

NEW TRENDS IN BUSINESS MANAGEMENT

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NEW TRENDS IN BUSINESS MANAGEMENT

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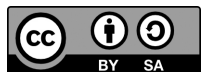
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Introduction

This publication is based on the research results prepared by students of the English-language Business Management programmes at Wroclaw University of Economics and Business. The articles address various managerial challenges that arise due to unexpected external pressures and internal tensions. The research results presented in this book provide comprehensive and diversified perspectives that are in line with current research themes.

First, we may find recommendations for enhancing the motivational systems in the IT industry aimed at positively impacting employee satisfaction by attracting, retaining, and inspiring IT employees. The motivation system was also investigated by examining the correlation between employee satisfaction and the type of organization using the Frederick Laloux model perspective.

Second, the context of the remote work environment was explored with a particular focus on efficient communication. The article contains the results of the analysis of the impact of hybrid work arrangements on communication in distributed teams.

Third, an interesting investigation of the strategic role of the Medical Affairs Department in a pharmaceutical company is presented, aimed at exploring how the competitive advantage for the company is being built with the use of this specific department.

Fourth, the topic of diversity, equity, and inclusion is outlined by examining the company's policies and practices. It is aimed at understanding the employees' perceptions of the initiatives taken by the company to create an inclusive workplace.

Fifth, a critical analysis of corporate governance is performed based on the case study of BlackRock company and an exploration of how the company complies with corporate governance standards and whether it further promotes them appropriately.

Sixth, the brand promotional strategy in the luxury sector was addressed by qualitative case studies and a quantitative experiment. Using celebrity endorsement was aimed at understanding the impact of different types of fit between celebrities and brands.

Moreover, one of the studies investigated the organization's leadership style using Goleman's leadership styles classification to reveal that the affiliative style was dominant and fit into the general state of the company.

Finally, we may read the results of the exploration of the business model transformation processes in the company representing the ERP systems industry, which led to investigating the factors conducive to modifying business models and examining the concept of complementarity.

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Motivation Systems Evolution and Their Impact on Employee Satisfaction in a Modern Workplace on the Example of IT Industry

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Abstract: Motivation is a critical factor in employee performance and job satisfaction, particularly in the IT industry, where the demand for skilled professionals is high. Companies must develop effective motivational systems to attract, retain, and inspire IT employees to achieve their business goals. However, designing and implementing a motivational system that meets the needs of IT professionals can be challenging, as these needs are continually evolving. Therefore, this article aims to investigate the motivational systems in the IT industry in Poland and provide actionable recommendations for enhancing these systems. The primary objective is to identify the most common benefits listed by employers, compare them with the preferences of IT professionals, and examine the effectiveness of various incentive systems in attracting, retaining, and inspiring IT employees. The study aims to capture the prevalent benefits that companies typically offer in their motivational systems and provide a comprehensive overview of the benefits commonly offered in the IT industry. The research findings will contribute to the field of organizational behaviour and provide actionable recommendations to enhance motivational systems in the IT industry, ultimately benefiting both employees and companies alike.

Keywords: motivation, motivational systems, IT professionals, job satisfaction, intrinsic and extrinsic motivators, benefits, adaptation

1. Introduction

The rapidly growing IT sector has intensified competition for skilled professionals, making it increasingly challenging to retain top talent. Employee benefits play a pivotal role in creating a positive work environment, but there often exists a disconnect between the benefits offered by companies and the preferences of IT professionals. This article seeks to delve into this gap and propose solutions by comparing the benefits highlighted by companies with the priorities of IT professionals. Additionally, it aims to understand how IT professionals perceive existing benefit systems and

their impact on job satisfaction and employee retention. Through this research, we aim to identify ways to enhance motivational systems to better align with the needs of employees, ultimately leading to increased engagement, satisfaction, and improved organizational performance. The study suggests that regularly updating these systems can positively influence motivation and job satisfaction. Ultimately, the goal is to provide evidence-based recommendations to help companies create a work environment that attracts and retains top talent.

The key research inquiries include identifying primary benefits outlined on IT employers' websites, uncovering the top 5-10 benefits prioritized by IT professionals, understanding IT professionals' attitudes towards existing benefit systems and how these systems impact satisfaction and retention, conducting a comparative analysis between IT professionals' preferences and benefits offered by companies, and formulating practical recommendations for companies to enhance their motivational systems.

The importance of this research is underscored by the challenges faced in talent recruitment and retention within the expanding IT sector. Understanding the motivating factors and external factors influencing the lifecycle of motivational systems is critical for achieving success in the business. This study contributes to the field of motivational systems research by shedding light on misalignments and advocating for adaptive strategies to address them.

2. Theoretical Background

An extensive body of research connected with motivation is available, focusing on various theories and aspects of the subject, so a comprehensive review of research across various domains, including business, education, and IT was conducted and summarized.

