the vertical and horizontal one. *Related diversification* takes place when a company enters industries between which there is a real or potential synergy. The synergy exists when the value chains of particular fields of activity constituting a diversified enterprise (or the fields that we want to include in it) are related to such an extent that it is possible to transfer the knowledge or skills from one area to another. *Unrelated diversification*, on the other hand, takes place when a company enters industries between which there is no synergy. *Vertical diversification* involves engagement in activities in the preceding or the following phase of creating value on the economic path, which means involvement in new operational activities in the industry or industries of the company's current suppliers or customers. Entering the preceding links of the economic path is called backward vertical diversification, while entering the following links of the economic path is called forward vertical diversification. Conversely, *horizontal diversification* means conducting operations in the parallel phase of the creation of value but on a different economic path.

As can be seen, diversification is associated with the commencement of a new activity or with entering new markets with new products. The process consists in the expansion of the scope of activities of a company and usually leads to changes in its organizational structure as well. A firm's decision to engage into a new type of activity usually results in the creation of new organizational units within the existing structure, the setting up of a branch or the creation of a company which is going to conduct operational activity.

Enterprise diversification – a review of the most significant research

The analysis of the literature allows one to conclude that the research on diversification has been intensively conducted for the last 50 years. In the world literature the issues connected with diversification are viewed from various perspectives, both in the theoretical and the empirical sense. One of the major research paths is a relation between diversification and performance. The research carried out by Rumelt [1974; 1982: 359–369] found that the firms which developed through related (industrial) diversification performed better than specialized companies (not diversified) and than those which developed through unrelated (conglomerate) diversification.

However, another study [Montgomery, 1982: 299–307] proved that the differences in the performance of firms with varying levels of diversification are a result of the type

of industry structure rather than of a given type of diversification. Grant, Jammine and Thomas [1988: 771–801] found that related diversification does not ensure better performance than unrelated diversification. The findings of other studies, conducted for instance by Palich, Cardinal and Miller [2000: 155–174], Gary [2005: 634–664] or Miller [2006: 601–619] reveal that the initial increase of the diversification level causes quick improvement of the company performance, but that a too high level of diversification leads to its reduction.

Yet another research, carried out by Helfat and Eisenhardt [2004: 1217–1232] dealt with the influence of economies of scope on the effectiveness of related diversification. Ng [2007: 1481–1502] in turn, tested the resource-based approach to the understanding of the conditions affecting unrelated diversification. The studies conducted by Castaner & Kavadis [2013: 863–876] showed that unrelated diversification has an adverse effect on company performance as well. Generally, most of the research work concerning related and unrelated diversification supports the findings reported by Rumelt [1982] in which related (industrial) diversification brings better results than the unrelated one.

Kang [2013: 94–109] analyzes the influence of diversification on the *Corporate Social Performance* (CSP) of firms, while Kim and colleagues [2013: 999–1009] examine the influence of diversification on the effectiveness of the innovative activities of a company. Their findings show that better results in terms of effectiveness of innovations are achieved thanks to related diversification. Ganco and Agarwal [2009: 228–252] compare the results achieved by diversified firms with those of *start-up* companies. Their findings reveal that diversified firms tend to initially record better performance than the *start-ups*. Nevertheless, the fact that the *start-ups* learn and gain knowledge in the following stages of their development, considerably improves their performance later on. Su and Tsang [2015: 1128–1148], on the other hand, investigate the role of stakeholders and their influence on the performance of diversified firms. What the study reveals is that their influence is greater in the case of firms pursuing the strategy of unrelated diversification.

New areas of interest recently appear within the scope of studies on diversification more and more often. Such a research avenue, although not that very new but recently popular, is the question of internationalization of diversified firms. For instance, Bowen and Wiersema [2005: 1153–1171] investigate the influence of the competition of exporters and the scope of diversification of the firms conducting their activities on the domestic market. The research results show that domestic firms, when having to face international competitors, reduce their level of diversification and engage into a fight for their primary business. Chang and Wang [2007: 61–79] examine the diversification strategies implemented by international firms as well as their performance. They conclude that related diversification positively affects the results of the international firms, while the influence of the unrelated diversification is quite opposite. Another research by Wiersema and Bowen [2008: 115–132] deals

with the international perspective on the subject of diversification opportunities. The scholars highlight the issue of market and industry globalization and emphasize that globalization significantly changes international competition.

Diversification is also analyzed from the international perspective by Ferris and colleagues [2010: 1027–1031], who are of the opinion that this process may go into two main directions. The first one leads to the creation of new industries and signifies *industrial diversification*, while the latter goes towards entering new international markets and signifies *global diversification*. The academics believe that industrial diversification may be an alternative growth direction in the context of global diversification, which brings up the need of performing significant investment during the process of conquering international markets.

Gomez-Mejia and colleagues [2010: 223–252] investigate the scope of diversification in family-owned companies. It turns out that such firms engage in diversification, both product and geographical, relatively rarely. If a decision is made to diversify, a family-owned business prefers to conduct such an operation in its country of origin. When diversification is conducted abroad, the country in which it takes place is similar in terms of culture to the firm's country of origin.

Enterprise diversification (a review of the most significant research in Poland)

Also Polish scholars find the issue of diversification an interesting subject of research. However, it should be noted that until 1990, diversification was quite rarely implemented and described in the literature. The interest of the Polish firms in the subject of diversification is connected with the process of political transformation during which this process was perceived as a means of adapting enterprises to the market economy. As the changes progressed, diversification began to be viewed as one of the directions of development taken by Polish companies.

One of the first studies on the diversification strategy was conducted by Gorynia [1998: 148]. The researcher found that in the years 1989–1993 the number of enterprises operating in more than one industry grew from 45% to 62%. At the same time, the share of enterprises in the case of which one industry generated more than 50% of revenues was estimated to be around 80%.

The most extensive research on the diversification strategy of which we are aware was carried out by Gierszewska [1999]. The author concluded that only 4% of the studied enterprises implemented the strategy of diversification (related) at that time.

Also Romanowska and her team [1999] conducted research called *Strategic behaviors of Polish enterprises in global sectors*, which provided insights into the household appliances and brewing industry in the years 1990–1999. The research revealed that the firms in the household appliances industry attempted to achieve

full related diversification within their sector, while the brewing companies limited the scope of industrial diversification.

Kaleta [2000: 249–250] investigated the competitive strategies of industrial enterprises. The research showed that the enterprises preferred to specialize and focus on its primary area of operations or on one very closely related to it. Only few firms adopted the diversification strategy.

Moreover, the conclusions of a study conducted by Jarosiński [2002: 69–73] demonstrated that the main motive for undertaking diversification by the analyzed companies was the need for growth, while the dominant reason was the risk of losing their traditional markets. Internal development was the most common way of pursuing diversification strategy. The enterprises diversified their activities by acquiring the shares in other companies. In general, these acquisitions led to related diversification.