Maslow's hierarchy of needs (1954) posits that individuals are initially driven to fulfil their basic needs before progressing to higher-level aspirations. Ackerman (2018) introduced the Self-Determination Theory, which explains motivation through the satisfaction of basic psychological needs. The work of Kondratyev et al. (2005) emphasizes the essential role of motivation in enhancing employee performance and engagement. Schöttle (2020) underscores the critical importance of understanding the drivers of project teams for effective motivation and leadership. Additionally, Ryan and Deci (2000) distinguish intrinsic and extrinsic motivation, with intrinsic motivation stemming from the inherent satisfaction derived from the task itself. The Expectancy-Value Theory (Wigfield and Eccles, 2000) proposes that motivation is influenced by the perceived likelihood of success and the value assigned to the task. Kolman et al. (2012) categorize work motivation theories into content, process, and situational types, showcasing the diverse perspectives in this domain. Heckhausen (2018) highlights the evolution of motivation research over time, with a current emphasis on identifying and understanding the factors that

shape human behaviour. Additionally, Sorko and Brandstätter (2020) note that while classical motivation theories remain relevant, adjustments may be needed to align with the challenges posed by Industry 4.0.

In the context of motivation in Business, several works can be highlighted. Damij et al. (2015) found that Slovenian workers are motivated by factors like meaning, creation, challenge, ownership, identity, and optimism, challenging traditional motivators like money and prestige. Research on individual needs and social conditions suggests that autonomy and social connectedness positively impact work motivation, while competence has a negative impact (Vo, 2022). Busque-Carrier et al. (2022) added that individuals with high basic psychological need satisfaction are more likely to be intrinsically motivated. Alderfer (1969) categorized employee needs into three levels: existence, relatedness, and growth. Blumenfeld (2020) highlighted Zappos's company culture, emphasizing employee happiness and satisfaction.

Van Tuin et al. (2020) discovered a positive association between corporate purpose and employee motivation and engagement. Vasilenko (2019) evaluated the work motivation system in a commercial enterprise, finding that the implementation of the work motivation mechanism increased employee satisfaction and annual profits. Lee et al. (2022) explored the impact of employee generations on factors related to employee retention and motivation in the workplace, revealing differences in motivations of different generations. Nikolova and Cnossen (2020) highlighted the economic significance of meaningful work, demonstrating that autonomy, competence, and relatedness explain around 60% of the variation in work meaningfulness perceptions. Chen (2017) conducted a meta-analysis, revealing a substantial and positive connection between employee motivation and organizational performance, with potential publication bias as a limitation. Chen J (2015) showed that leadership significantly impacts employee motivation, with perceived leader support moderating this relationship. Albuquerque et al. (2017) suggest that agile software development methods may lead to higher levels of motivation compared to traditional methods.

Another domain that was reviewed is motivation in education, where Yan et al. (2022) found that teacher competency at the university level is related to professional commitment and job satisfaction, emphasizing the need for qualified teachers.

Chen (2017) explored the relationship between teacher support and student motivation, highlighting its importance, especially in middle schools.

As for motivation in IT, the body of research is relatively smaller, as most of the studies are conducted for more conventional business, however França et al. (2018) analysed motivation in software engineering, finding that intrinsic factors like job satisfaction, enthusiasm, and personal development are key motivators. França et al. (2020) emphasized the importance of intrinsic motivation factors for software engineers' job satisfaction. Gong et al. (2018) revealed that authentic leadership

plays a crucial role in creating a conducive team climate, positively impacting Innovative Work Behavior (IWB).

Dostert and Müller (2021) underline that motivational assistance systems can be designed to promote intrinsic motivation in industrial production settings. Gopalan et al. (2020) emphasize that various motivation theories, models, and instruments can be used to enhance motivation in learning environments. Grčar (2020) provides an example from the hospitality industry, stating that Bellagio Hotel offers great employee advancement options, contributing to employee motivation. Gagné and Deci (2005) suggest that Self-determination Theory indicates intrinsic motivation can be reinforced through autonomy, competence, and relatedness. Devloo et al. (2015) add that basic psychological need satisfaction and intrinsic motivation are positively related to innovative work behaviour. Majumder (2016) shows Google's approach to employee motivation, emphasizing factors such as autonomy, flexibility, and collaboration.

However, despite the extensive research in these areas, a significant gap exists in understanding motivation as a comprehensive system. Most studies focus on specific elements or individual aspects of motivation, rather than providing a holistic view. This gap is particularly relevant in the highly competitive IT sector, where effective motivational systems are essential for organizational success. Addressing this gap was the main purpose of the research, aiming at providing valuable insights for designing effective motivational programs aligned with organizational goals.

3. Method

The research was conducted in three key stages: content analysis of IT company websites, survey conducted with IT professionals and comparative analysis of the former two.

At the initial stage the websites of leading IT employers in Europe were analysed, focusing on commonly mentioned benefits in job postings. Thematic analysis techniques categorized benefits and uncovered prevalent themes. Sample size of 20 companies was used and considered sufficient for comprehensive insights. The sample companies were shortlisted based on statistical information from Statista, namely "Largest exporters of IT products and services in Poland in 2021, by revenues from export (in 1,000 zloty)" (Sas, 2023a) and "Largest IT companies in Poland in 2021, by revenue from sales of IT products and services (in million zloty)" (Sas, 2023b).

A survey of IT professionals to identify prioritized benefits and preferences was conducted online with 108 valid responses submitted over the period of 2 weeks. The survey was fully anonymous, ensuring the integrity of the results and higher participation. Comparative analysis was conducted to align IT professionals' priorities with job-posted benefits. Qualitative and quantitative approaches were

combined for accurate findings. Actionable recommendations stemmed from aligned analysis, aiming to enhance corporate motivational systems. This holistic approach to understanding IT industry motivational systems aims to align employer offerings with employee preferences, enhancing motivation, satisfaction, and retention, benefiting both employees and companies.