Another research by Jarosiński [2004: 229–232] concerned enterprise diversification in the following five industries: household appliances, paints and varnishes, brewing, chemical fertilizers and shipbuilding. Its findings suggest that the percentage of firms involved in both the related and the unrelated diversification decreased. Nevertheless, the dominant form of diversification was the related (industrial) one.

The study conducted by Romanowska and her colleagues [2011: 122–128] concerned the strategies and structures of corporate groups. It involved 101 largest corporate groups listed on the stock exchange. The findings showed that the proportion of the diversified firms at the time was at the level of about 71% to 79%. In addition, the research concluded that the largest number of diversified firms were corporate groups with a dominant share in one industry, so with a low level of diversification. Diversified organizations are mainly corporate groups conducting their activities in unrelated sectors.

Similarly as in the global research, also Polish scholars examine how enterprise diversification affects the companies' economic performance.

Bohdanowicz and colleagues [2010: 79–89] investigated the issue of the diversification strategy in public companies. The analyses demonstrated that the higher the level of diversification of company's activities, the higher its return on assets.

Also Romanowska, in the research cited before, undertakes the issue of relations between diversification and financial performance of firms [2011: 133–139]. The author's findings reveal a very weak dependence between the degree of diversification and financial performance measured, e.g., with *ROE* and *ROA*. The comparison of economic performance of the groups that adopted the strategies of related and unrelated diversification, however, established no relation between the type of diversification and the amount of revenues generated by the examined corporate groups.

The issues connected with the implementation of the diversification strategy are also a subject of one of the author's own work [Janiuk, 2011: 93–97], which specifically concerns capital and organizational concentration of meat companies.

What it reveals is that in their growth concepts, the companies more and more often strive to take control over subsequent links of the value chain and to diversify their activities, while their principal motive is the achievement of the synergy effect. Diversification is also the subject of another research carried out by the same author [Janiuk, 2017: 37–52]. The study concerns the analysis of the use of mergers and acquisitions in the process of diversification strategy implementation. The findings show that the acquisitions that took place in the dairy industry were related with product diversification. Mergers and acquisitions in the meat industry, on the other hand, led to industrial diversification.

Literature review allows one to conclude that diversification as a growth strategy has been analyzed for many years now, both from the theoretical and the empirical perspective. The literature review shows that this topic remains a compelling subject of research and that scholars keep investigating new areas of interest also in the field of diversification. As it was previously mentioned, diversification entails launching a new activity which is different from the one currently conducted, or entering new markets with new products. Moreover, as it goes beyond the current processes in the value chain, it leads to the creation of a new quality in the market-product combination of an enterprise. Diversification may be connected with the processes currently taking place in a company or conducted in fields completely new to a given firm.

Research gap

The studies reveal that more and more often firms attempt to diversify their activities and pursue the internationalization strategy at the same time. However, the theoretical analysis conducted in this article reveals a research gap. There is insufficiency of research on the joint use of internationalization and diversification in the growth processes of firms. In the available studies regarding internationalization and diversification, the issue of the relation between them is only one of the elements, if it is at all discussed. Therefore, there is a need to conduct deeper analysis of the role of internationalization and diversification in the enterprise growth process.

The research presented in this paper will make it possible to provide the answer to the following questions: What is the role of internationalization in a diversified firm's growth process and how they relate to one another?

The answers to the questions above will help to discover the opportunities created by the fact of using internationalization and diversification in the enterprise growth process.

2. Research methodology

The research described in this paper concerns furniture companies classified under PKD/NACE¹ code: 31.0 Manufacture of furniture. The data published in the *Lista 2000 polskich przedsiębiorstw i eksporterów* [Ranking eksporterów, 2016] presenting the largest enterprises in Poland was used to identify 25 business entities operating in the furniture industry. Their annual sales in 2015 ranged from 29.99 million EUR to 390.17 million EUR.

A preliminary observation of furniture companies conducting their activities on foreign markets was carried out on the basis of *Ranking eksporterów* [2016]. Out of the 400 firms listed in the *Ranking eksporterów* 12 are furniture exporters [Ranking eksporterów, 2016]. This means that almost a half of the 25 previously identified furniture companies (12 firms) conduct operations on international markets.

Subsequently, *unobtrusive research* was conducted with the use of the content analysis method involving the examination of recorded texts such as: books, journals or websites [Babbie, 2008: 357–358]. The data collected in the course of the study identified the largest furniture manufacturers in Poland, which were subsequently subjected to an in-depth analysis. The largest furniture producers are at the same time the leading exporters. The analysis of the enterprises took the form of *case studies*.

In line with the Grounded Theory, a *case study* is a research tool enabling the researcher to fully understand the phenomena observed in a real-life context [Babbie, 2008: 320–334].

The selection of the *case study* as a research method made it possible to formulate in-depth conclusions concerning internationalization and diversification in the growth process of enterprises. Comprehensive presentation of the study results leads to the answers to the research questions posed above. The analyses allowed to draw up general conclusions.

The study uses the results of the previously conducted authors' own analyses of the activities undertaken by furniture manufacturers on international markets [Ribberink et al., 2017] as well as the information available on company websites.

The case studies involved the four largest furniture manufacturers in Poland, namely: *Grupa Nowy Styl Sp. z o.o.*, *Fabryka Mebli Forte S.A.*, *Black Red White S.A.*, and *Grupa Meblowa Szynaka*. It is already clear from the preliminary analyses that the largest companies are furniture producers pursuing the diversification strategy and operating on international markets. The enterprises sampled for the study have

¹ PKD (Polish Classification of Activities) is coherent and comparable with NACE – the Statistical Classification of Economic Activities in the European Community, therefore in the source materials published by the Central Statistical Office, and so in this paper as well, the abbreviation NACE is used.

been for years on the top positions in the *Rankings of exporters* and constitute good examples of taking advantage of the growth opportunities arising as a result of internationalization and diversification of activities.

3. Research results and conclusions

Research results

The analyses demonstrate that the major furniture exporters in Poland are: *Grupa Nowy Styl Sp. z o.o.*, *Fabryka Mebli Forte S.A.*, *Black Red White S.A.*, *Grupa Meblowa Szynaka*. Their annual export in 2015 increased from 108.18 million EUR to 216.60 million EUR. The examined enterprises are well-established on the domestic market and on the international ones as well.

In the context of the internationalization, the study reveals that the companies sell their products on international markets and then, in most of the cases, gradually increase the share of exports in their total sales revenues. In the case of the firms from the study sample exports vary from 32% to 83% of the total sales — see Table 1.

Table 1. Top exporters in Poland (31.0 Manufacture of furniture)

Company	Share capital	Export revenues in 2015 (m EUR)	Export in sales (percentage share)				Sales revenues in 2015 (m EUR)	No. of jobs in 2015	Investments in 2015 (m EUR)	2015 ROE %
			2015	2014	2013	2012				
<i>Grupa Nowy Styl, Sp. z o.o.</i>	mixed	216.60	72.28	81.65	86.00	84.00	299.66	6,769	n/a	n/a
<i>Fabryka Mebli Forte S.A.*</i>	mixed	186.20	83.11	82.50	81.00	80.00	224.03	3,017	8.24	17.79
<i>Black Red White S.A.</i>	domestic	127.51	32.68	36.50	42.12	41.60	390.17	7,882	n/a	n/a
<i>Grupa Meblowa Szynaka</i>	domestic	108.18	59.30	56.90	49.29	35.00	182.42	2,130	4.15	12.57

* WSE listed company.

Source: the authors' own work on the basis of *Ranking eksporterów* [2016: 7–10].

When looking at the diversification of activities conducted by the companies included in the study, it should be noted that manufacture of furniture is their core activity. In their case, diversification involves increasing their organizational potential in the area of sales and distribution, which is new for them. By doing so, the firms

engage in operations in the next phase of value creation on the economic path. As it was noted in the theoretical part of the paper, such undertakings lead to vertical diversification and signify engagement in new operational activities (distribution and sales).

The *case studies* of the four major furniture manufacturers enabled to collate the data concerning the level of the furniture companies' engagement in the manufacturing activity as well as their involvement in distribution and sales. These summaries also present the location of the companies' operational activities. The diversified operational areas of the studied enterprises are demonstrated in Tables 2–5.

Grupa Nowy Styl Sp. z o.o.

Grupa Nowy Styl is a company that has been present on the furniture market for over 23 years. It is a Polish company with a foreign capital share. The analyses show that *Grupa Nowy Styl* currently employs 6,769 workers and conducts its activities on the office and institutional furniture markets.

It owns 15 furniture production plants located in: Poland, Russia, Turkey, Germany, Switzerland and Ukraine. Its plants are equipped with modern machinery for woodworking, machining and synthetic material processing.

In the distribution and sales area, the company possesses 6 furniture stores situated in: Warsaw, Cracow, Poznań, Jasło, Gdańsk and Łódź. Moreover, the company owns an international distribution network (24 furniture stores) in the following countries: the Czech Republic, France, the Netherlands, Germany, Russia, Romania, Slovakia, Hungary, the UK, Austria, Belgium, Switzerland, Turkey, Ukraine and the United Arab Emirates. This network manages the company's international sales business – see Table 2.

Table 2. Diversified operational areas of *Grupa Nowy Styl*

<i>Grupa Nowy Styl</i> (Krosno)	Operational activity (localization)
MANUFACTURING	Manufacture of office furniture and institutional furniture: <ul style="list-style-type: none"> ■ 15 furniture production plants – branches in: Poland, Russia, Turkey, Germany, Switzerland and Ukraine.
DISTRIBUTION AND SALES	Domestic market sales: <ul style="list-style-type: none"> ■ 6 furniture stores (Warsaw, Cracow, Poznań, Jasło, Gdańsk, Łódź) Foreign market sales: <ul style="list-style-type: none"> ■ International distribution network: 24 furniture stores (sales departments): Czech Republic, France, Netherlands, Germany, Russia, Romania, Slovakia, Hungary, UK, Austria, Belgium, Switzerland, Turkey, Ukraine, United Arab Emirates.

Source: the authors' own work on the basis of the content on www.nowystylgroup.com.

The study showed that the company generated sales revenues of 299.66 million EUR, whereas its export revenues amount to 216.60 million EUR, which means that over 72% of the goods it manufactures are sold on international markets – see Table 1.

The products of *Grupa Nowy Styl* target a variety of furniture market segments. At the moment the firm offers 6 product brands: *Nowy Styl*, *BN Office Solution*, *Grammer Office*, *Rohde & Grahl*, *Sitag* and *Forum Seating*.

Fabryka Mebli Forte S.A., Corporate Group

Forte S.A., Corporate Group has operated on the furniture market since 1992. *Forte S.A.* is a Polish company with foreign capital share. The firm employs 3,017 persons and operates on the flat pack furniture market. Since 1996 *Forte S.A.* has been listed on the Warsaw Stock Exchange.

The company owns four state-of-the-art production plants located in: Ostrów Mazowiecka, Suwałki, Białystok and Hajnówka. Sales and distribution is conducted via retail chains, the firm's retail stores as well as retail franchises located in different areas of Poland, which manage the domestic sales. In addition, *Forte S.A.* possesses a Logistics Center with a high-bay warehouse set up in Ostrów Mazowiecka — see Table 3.

The study showed that the company generates sales revenues of 224.03 million EUR. Most of the furniture manufactured by *Forte S.A.* is sold on international markets. Its export revenues amount to 186.20 million EUR accounting for over 83% of the total sales — see Table 1.

In the sales and distribution area, *Forte S.A.* has its own network of sales departments established on the major markets of Western Europe. The departments are located in over 30 countries. The company's export activities involve continuous market expansion and entering into foreign ones. Its key markets are those in: Germany, France and the UK — see Table 3.

Table 3. Diversified operational areas of *Fabryka Mebli Forte S.A., Corporate Group*

<i>Fabryka Mebli Forte S.A., Corporate Group</i>	Operational activity (localization)
MANUFACTURING	Flat pack furniture production <ul style="list-style-type: none"> ■ 4 furniture production plants in: Ostrów Mazowiecka, Suwałki, Białystok, Hajnówka.
DISTRIBUTION AND SALES	Domestic market sales: <ul style="list-style-type: none"> ■ Sales networks, furniture stores and retail franchises located around the country. ■ Logistics Center with a high-bay warehouse (Ostrów Mazowiecka). Foreign market sales: <ul style="list-style-type: none"> ■ Sales network: departments in over 30 countries. Key markets: Germany, France, UK.

Source: the authors' own work on the basis of the content on www.forte.com.pl.

Black Red White S.A., Corporate Group

Black Red White has operated on the market since 1992. It is a domestic capital company, currently with 7,882 employees on board, which manufactures and distributes furniture and interior furnishings. The analyses revealed that in terms of sales, the firm generates about 20% of sales on the domestic market.

The production activities of *Black Red White* take place in 10 manufacturing plants in Poland and in 11 located in Ukraine, Belarus, Slovakia, Hungary, Russia as well as in Bosnia and Herzegovina.

Sales and distribution is managed through the Logistics Center in Mielec and by 6 regional wholesale outlets. *Black Red White* sells its goods in its own 75 retail outlets. The largest ones can be found in: Łódź, Wrocław, Warsaw, Zabrze, Będzin, Chorzów, Bydgoszcz, Gdańsk, Lublin, Poznań and Cracow. The company's furniture is also available in about 400 partner outlets – see Table 4.