The research sample determination for stage 1: content analysis of IT company websites involved selecting companies for analysis, focusing on Poland as the primary area of interest. This stage addressed the first research question: What are the most common benefits on IT employers' websites forming their motivational systems?

Key sources for company selection were two reports providing insights into industry players. The first source, "Largest IT companies in Poland in 2021, by revenue from IT products and services," offered financial insights for industry leaders. The second source, "Largest exporters of IT products and services in Poland in 2021, by export revenue," highlighted companies actively involved in exporting IT products and services. Using information from these sources, a list of 25 prominent IT companies in Poland was compiled for the content analysis. This selection encompassed global tech giants and local players, ensuring a diverse and representative sample.

Websites of the selected companies were analysed, with a focus on career pages and job postings. After in-depth review, 20 websites were found to have sufficient information about employee benefits, forming the final sample for the analysis.

The second part of the research involved a survey carried out among IT professionals. This survey aimed to determine IT professionals' prioritized benefits and preferences. A structured questionnaire was distributed through various platforms, collecting 108 valid responses that constituted the sample for the analysis. The sample's characteristics were further examined based on years of experience, location, and job titles.

The sample distribution analysis reveals a relatively even distribution of professionals across experience levels, with a slight predominance of professionals with 5+ years and 3-5 years of experience with 37 and 33% respondents, respectively, while the other 30% were the respondents with 1-3 years of experience.

Geographically, respondents from multiple countries participated, with Poland, Belarus, and Georgia prominently represented, with the majority of 51% located in Poland, 21% in Belarus and 10% in Georgia.

Job titles were categorized into: software engineers – 47%, IT managers/administrators (including HR and IT finance professionals) – 25%, QA specialists – 15%, and business analysts/consultants – 13%, reflecting the prevalence of development-related occupations.

The final part of the research was dedicated to the comparison of the results of stages 1 and 2 and drawing the conclusions based on that, as well as considering the possible recommendations for bridging the gap between the employer proposition and employee preference in terms of motivation.

4. Results

At the 1st stage of the research, the collected data underwent thorough analysis, resulting in the identification and classification of 44 benefits (Tab. 1). A tiered framework was created based on benefit mention frequency:

- tier 1: most important benefits listed by 30-40% of companies (6-8 out of 20),
- tier 2: benefits listed by 20-25% of companies (4-5 out of 20),
- tier 3: benefits listed by 10-15% of companies (2-3 out of 20),
- tier 4: benefits listed by only 1 company.

Table 1. List of benefits by tier

Tier 1	Tier 2
Professional development	Employee recognition programs
Health insurance	Work from home options
Access to training	Comfortable and modern office
Competitive pay	Team building activities
Bonuses or profit sharing	Sport/education expenses coverage
Flexible work hours	Focus on personal well-being
Benefits package	Networking opportunities
Personal development	International team
Tier 3	Tier 4
Home office equipment	In-house amenities including gym and cantina
Dynamic work environment	Tailored onboarding program
Paid time off (vacation/sick days)	Project customization and assistance in career transitions
Career development opportunities	Dog-friendly office
Engaging projects with prestigious brands	Accessible management
Positive work atmosphere	Employee referral program
Maternity/paternity leave	Language lessons and social events
Stable and long-term cooperation	Equal pay
Certification support	Subscriptions and vouchers
Discounts on products and services	Fertility benefits
Access to the newest technologies	Tax benefits for creative work
Relocation assistance	Free access to games
Flexible employment forms	Giving programs for charitable causes
Diversity and inclusion	
Company culture	

Source: own research.

The tiered structure's legitimacy and effectiveness are well-supported by analysing the distribution of benefits among the sampled companies. Tier 1 benefits,

representing the most common and significant offerings, constituted a substantial percentage of the list, making up 40.7% of the total benefits mentions. This distribution emphasises the importance of these benefits within organizations' motivational systems. Tiers 2 and 3 each encompassed around 25% of the benefits, indicating a balanced distribution among mid-level categories. Tier 4 benefits showed lower prevalence, representing only 9.3% of the total benefits, which indicates a more unique nature of those offerings (Fig. 1). These results validate the accuracy of the tiered categorization in capturing benefit importance and prevalence.

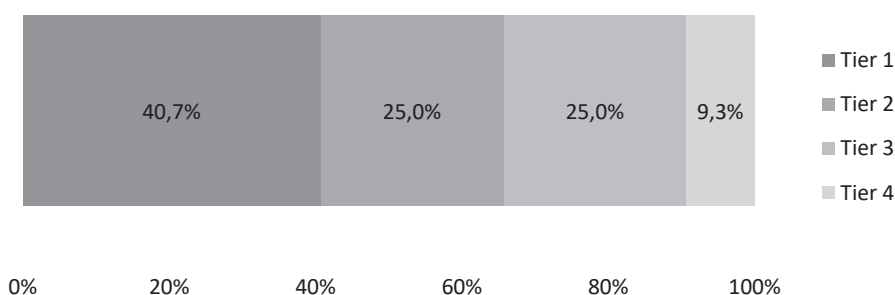


Fig. 1. Benefits distribution by tier (in %)

Source: own research.

The observed distribution pattern in the chart confirms the relevance and effectiveness of the tiered framework as a valuable tool for comprehending and assessing organizational motivational strategies. The framework offers insights into how benefits are prioritized and emphasizes within the companies' motivational systems.

The research question "what are the most common benefits listed on the IT employers' websites that form the foundation of companies' motivational systems" is answered by analysing the tiered benefit framework. The tier 1 benefits, constituting 40.7% of the total benefits listed by the sampled companies, represent the most common and significant offerings forming the foundation of these companies' motivational systems. These benefits include professional development, health insurance, access to training, competitive pay, bonuses or profit sharing, flexible work hours, benefits package, and personal development. These findings underscore the importance of these benefits in fostering employee motivation and engagement within the IT industry.

The survey component addressed the key research questions: What are the top 5-10 benefits or motivational tools that IT professionals prioritize.

The IT professionals who participated in the survey were given a list of 14 benefits and asked to rate the significance of each benefit on a scale from "don't care/ignore" (1) to "very important" (5). Using an approach similar to that used for the content analysis of employers' websites, the collected responses were used to

calculate the average ratings for each benefit, which were then classified into tiers. Based on the average results, the following analysis showed three separate tiers: Tier 1, Tier 2, and Tier 3 (Tab. 2).

Table 2. Average score of benefits, by tier

Tier	Average score
Tier 1	4.2
Tier 2	3.3
Tier 3	3

Source: own research.

The results showed that tier 1 average score was 4.2 out of 5, indicating that this tier's benefits are given a remarkably high priority level. Comparatively, tier 3 scored an average of 3 out of 5, whereas tier 2 demonstrated an average of 3.3 out of 5. The stark contrast between the average ratings for tier 1 and tier 2 implies that tier 1 benefits are of a far higher priority to the sampled IT professionals than tier 2 or 3 incentives.

The conclusion is that tier 1 represents the top list of the most wanted employment benefits for the particular sample of IT workers can be drawn from the average scores and the noticeable difference between tier 1 and tier 2. The individual scores of each separate benefit listed in the survey were examined, as well as their distribution within the assigned tiers, and Tier 1 clearly represents the top-5 most valued benefits from the perspective of IT professionals (Table 3).

Table 3. Benefits by tier and score

Tier	Benefit	Average score
Tier 1	Work from home options	4.4
	Flexible work hours	4.3
	Health insurance	4.2
	Career development opportunities	4.2
	Paid time off (vacation/sick days)	4.2
Tier 2	Relocation assistance	3.6
	Company culture	3.4
	Sport/education expenses coverage	3.3
	Team building activities	3.3
	Retirement savings plan	3.3
	Bonuses or profit sharing	3.3
	Employee recognition programs	3.2
Tier 3	Maternity/paternity leave	3

Source: own research.

The survey also explored IT professionals’ attitudes toward their current benefit systems and their impact on professional life. This question delved into satisfaction levels, engagement, and overall well-being linked to benefit systems (Fig. 2).

How satisfied are you with the benefits offered by your current employer?

108 responses

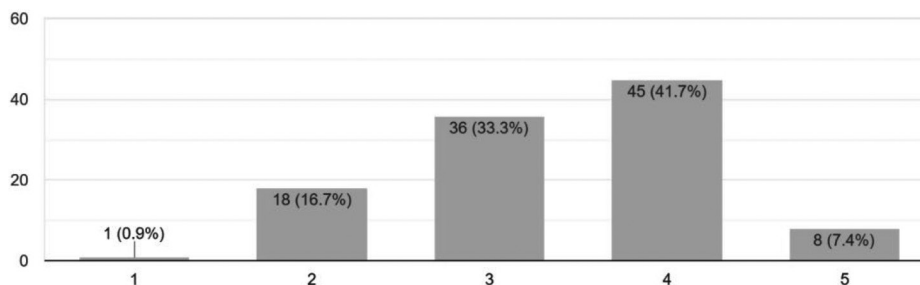


Fig. 2. Benefits satisfaction (in %)

Source: own research.

These results made it clear that less than half of the respondents (49.1%) expressed satisfaction with the benefit programs their companies now offer. The remaining 50.9% of respondents, including those who gave a grade of 3 or lower, showed that businesses must improve and modernize their incentive methods to raise job satisfaction among IT professionals successfully.

Considering that a substantial portion of respondents (50.1%) expressed varying levels of dissatisfaction with the benefits system, the survey aimed to investigate whether this dissatisfaction influenced their decision to leave a job. Participants were provided with three response options: “yes”, “no”, and “maybe” (Fig. 3).

Have you ever left a job because the benefits were not satisfactory to you?

108 responses

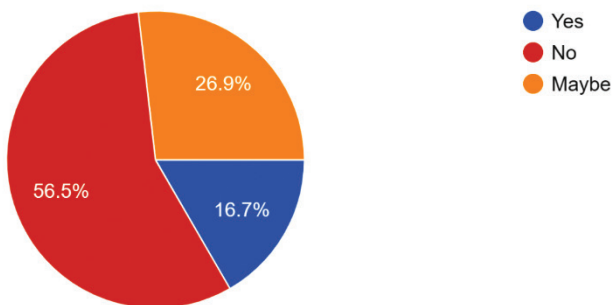


Fig. 3. Dissatisfaction with benefits as a reason for job change (in %)

Source: own research.