Table 4. Diversified operational areas of *Black Red White S.A., Corporate Group*

<i>Black Red White S.A., Corporate Group (Biłgoraj)</i>	Operational activity (localization)
MANUFACTURING	Manufacture of furniture and interior furnishings: <ul style="list-style-type: none"> ■ 21 furniture manufacturing plants: 10 departments in Poland, 11 departments abroad (Ukraine, Belarus, Slovakia, Hungary, Russia, Bosnia and Herzegovina).
DISTRIBUTION AND SALES	Domestic market sales: <ul style="list-style-type: none"> ■ Logistics Center (Mielec); ■ 6 regional wholesale outlets, 75 retail stores (Łódź, Wrocław, Warsaw, Zabrze, Będzin, Chorzów, Bydgoszcz, Gdańsk, Lublin, Poznań, Cracow), ■ approx. 400 partner outlets. Foreign market sales: <ul style="list-style-type: none"> ■ Retail stores and wholesale outlets abroad: Slovakia, Slovenia, the Czech Republic, Hungary, Romania, Russia, Latvia, Lithuania, Estonia, Ukraine, Belarus, Germany, France, Spain, Bulgaria, Bosnia and Herzegovina, Croatia, Serbia, Greece, Kazakhstan, Kyrgyzstan, Mongolia, the UK, Ireland, the Scandinavian countries.

Source: the authors' own work on the basis of the content on www.brw.com.pl.

The study showed that the sales revenues of *Black Red White* amount to 390.17 million EUR, while the export revenues to 127.51 million EUR. This means that 32% of the firm's sales business takes place abroad – see Table 1.

Black Red White owns retail stores and wholesale outlets in: Slovakia, Slovenia, the Czech Republic, Hungary, Romania, Russia, Latvia, Lithuania, Estonia, Ukraine, Belarus, Germany, France, Spain, Bulgaria, Bosnia and Herzegovina, Croatia, Serbia, Greece, Kazakhstan, Kyrgyzstan, Mongolia, the UK, Ireland and the Scandinavian countries – see Table 4.

Grupa Meblowa Szynaka

Grupa Meblowa Szynaka has manufactured furniture since 1957. It is a domestic capital company which at the moment employs 2,130 people. *Grupa Meblowa Szynaka* owns four modern furniture production plants in Poland, namely: *Wolsztyńska Fabryka Mebli* (Wolsztyn), *PPUHiE Szynaka*, *Szynaka-Meble Sp. z o.o.* (Lubawa), *MM Szynaka-Living Sp. z o.o.* (Iława), *MM Szynaka-Interline Sp. z o.o.* (Nowe Miasto Lubawskie). The production takes place also in a manufacturing department located in Germany – specifically in the manufacturing plant “*Jahnke GmbH Trittau*” – see Table 5.

Table 5. Diversified operational areas of *Grupa Meblowa Szynaka*

<i>Grupa Meblowa Szynaka</i> (Lubawa)	Operational activity (localization)
MANUFACTURING	Furniture manufacturing: <ul style="list-style-type: none"> ■ 4 furniture manufacturing plants in Poland: <i>Wolsztyńska Fabryka Mebli</i> (Wolsztyn), <i>PPUHiE Szynaka</i>, <i>Szynaka-Meble</i> (Lubawa), <i>MM Szynaka-Living</i> (Iława), <i>MM Szynaka-Interline</i> (Nowe Miasto Lubawskie). ■ A manufacturing department in Germany – “<i>Jahnke GmbH Trittau</i>”.
DISTRIBUTION AND SALES	Domestic market sales: <ul style="list-style-type: none"> ■ Logistics Center (Iława). ■ 4 retail furniture stores in: Lubawa, Wolsztyn, Warsaw and Gdańsk. ■ Over 300 affiliated retail stores and large chain stores in different parts of Poland. Foreign market sales: <ul style="list-style-type: none"> ■ The Department of Export – international sales to over 50 countries

Source: the authors' own work on the basis of the content on www.szynaka.pl.

It can be concluded on the basis of the analyses that the production plants are equipped with specialized and technologically advanced machinery ensuring high quality of the furniture.

The group's sales and distribution is conducted by firms conducting both the domestic and the international sales. Domestic sales is realized via four retail stores in: Lubawa, Wolsztyn, Warsaw and Gdańsk. In addition, *Grupa Meblowa Szynaka* sells its products in over 300 affiliated retail stores and in large chain stores situated in different regions of Poland. Also the Logistics Center in Iława is a part of the firm's sales and distribution area of activities. International markets are covered by the company's own Department of Export conducting export business in over 50 countries – see Table 5.

The study showed that the sales revenues of *Grupa Meblowa Szynaka* amount to 182.42 million EUR, while its export revenues to 108.18 million EUR. This means that 59% of the firm's sales takes place abroad — see Table 1.

The results of the case studies described above made it possible to formulate particular conclusions that lead to the answers to the research questions posed above.

The study demonstrates that the furniture manufacturers subjected to the analyses are at the same time the largest exporters in Poland. Another feature they share is that, as producers, they diversify their activities by means of involvement in sales and distribution, which is an indication of vertical diversification. Implementation of this strategy in the studied cases allows these furniture manufacturers to increase their organizational potential in the area of sales and distribution, which is new for them. By pursuing this strategy, the studied companies are able to expand their sales network in their country of origin as well as to carry out international expansion.

The studied diversified firms are to some extent advanced in their internationalization. These firms are not just exporters as they produce furniture not only in Poland but also on many foreign markets, closer to their foreign customers.

There is no doubt that in the case of the studied furniture manufacturers, internationalization supports their growth. Through internationalization these firms reach to new markets and are able to increase the scale of production and sales which leads to achieving the effects of scale. At the same time firms' diversification allows for capturing greater growth opportunities and through efficient production provides favorable occasions for exporting which lead at a certain moment to establishing manufacturing plants abroad as well as sales subsidiaries.

The observation of the companies from the sample revealed actions typical of vertical diversification. The analyses demonstrated that in their strive for diversification, the companies engage in operational activities in new functional areas such as sales and distribution. From the manufacturer's perspective, these undertakings enable a firm to take control over the next phase of value creation on the economic path, which is a sign of vertical diversification.

Not only are the results of research on diversification presented in this article consistent with the global trends described in the literature, but they also confirm the findings of Polish studies on diversification reviewed earlier in this paper. In their growth concepts, the companies pursue diversification, which leads them to new operational areas involving sales and distribution. Consequently, the companies expand and strengthen their organizational potential, conquer new international markets and minimize the risk.

Conclusion

The basic limitation of this research is its lack of representativeness. It deals with the leading furniture manufacturers. The case studies exemplify the phenomena related to the implementation of the strategy of vertical diversification, and consequently,

to the international expansion of enterprises. The findings presented here can be of use only to entities possessing sufficient organizational potential allowing them to realize investment connected with entering new functional areas. In addition, the results may serve managers in the process of making decisions about the directions and methods of enterprise development.