According to the numbers, most respondents (56.5%) responded “no”, indicating that substandard benefits were not the main factor in their decision to leave their former occupations. However, 26.9% of respondents chose the “maybe” response, indicating that they might have changed jobs because of their discontent with the incentive system. Notably, 16.7% of participants formally admitted having quit a job because they were unhappy with the benefits package.

Second, they were asked what they thought about whether or not employees should actively participate in choosing the final benefits package.

Participants were given a variety of response alternatives on the frequency of inspection and adaptation, including “annually”, “every 6-9 months”, “every 3-6 months”, “every 2-3 years”, and an open option to express their opinion differently from those offered (Fig. 4).

How often do you think employers should review and update their motivational systems to align with employee preferences?

108 responses

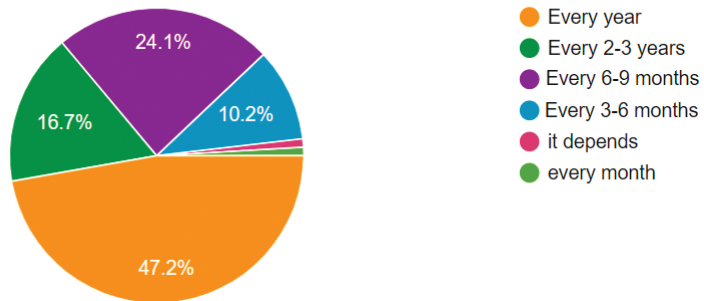


Fig. 4. Desired frequency of motivational systems inspection and adaptation

Source: own research.

According to the findings, the majority of respondents (47.2%) agreed that the motivational systems should be examined and modified annually. This indicates employee perception of the significance of ongoing assessments and modifications to maintain benefits alignment with changing needs and expectations. A sizable percentage of respondents (34.3%) indicated that they would want inspections to occur more frequently, selecting intervals of 6-9 months (24.1%) or 3-6 months (10.2%). Notably, a small percentage of respondents recommended their own frequency ranges, and 16.7% were satisfied with the bi-annual motivational system assessment.

The purpose of the second question on employee participation in creating the final list of benefits was to determine respondents’ views on participatory decision-

-making. Participants were asked to rate how much they agreed or disagreed with the following statement: “Employees should have an active say in shaping the final list of available benefits” (Fig. 5).

Do you think that employers should allow employees to choose their own benefits?

108 responses

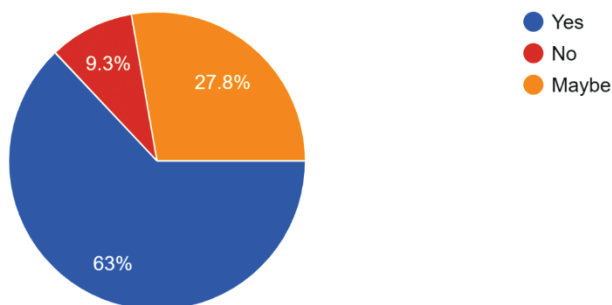


Fig. 5. Attitude towards employees choosing their benefits (in %)

Source: own research.

The findings showed that a substantial majority of respondents (63%) explicitly agreed with this statement, 27.8% of respondents suggested they might agree with this by answering “maybe”, and only 9.3% did not.

This conclusion showed that IT workers have a significant desire to be more involved in the decision-making process regarding the benefits that are provided to them. By supporting employee input, respondents underline the value of taking into consideration their viewpoints and requirements when building incentive systems.

Organizations should adopt a culture of ongoing motivational system evaluation and change to address workers’ issues and foster job satisfaction. Additionally, while creating motivational systems, they should actively seek out and consider employee input. By doing this, companies can show that they are dedicated to catering to the needs of their staff, encouraging a sense of empowerment, and eventually boosting their workers’ general satisfaction and experience.

5. Conclusions

The survey outcomes showed that IT professionals prioritize work-from-home option, flexible work hours, health insurance, career development opportunities, and paid time off. It also indicates that a substantial portion of respondents expresses dissatisfaction with their current benefit systems. This dissatisfaction is connected to a consideration of job changes, with a notable percentage attributing their decision to leave a job to unsatisfactory benefit packages.

The survey suggests that IT professionals want active involvement in shaping the list of available benefits, highlighting the significance of considering their viewpoints. The desire for more frequent reviews and modifications to benefit systems indicates a need for ongoing assessment and adaptation.

Comparing benefits listed by companies with employee preferences and evaluations reveals alignment in some cases but disparities in others. Employees prioritize benefits related to work-life balance, professional growth, and health coverage, while some employer-listed benefits do not align with employee preferences.

The purpose of this article was to investigate the motivational systems in the IT industry in Poland and to provide actionable recommendations for enhancing these systems. The research process consisted of a content analysis of IT company websites, a survey given to IT professionals, and a comparison of IT professionals' priorities with the perks indicated in job advertising for IT positions. The study aimed to identify the most common benefits listed by employers, compare them with the preferences of IT professionals, and examine the effectiveness of various incentive systems in attracting, retaining, and inspiring IT employees.

The research findings indicate that work-from-home option, flexible work hours, health insurance, career development opportunities, and paid time off are the top benefits that IT professionals prioritize. However, a sizable percentage of respondents expressed dissatisfaction with their current benefit programs, indicating that businesses must improve and modernize their incentive methods to raise job satisfaction among IT professionals successfully. The study also shows that vast majority of the IT professionals considers their active participation in benefits selection crucial and calls for motivational systems inspection and adaptation on either annual, or even more frequent basis.

Based on the research findings, several recommendations can be made for practice. Companies could better match their incentive systems to the needs of IT professionals by providing more possibilities for career advancement, a stronger focus on work-life balance, and comprehensive health coverage. Additionally, it is advised to actively seek employee input at every stage of the motivating system's lifespan, from benefit selection to review and efficiency tracking. Companies should also regularly evaluate their motivational systems to ensure that they are meeting the needs of their employees.

The research limitations include the small sample size of 108 participants of the survey and 20 companies for the content analysis, as well as overall focus on the IT industry in Poland, which may not be representative of the entire industry or geographical area. Additionally, the socio-economic and political climate in the area recently may have had a considerable impact on these individuals, which may not fully represent the diversity of viewpoints within the industry. Future studies should increase the sample size to include a wider variety of businesses and IT professionals and examine the effectiveness of various incentive systems in attracting, retaining, and inspiring IT employees.

The study highlights the importance of considering non-material motivators, such as social, psychological, moral, and organizational factors, in employee performance and the need to mitigate demotivators.

The research findings suggest that companies in the IT industry in Poland need to improve their motivational systems to better align with the preferences of IT professionals. The study highlights the importance of providing more opportunities for career advancement, a stronger focus on work-life balance, and comprehensive health coverage. Additionally, it is recommended that companies actively seek employee input at every stage of the motivating system's lifespan, from benefit selection to review and efficiency tracking. Future studies should increase the sample size to include a wider variety of businesses and IT professionals and examine the effectiveness of various incentive systems in attracting, retaining, and inspiring IT employees.

In conclusion, this research provides valuable insights into the motivational systems in the IT industry in Poland and offers actionable recommendations for enhancing these systems. The study highlights the importance of considering non-material motivators, such as social, psychological, moral, and organizational factors, in employee performance and the need to mitigate demotivators, such as lack of career opportunities, toxic work environment, and lack of expectations. The research findings suggest that companies need to improve their motivational systems to better align with the preferences of IT professionals. By implementing the recommendations provided in this study, companies can create a more favorable and gratifying work environment, leading to higher job satisfaction and retention rates among IT professionals.

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Ewolucja systemów motywacyjnych i ich wpływ na satysfakcję pracowników w nowoczesnym miejscu pracy na przykładzie branży IT

Streszczenie: Niniejszy artykuł przedstawia wyniki badań odnoszących się do znaczenia motywacji w kulturze korporacyjnej oraz różne teorie i podejścia w tym zakresie. Badanie podkreśla znaczenie motywatorów niepieniężnych i potrzebę minimalizacji czynników demotywujących pracowników. W pracy omówiono także różne badania dotyczące motywacji do pracy, w tym wykorzystanie analizy sieciowej do identyfikacji kluczowych motywatorów, jak również związek między celem firmy a motywacją i zaangażowaniem pracowników. Przedstawiono również dwa badania dotyczące motywacji specjalistów IT w Polsce. Pierwsze ma na celu zidentyfikowanie najczęściej wymienianych przez pracodawców IT korzyści i porównanie ich z preferencjami specjalistów IT. Drugie badanie analizuje korzyści i narzędzia motywacyjne, które specjaliści IT traktują priorytetowo, oraz ich stosunek do obecnych systemów wynagrodzeń. Wyniki badań wykazały, że opcje pracy zdalnej, elastyczne godziny pracy, ubezpieczenie zdrowotne, możliwości rozwoju kariery i płatny urlop to benefity, które specjaliści IT uznają za priorytetowe. Jednak znaczny odsetek respondentów wyraził niezadowolony z obecnych programów świadczeń, co wskazuje, że firmy powinny ulepszyć i zmodernizować swoje metody motywacyjne, aby skutecznie zwiększyć satysfakcję z pracy wśród specjalistów IT. Ostateczne zalecenia dla firm to lepsze dopasowanie systemów motywacyjnych do potrzeb specjalistów IT przez zapewnienie większych możliwości rozwoju kariery, większego nastawienia na równowagę między życiem zawodowym a prywatnym oraz kompleksowej opieki zdrowotnej.

Słowa kluczowe: motywacja, systemy motywacyjne, informatycy, satysfakcja z pracy, motywatory wewnętrzne i zewnętrzne, benefity, adaptacja

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Satisfaction of Employees in the Organisation from Frederick Laloux Model Perspective

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Abstract: Nowadays employee satisfaction is becoming more and more important for companies. Managers and boards of directors started to realise that the effectiveness of the business is strictly connected with the individual performance of each unit involved in processes of the organisation. The aim of the paper was to examine the correlation between employee satisfaction and the type of organisation from the Frederick Laloux model perspective. His theory assumes that organisations have an evolutionary character and evolve with the people who make them up. He listed several types of organisations and marked each with a color. According to Laloux's concept, the more evolutionary the type of organisation, the greater the emphasis on employee satisfaction. The study was conducted in a quantitative form. A questionnaire was used as a research tool to collect data. The research proved that the hypothesis mentioned above is true and people that belong to more evolved types of organizations are indeed more satisfied.