What is more, the analyses carry implications for further research, which may look into the issue of international expansion, diversification of activities and the economic condition of firms.

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STRATEGIES OF INTERNATIONALIZATION AND DIVERSIFICATION: THE ANALYSIS OF SELECTED FURNITURE MANUFACTURERS

Abstract

The aim of this paper is to present internationalization as a strategy supporting enterprise diversification and also leading to the growth of a firm. The literature review reveals that there exists a research gap in the insufficient research on the joint use of internationalization and diversification in the growth processes of a firm. In the empirical section the authors describe the findings of the analyses regarding the ways of implementing these two strategies on the basis of four biggest Polish furniture manufacturers being major Polish exporters at the same time. In all four cases a direct interrelation between both strategies is visible providing synergies that enable growth.

KEYWORDS: INTERNATIONALIZATION, DIVERSIFICATION STRATEGIES, MANUFACTURE OF FURNITURE

JEL CLASSIFICATION CODES: F23, L10, L22, L25

STRATEGIE INTERNACJONALIZACJI I DYWERSYFIKACJI – ANALIZA WYBRANYCH PRODUCENTÓW MEBLI

Streszczenie

Celem artykułu jest przedstawienie internacjonalizacji jako strategii wspierającej dywersyfikację przedsiębiorstw, prowadzącą również do rozwoju firmy. Z przeglądu literatury wynika, że istnieje luka badawcza w niewystarczających badaniach dotyczących wspólnego wykorzystania internacjonalizacji i dywersyfikacji w procesie rozwoju firmy. W części empirycznej autorzy opisują wyniki analiz dotyczących sposobów wdrażania tych dwóch strategii na podstawie czterech największych polskich producentów mebli, będących też głównymi polskimi eksporterami. We wszystkich czterech przypadkach widoczna jest bezpośrednia zależność między omawianymi strategiami, zapewniająca synergie umożliwiające rozwój.

SŁOWA KLUCZOWE: INTERNACJONALIZACJA, STRATEGIA DYWERSYFIKACJI, PRODUKCJA MEBLI

KODY KLASYFIKACJI JEL: F23, L10, L22, L25

DIRECT SUPERIORS AND ANOMIE OF ORGANIZATIONAL BEHAVIOUR – RESEARCH RESULTS

Introduction

The issue of organizational behavior has been the subject of theoretical and practical interest practically since the beginning of management sciences. Both theoreticians and practitioners are interested in behavior improving effectiveness of business operations, as well as in behavior posing a threat for business functioning. The latter is described as anomie, in enterprise context understood as violating norms applied at work, towards an employer, superior or client. This phenomenon is also termed unethical behaviour [Blikle, 2017; Gigol, Sypniewska, 2019]. Anomie as a subject of academic analysis was important for E. Durkheim, who related it to the breakdown of structures and social bonds. He identified the reason of this phenomenon as the development of capitalism in the 19th century, leading to the disappearance of religious norms regulating human interrelations [Durkheim, 2006; 2010]. Management practitioners highlight the dysfunctional impact of anomie on management processes [Umphress, Bingham, 2011; Hawk, 2020]. Considering the adverse consequences of this phenomenon it is worth analyzing conditions in which it occurs. The article develops a thesis that one of the sources of anomie are people's relations with their direct superiors. It does not necessarily have to be connected with the mechanism commonly described by the proverb *a fish rots from the head down*. What can occur however is a different mechanism, i.e. that of strong employees' identification with their superiors and their enterprise.

* Sławomir Winch, Ph.D., Associate Professor – SGH Warsaw School of Economics. ORCID 0000-0002-2753-7671.

The aim of this article is to present the connection between the anomie of employee behavior and the attitude of superiors as well as their identification with their company. The research problem is expressed in the form of the question: which attitudes of superiors favor anomie in business entities?

The thesis will be developed and the aim will be pursued on the basis of the results of statutory research of SGH Warsaw School of Economics entitled “Nieetyczne zachowania w imieniu organizacji” (“*Unethical behaviour on behalf of an organisation*”) KZiF/11/19 conducted under the supervision of T. Gigol. The research was carried out at the turn of 2019 and 2020 using a survey questionnaire (proprietary questionnaire of T. Gigol with the use, approved by the authors of *Authentic Leadership Questionnaire*, MindGarden Inc. by Bruce J. Avolio, William L. Gardner, Fred O. Walumbwana) on a sample of 389 employees of various enterprises. The sampling was carried out on non-probability basis and for statistical reasons it cannot be applied to entire population. It can be a premise to explain the discussed issues and formulate further research hypotheses. Women accounted for 53% and men for 47% of the sample; 48% were employees of state-owned companies, 24% – companies with prevailing Polish capital and 22% with foreign capital; 61% were companies hiring more than 250 workers, 21% were medium-sized enterprises, while 18% were small and micro-enterprises.

1. Anomie

The issue of anomie is analyzed from the perspective of organizational culture, whose values and norms determine the behavior of individuals in business organizations [Winch, 2016]. This is a very simplified definition of organizational structure. Its more comprehensive description exceeds the framework of this article, which focuses exclusively on the phenomenon of anomie. Culture controls the individual, for whom it is a reference point for defining what is good and what is wrong. What is more, culture gives people moral support, a sense of security and belonging. E. Durkheim called breaking the bond between an individual and a group *anomie* [Durkheim, 2006: 324].

The central point of E. Durkheim’s sociology is the idea of social facts that “consist of manners of acting, thinking and feeling external to the individual, which are invested with a coercive power by virtue of which they exercise control over him. (...) Social fact can exist except where there is a well-defined social organization” [Durkheim, 2000: 30–31]. In this definition organization is not equivalent to coordination of activities to achieve common goals, as it is the case in management sciences. It is closer to the category of collective consciousness and its impact on the attitudes of individuals. It can take the form of a business organization, but it is not a necessary condition. Closer to E. Durkheim’s concept would be an institution understood as

“a complex of coordinated actions and ideas found by individuals as something ready and imposed on them more or less irresistibly” [Szacki, 2002: 388–389]. According to this concept the key institution was religion perceived as the most important social fact. Deliberations of E. Durkheim were not theological in nature, but it is the religion in which he placed major mechanisms of regulation of human behavior. They had been broken down, says E. Durkheim, by the 19th century development of capitalism, the greediness which displaced religious norms, causing decay of social bonds, the sign of which was an increase in the number of suicides.

A concept closer to management sciences is that of R. Merton's. He does not question the significance of religion as a mechanism for regulating social behavior patterns, but perceives it as something unchangeable, and therefore static. The truths of faith are stable across time, providing a basis for a society, but human interrelations are dynamic and require also other tools of regulation. The most significant ones are culture and policy allowing to govern a community with the law. An individual's subordination to religion is unquestionable, while the law enacted by people is a process of continuous agreements and contradicting interests [Merton, 2002: 197–225]. According to R. Merton anomie occurs where the availability of legal tools to pursue goals important for a given culture is problematic. Sociological ideas of anomie focus on explaining pathological relations between the social structure, the individual and culture. They indicate what consequences for the system and for the individual may result from a failure to adapt to valid values and norms. R. Merton describes these phenomena based on typology, the major components of which are: acceptance of cultural norms and involvement in social goals.