Keywords: employee satisfaction, types of organisations, Laloux's model, colors of organisations, motivation

1. Introduction

Employee satisfaction is becoming more and more important for companies. Managers and boards of directors started to realise that the effectiveness of the business is strictly connected with the individual performance of each unit involved in processes of the organisation. It seems that employee satisfaction is a large and complex problem because various factors strongly influence each individual. Another matter in this context is that each unit has its own drivers and motivation sources. Therefore, there is no such thing as one universal solution. However, nowadays, companies are trying to create the most optimal working environment

for employees. In the pursuit of maximisation of efficiency, the whole new concepts of organisations emerged. One of the most prominent and popular directions is the idea that organisations should contain smaller, self-governing teams with great independence. The precursor in studies on this new trend in management is Frederick Laloux. He created the model in which colours classify organisations and the classification depends on the management style and type of structures present in specific organisations.

The aim of the research is to examine the correlation between employee satisfaction and the type of organisation from the Laloux model perspective using quantitative research methods. The outcome is meant to show if there is a link between those two factors and how one is influencing the other.

The research takes the form of a questionnaire because checking the correlation between two variables creates the need to process many data inputs. The survey contains 23 questions divided into 3 sections, intended to check the respondent's particulars, type of organisation they work in and measure satisfaction.

2. Theoretical Background

2.1. The Concept of Job Satisfaction and Its Determinants

In the history of research on job satisfaction, many scientists defined the matter in different ways. There are two general approaches to the matter of job satisfaction. The first one concentrates on intangible feelings and emotions, and pushes the understanding of the topic into the subjective perception of each employee. One of the best known definitions of job satisfaction is a result of this approach. It was formulated in 1976 by Locke, who defined satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. He created a separate model that illustrates his thoughts. According to him, job satisfaction is an outcome of comparing two variables: job expectancy and the real situation. In this simplified model, the exact job satisfaction level depends on how much those variables cover each other (Locke, 1976, as cited in Juchnowicz, 2014). The second approach is much more complex and assumes that two separate elements constitute job satisfaction as a whole: job satisfaction and job contentment. This approach emerged from the theory of Herzberg et al. (1959, as cited in Juchnowicz, 2014). The traditional assumption was that job satisfaction and dissatisfaction exist on the same level, namely, employees that do not have reasons to be satisfied with their job must be dissatisfied (Robbins and Judge, 2013). Herzberg stated that there are two groups of factors influencing satisfaction. He named them hygiene (instead of contentment) and motivation (instead of satisfaction). Those are two different concepts; the main difference between them is the factors that influence each. Job contentment is simply connected with external drivers like satisfying compensation, good relations with other people in an organisation, good conditions of working

environment, suitable management style, etc. The second term as a whole is much broader. This situation is caused by the fact that achieving job satisfaction requires that internal factors additionally influence an individual. Among them are, i.e., learning possibilities, a sense of entrusted responsibility or feeling appreciated.

Based on the above-mentioned theories, it becomes visible that while looking at the topic of job satisfaction, it is essential to investigate the topic of motivation. There have been many attempts to investigate what motivation is and how people react under its influence. Chronologically, the ancient Greek civilisation made the first ever attempt that people are aware of. They stated that people are taking every action in their lives to maximise pleasurable experiences and minimise or avoid painful ones (Gick and Tarczyńska, 1999). A more modern approach to motivation is a simple model based on needs and fulfilling them, created by Maslow (1954). He formulated a hierarchical group of needs that humans have and defined them in a form of pyramid, with the most basic needs at the bottom and the weakest at the very top. According to Maslow's hierarchy, the needs that people have can be related to (from the strongest to the weakest): physiology, safety, belonging or love, esteem and self-actualisation (development, achieving true potential). People who did not meet their basic needs will not think about the ones from a higher place in the pyramid; for example, without anything to eat, humans will not think about self-actualisation, because the more basic need, the more urgent it is to satisfy. Maslow stated that people are motivated by needs that are not yet fulfilled and that their goal is to achieve them. This approach was further discussed by Gick and Tarczyńska (1999). From their point of view, people have an opportunity to satisfy needs of all kinds in the work environment. The compensation fulfils the physiological needs of employees, while the feeling of stability meets their safety needs. When the two basic needs will be satisfied, people will start forming relationships with others in the same organisation. Social contact generates a need for esteem and ambitions to be looked at as a successful person. The authors noticed that the need of esteem hardly ever decreases and allows a need of self-actualisation to emerge. With that the efforts of a unit are transferred to fulfil it.

The concept of motivation was evolving throughout history. The development process was simplified and described by Pink (2009). According to his words, there were 3 stages of evolution in motivation. The first one was strictly connected with the primal need for survival, and only after acquiring food or a partner was no longer humanity's primary goal, a new motivation could emerge. This kind of motivation was connected with the "stick and carrot" method. The basic assumptions of this system were to punish the not wanted behaviour and to reward the wanted one. Third and the last type emerged because work became more heuristic than algorithmic. Pink noticed that people could achieve the best results if granted autonomy because, according to him, people have their internal need for creation and achieve self-determined goals. Achieving job satisfaction because of fulfilling personal goals in a creative work environment will stimulate

employees' further development and help them achieve even greater satisfaction. Intrinsic motivation was also discussed by Ryan and Deci (2000), the authors of so called "self determination theory". They defined this kind of motivation as "actions that one takes for its own sake" and for satisfaction that the activity gives. They also stated that a person's joy from achieving the self-formulated goal is a very powerful incentive. This is important because it sets the direction in which organisations should develop. People perform best when they are intrinsically motivated. This type of driving force is fueled by satisfaction.