The concept of anomie is criticized for analyzing established systems and leaving aside the issues of change. It does not have to be identified with pathological behavior, but rather with natural development of an organization resulting from environment's changes. What is more, people modify their criteria of behavior evaluation, and, consequently, define what anomie is and what it is not. It is important to underline the role of culture, and in particular fundamental values and norms maintaining social bonds and an organization's continuance.

Management concepts assume the possibility of anomie, the sources of which are placed in unequal distribution of power, faulty motivation systems, leadership styles, etc. [Pocztowski, 2008]. The term “anomie” is rarely used, and rather replaced by such categories as conflict regulation, informal groups, etc. The definition in classic approach to management distinguishes control function of anomie, assuming that employees may behave against regulations in force. What is also highlighted is the significance of organizational structure as a source of pathological (or unethical) behavior, i.e. behavior which threatens implementation of broadly defined enterprise goals.

Current research on anomy focuses on issues of ethics and corporate social responsibility. This last rule usually ignores the classic function of the enterprise, trying

not to offend various social groups. This is the main research direction of the last few years. Attempts to change this state of affairs are not recognized by the majority of authors who deal with the problems of pathology in organizational behavior. The current state of research is a dilemma between political correctness (i.e. any behavior is acceptable) and a traditional view on economic organization (i.e. we accept behavior conducive to generating profit) [Scruton, 2014].

2. Areas of anomie: Superiors

The research problem is expressed in the form of the question: which attitudes of superiors favor anomie in business entities? The term “attitude” in this article refers to the definition proposed by S. Nowak: “An attitude of a human towards a thing comprises all the relatively permanent abilities to evaluate that thing and to react to it emotionally or, possibly, relatively permanent beliefs about the nature and qualities of the thing accompanying the emotional and evaluating abilities, as well as relatively permanent abilities to behave towards that thing” [Nowak, 1973: 24]. The proposed definition distinguishes three components of an attitude: emotionally evaluating element; cognitive element; behavioral element. S. Nowak assigns to the first component as being the most significant, constituting meaning of the term. For it is possible that the cognitive and behavioral components do not occur at all. The cognitive component comprises beliefs and knowledge about the object of attitude. In some cases knowledge may be very broad, while in others it can be only fragmentary. The behavioral component is a kind of action plan for the object. If the emotional evaluating component is of key importance for the definition, why not restrict the definition to this component? S. Nowak says that the listed components are closely linked and it is impossible to separate them in analytical manner: “Most people simply ‘have an attitude’ to a certain object, and it is a specific system of abilities to react to it, both in an emotionally evaluating and behavioral way, where these elements are experienced jointly in the sense of their joint reference” [Nowak, 1973: 25].

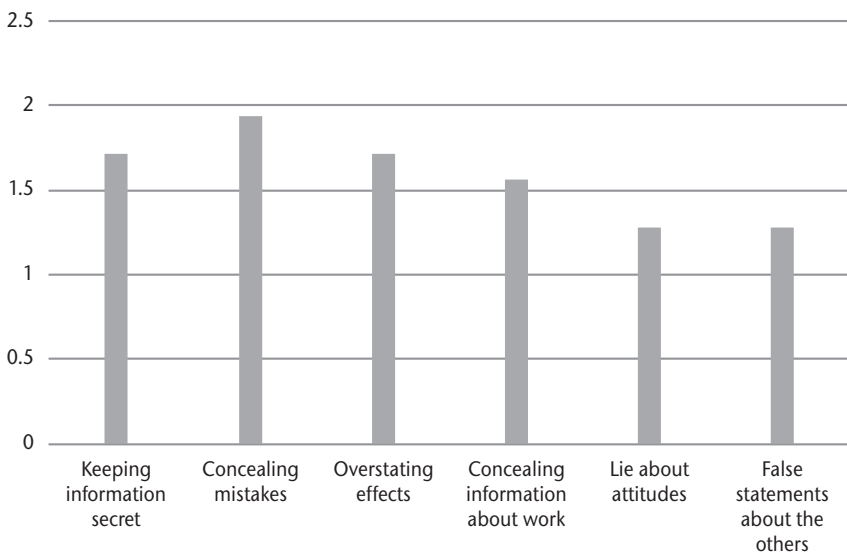
The survey questionnaire comprised 29 categories referring to the components of attitude distinguished by S. Nowak. The list of types of behavior that may indicate anomie in the superior – subordinate relation was much shorter. It included keeping secret information that could be harmful for a superior, concealing mistakes negatively affecting their reputation, overstating the significance of facts favorable for a superior, expressing opinions harmful to the others but favorable to a superior.

With reference to the problem defined in this way a hypothesis has been formulated according to which evaluating emotional components (the survey comprised 6 of them: being proud of collective work, trust, good contact, help in finding the meaningfulness of work, formulating an appealing vision, comprehensible communication of tasks)

is conducive to anomie in the superior – subordinate relations. Measurement of the strength of relation performed with the use of Pearson correlation coefficient has not shown any correlation between the distinguished variables. The hypothesis has not been confirmed.

It must be pointed out that the rate of the respondents' agreement (measured on the five-grade Likert scale) with the distinguished areas of anomie was very low. These areas included support for the superior by: keeping secret information that could be harmful for a superior (keeping information secret); not revealing a superior's error threatening his/her reputation (concealing errors); overstating the truth about the effects of his/her work (overstating effects); concealing negative information about the effects of a superior's work (concealing information about work); false presentation of truth (lie about attitudes); unfavorable statements about the others (false statements about the others). For each of these variable the percentage of answers "never" and "rarely" amounted to about 80%. The arithmetic mean for each area of anomie is presented on Figure 1.

Figure 1. Areas of anomie – arithmetic mean



Source: own study.

The distinguished areas of anomie have not been experienced by a majority of respondents. Does this mean that the phenomenon of anomie is non-existent in the analyzed organizations? It does occur, but the range of the phenomenon, considering percentage distribution, does not exceed 12%.

Table 1. Areas of anomie (%)

Areas of anomie	% Answers 'often' and 'always'
Concealing information that could be harmful for a superior	6
Not revealing a superior's mistake threatening his/her reputation	12
Overstating the truth about the effects of his/her work	10
Concealing negative information about the effects of a superior's work	6
False presentation of truth about a superior's attitudes	6
Negative statements about the others	2

Source: own study.

In the social relations the phenomenon of anomie is usually a marginal portion of human behavior of a given community. After exceeding the 'critical mass', which is difficult to define in quantitative terms, anomie becomes a norm. Previous moral order is being disintegrated, while other values and behavior standards start to prevail.

Traditional, sociological concepts of anomie focus on social relations, which sometimes are not adequate to relations in business organizations. It is caused by, among others, the fact that classic approach to enterprise [Friedeman, 1993; Scrutton, 2014] regards generating financial profit to be its primary function. Additionally, enterprises have other mechanisms of their employees' control and evaluation. R. Scott distinguished three pillars of a professional organization:

- regulative – based on coercion deriving from the law in force;
- normative – based on values and an assumption that employees will comply for moral reasons;
- cognitive – based on qualifications and commonly recognized concepts [Morawski, 2001: 62].

He stated that the foundations of a society are: culture, social structure and customary order. If we translate the concept of R. Scott into the terms of an enterprise, similar categories can be distinguished: culture, organizational structure and management (Table 2).

Table 2. Pillars and foundations of enterprises

Foundations	Pillars of an enterprise		
	Regulative	Normative	Cognitive
Culture	Law and regulations	Values and norms	Cultural dimensions
Organizational structure	Authority	Leadership	Inter-tier relationships
Management	Planning, control, organization, motivation	Profit generation	Procedures, action scenario

Source: own study.

One of the major sources of anomie is deregulation within the pillars of an enterprise, for example values and norms are not conducive to generating profit, leaders do not motivate their subordinates.

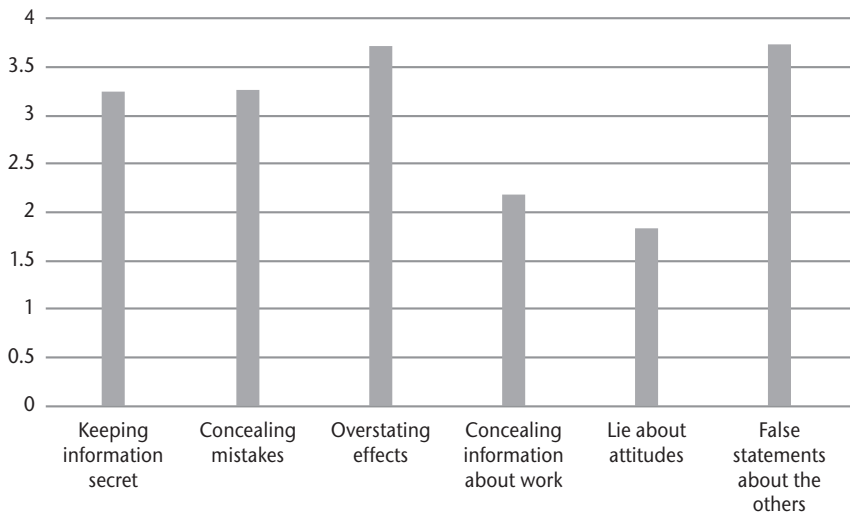
It should be highlighted that in the 2020 research respondents referred only to the normative pillar. At this point a question about the causes of anomie may arise. R. Merton pointed out community members' disapproval for goals and/or their achievement strategy [Merton, 2002; Winch, 2016]. Anomie occurs where the goals set by the culture and management are difficult or impossible to achieve and the organizational structure hampers their pursuit. It seems impossible to eliminate anomie completely, since it is difficult to find a perfect enterprise and perfect employees. We should not forget about the environment (e.g., contradictory expectations of stakeholders, competition, technology changes), which can also be conducive to this phenomenon.

3. Areas of anomie: Organization

The arithmetic means of anomie areas (Figure 1) and the lack of statistically significant relation between them and the emotionally evaluating component of the superiors' attitudes can be possibly explained by the concept of E. Durkheim. He, and many other culture specialists [Benedict, 2016; Scruton, 2010] assumed that religion has strong influence on social attitudes. A key feature helping to understand Christianity, and the Catholics in particular, is the disapproval for bearing false witness against our neighbors. This is exactly the attitude that was asked about in the survey. It is therefore possible that the respondents perceive anomie differently in respect of other people than in respect of the organization itself. With regard to people, what is more important are cultural norms (religion) and, consequently, disapproval for unethical behavior. An organization is not subject to personification; what may be more significant is pursuit of interests based on calculation of profits and losses. Evaluation of these phenomena may be less burdened by the normative aspect. A question was formulated about the strength of relation between identification with a company and approval for anomie. The hypothesis connected with it is as follows: the stronger identification with a company, the greater approval for anomie in relation to an organization.

One of the survey questions concerned the strength of identification with a company. It was measured on the five-grade Likert scale. Another survey question was worded in a very similar way to the one about the superiors. The only difference was that the word *superior* was replaced by the word *organization*. The values of arithmetic means are presented on Figure 2.

Figure 2. Areas of anomie (business) – arithmetic mean



Source: own study.

The values of arithmetic means are significantly higher (mostly by 1.5 point) than for the question about the superiors. The rate of relation between identification with the company and approval for anomie was measured using Pearson correlation coefficient, presented in Table 3.

Table 3. Rate of relation between areas of anomie and identification with the company

Areas of anomie	Identification with the company
	Pearson's correlation coefficient (%)
False presentation of truth for the sake of organization	0.173
Overstating the truth about products for the sake of organization	0.126
Concealing unfavorable information about products from the client	x
Giving good references to an incompetent employee in order to cause problems for another company	x
Holding back overpayment due to a Client for the sake of organization	x
Concealing information from the public for the sake of organization	0.142

The 'x' sign means no statistically significant rate of relation.

Source: own study.

Pearson's correlation coefficient measures the strength and direction of the relation. It uses values from (-) 1 to (+) 1. It is also assumed that the distribution of

the analyzed variables is normal or close to normal. Knowing the coefficient value, we may analyze how one variable affects another, but it is impossible to indicate logical relation between them. Coefficient values between 0.126 and 0.173 must be considered minor. Still, they are statistically significant. It should be pointed out that there is no statistically significant relation when unethical behavior is directed at people (i.e., clients, incompetent employee, public opinion). This confirms the hypothesis that anomie is more common in respect of attitudes towards an organization.

4. An ideal superior

One of the survey questions concerned ethical behavior of the superiors. For the needs of the research 16 categories were distinguished, such as: expressing what a person thinks; decision-making based on high ethical standards; listening to various points of view; admitting to one's mistakes; being ready to revise one's views. The question is constructed in a way that refers to two leadership concepts: one based on an individual's attributes and one based on relations [Winch, 2016].

One source of success of leadership based on individual features is the social need for an authority. Sometimes in a situation of change, and particularly threat, people need an answer to the question: what features minimize negative consequences of actions or enhance advantageous ones? An ideal personality model is therefore looked for that would show what is good and what is wrong. It is not only a need of psychological and social nature, but also a strategic matter of an enterprise. It is particularly significant in a crisis, when there is usually no time to consult decisions with others and employees' approval for undertaken measures is not sought for. What is decisive in such situations is a leader's authority and their features allowing to win social approval. Moreover, their task is to motivate people to take actions.

In recent decades researchers and theoreticians listed numerous features typical for leaders of business organizations. This approach was criticized by R.M. Stogdil, who pointed out that among 15 authors only 5 out of 124 features are repeated (intelligence, education achievements, readiness to broaden responsibilities, social activity and involvement, social and economic status) [Stogdil, 1948]. Additionally, the author indicated discrepancies in defining key features and their relations with other variables describing leaders. To be exact, let us list the features most commonly distinguished in the reference literature: intelligence, motivation, self-confidence, morals, being people-oriented, controlling one's emotions, self-esteem, composure, integrity. The aim of R.M. Stogdil's research was not to reject the previous concepts, but to show that features of leaders do not determine a company's achievements, but are a circumstance favorable for the pursuit of business goals. In the first decade of the 21st century a configurational approach prevails among scientists with regard

to the issues of leaders' features impact on the businesses' situation. They claim that impact of individual factors is much smaller than of a group of factors. The research shows that group leaders differ from the others in respect of numerous features.

The concept of combination of features has played a significant role in the development of management sciences. It has shown that an enterprise's success is not determined only by perfect production organization, precision in designing work-stands or cutting-edge technology. These factors are very important, but one more aspect should be taken into account – the superiors' features. As a consequence, theory and empirical research have been developed, oriented towards not only an individual, but also relations with other stakeholders. Additionally, numerous tools have been created to be used in recruitment, selection and evaluation of employees, which translates into practical operations of businesses.

The second of the concepts referred to above, leadership based on relations, focuses on a person's behavior in their relations with the environment they function in [Fotii, Hauenstein, 2007]. It is assumed that identification of such behavior would be the first step to leaders' education and increase in effectiveness of measures undertaken by them. Another important element is the one-direction relation between the superior and their team, which means that only formal leaders influence the attitudes of workers (one-dimension perspective).

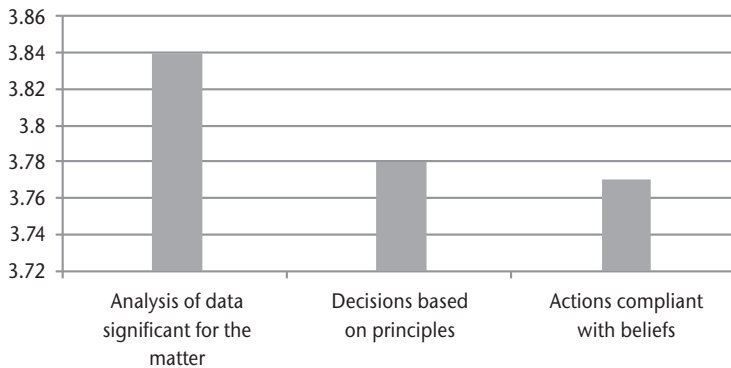
Among behavioral concepts two trends may be distinguished. The first focuses on the performance of tasks, the second one – on human relations. The second trend values concepts of G. Yukl, trying to explain leaders' behavior by its connection to employees' motivation, rate of decision centralization, level of the subordinates' skills and organizational structure [Yukl, 2008]. The merit of the authors of behavioral concepts is that they have created foundations for competence models, which can be observed in the reference literature also in the first decade of the 21st century. For it has been found that the bases of behavior are entrenched in competences possible to obtain, among others, by sharing experience. This has persuaded scientists to look for the superiors' attributes beyond the features, competences and skills of individuals, i.e. in organizational structures, relations with stakeholders, legal regulations, etc.

Regarding the analyzed research result, another question was formulated about the most significant types of behaviors of the superiors towards their subordinates. Arithmetic means were used to answer this question.

The values of arithmetic means describe an ideal superior as a person analyzing information necessary to take decisions based on beliefs and principles. It is also a person who is predictable, if these principles are permanent.

The lowest arithmetic mean value (2.98) referred to the variable "My direct superior can state clearly how his/her abilities are assessed by the others". The arithmetic means values were between 2.98 and 3.84.

Figure 3. Ideal superior's attitude



Source: own study.

Conclusion

The presented research results did not show statistically strong relation between anomie of employees' behavior and superiors' attitudes. This does not mean however that such phenomena do not occur in economic organizations. In the context of the research it seems probable that such phenomena derive from strong, i.e. emotional relations between the superior and the subordinate. This may be a direction for further empirical research.

A statistically stronger relation can be found between anomie and identification with a company. The latter is not of personal nature and can thus more easily transform into violation of cultural norms. What is more, such behavior may be perceived as something natural and needed for an organization. Violating moral order does not have to entail decrease in an enterprise's performance. In future research it would be advantageous to diagnose the strength of relation between the moral and financial aspect of business organizations. This consideration is permanently present in management sciences, but along with dynamic changes in the environment this relation may also be modified.

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DIRECT SUPERIORS AND ANOMIE OF ORGANISATIONAL BEHAVIOUR – RESEARCH RESULTS

Abstract

The article develops a thesis according to which one of the sources of anomie are people's relations with their direct superiors. The aim of the work is to show the connection between the anomie of employee behavior and the attitude of superiors as well as strength of their identification with their company. My considerations are based on results of quantitative research carried out on a target sample of 389 workers. The genesis of anomie is a strong emotional relation between a subordinate and a superior and their strong identification with their enterprise.

KEYWORDS: ANOMIE, ORGANIZATIONAL BEHAVIOR, SUPERIORS

JEL CLASSIFICATION CODES: J24, J28

BEZPOŚREDNI PRZEŁOŻENI A ANOMIA ZACHOWAŃ ORGANIZACYJNYCH – WYNIKI BADAŃ

Streszczenie

W artykule zostaje rozwinięta teza głosząca, że jednym ze źródeł anomii są relacje z bezpośrednimi średni przełożonymi. Celem jest pokazanie związku pomiędzy anomią zachowań pracowniczych a postawami przełożonych i stopniem identyfikacji z firmą. Rozważania są prowadzone na podstawie wyników badań ilościowych zrealizowanych na celowej próbie 389 pracowników. Genezą anomii jest silna emocjonalna relacja przełożony-podwładny oraz wysoki stopień identyfikacji z przedsiębiorstwem.

SŁOWA KLUCZOWE: ANOMIA, ZACHOWANIA ORGANIZACYJNE, PRZEŁOŻENI

KODY KLASYFIKACJI JEL: J24, J28

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Head office:
Division I: Humanities and Social Sciences
of the Polish Academy of Sciences
The Committee on Organizational
and Management Sciences
PKiN, Plac Defilad 1
00-901 Warsaw
www.pan.pl

Address:
SGH Warsaw School of Economics
Collegium of Management and Finance
al. Niepodległości 162
02-554 Warsaw
e-mail: oik@sgh.waw.pl
www.sgh.waw.pl/oik/



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