Many factors can influence job satisfaction. According to the Society for Human Resource Management (SHRM, 2011), 4 main groups of elements conclude job satisfaction. These groups are illustrated in Tab. 1.

Table 1. Aspects of job satisfaction

Career development: <ul style="list-style-type: none"> • opportunities to use skills and abilities • career advancement opportunities • organisation's commitment to professional development • job-specific training • career development opportunities • networking • paid training and tuition reimbursement programs
Employee relationship with management: <ul style="list-style-type: none"> • relationship with immediate supervisor • communication between employees and senior management • autonomy and independence • management's recognition of employee job performance
Compensation and benefits: <ul style="list-style-type: none"> • compensation/pay • benefit • flexibility to balance life and work issues
Work environment: <ul style="list-style-type: none"> • job security • organisation's financial stability • the work itself • feeling safe in the work environment • overall corporate culture • relationships with co-workers • meaningfulness of the job • contribution of work to the organisation's business goals • variety of work • organisation's commitment to corporate social responsibility • organisation's commitment to a diverse and inclusive workplace • organisation's commitment to a "green" workplace

Source: own work, based on Society for Human Resource Management (2011).

The key point to notice is that all the above aspects align with employees' needs, following Maslow's pyramid: salary and benefits cover physiological needs, job security and financial stability address safety needs, relationships with colleagues fulfil social and esteem needs, and work character and skill development opportunities satisfy self-actualization and personal growth needs.

2.2. The Theoretical Aspect of Laloux Model of Organisations

Laloux (2014) created a new organisation concept. He was trying somehow to predict the future course of the development of organisational models. From his studies, turquoise organisations emerged. According to Laloux, there have been some previous models that are still present nowadays. Because of that, he created an evolutionary concept of organisations. He underlined that 5 different types emerged along with the development of human societies. Laloux described the types with the following (in the evolutionary order) colours:

- Reactive Infra-red,
- Magic Magenta,
- Impulsive Red,
- Conformist Amber,
- Achievement Orange,
- Pluralistic Green,
- Evolutionary Teal.

The first two types of organisations are no longer present and were developed by humans before they transformed from pickers and hunters to farmers and breeders, in some interpretations they are not even mentioned because organisations, as people know them nowadays, started with Impulsive Red type. Each colour constitutes something for the next concept that comes after. Human beings evolved as time passed and organisations were evolving almost along with them.

The first real type of "organized" organisation is based on an Impulsive Red state of mind. The most important feature that characterises this type is using power in interpersonal relationships. Laloux uses an analogy to a wolf pack, where alpha uses strength to maintain status of the leader.

The next step in the process of organisational evolution is the appearance of Conformist Amber paradigm. Such organisations are highly hierarchical and the place in the hierarchy is strictly connected with birth, sex, age and wealth. Organisations of this type are managed through well established procedures and rules.

Constant evolution have led to the development of a new paradigm. It is called by Laloux the Achievement Orange. Even nowadays, this is the dominant state of mind. Orange organisations are focusing on effectiveness, and their major purpose is to achieve financial success. Because of that, those structures are highly innovative, because innovation means achieving a competitive advantage. Laloux associates this type with a machine.

The next type that appeared was called Pluralistic Green. This paradigm is driven by empathy. The organisations of this type are oriented on relationships rather than effectiveness. People are the most precious element of the structure for this kind and there is a dominant thinking that leaders should listen to and serve those who they lead. Laloux described this type as “family”.

The most modern and not yet fully shaped paradigm was called Evolutional Teal. According to the author, this will be the future direction of management development. Laloux used a living organism metaphor to describe the essence of the teal model. People in such organisations are granted full autonomy, they self-manage themselves. Blikle (2021) explains that in self-organizing teams, the source of authority is expertise. Decisions are made by those with knowledge, and the group trusts them. What is important, the authority changes depending on the scope of work. Apart from that, another important element that is characteristic is the purpose of such organisations. It became different than before, namely those structures exist to serve some greater good. This type addresses intrinsic motivation and self-actualization need. Teal and all the previous colours are briefly described in Tab. 2.

Table 2. Laloux model summary

Colour	Description	Metaphor
Impulsive Red	The earliest form of organisation. Strength was the tool of maintaining order and control. Oriented on short term actions. Functions well in chaos.	Wolf pack
Conformist Amber	Highly formalized the roles in hierarchy. Top to bottom management. Stability is the crucial value and is provided by repeatable processes.	Army
Orange of Achievements	The main goal of orange organisation is to defeat a competition and achieve success. Innovation is a key value for this type. Goal setting is the domain of managers, but way of execution depends on performers.	Machine
Pluralistic Green	Organisation has a classic pyramid structure but with a strong concern about empathic, people oriented organisational culture, aimed to achieve high motivation.	Family
Evolutionary Teal	Combines self-management with efficiency. The purpose of existing for organisation is evolutionary. It serves greater good. Addresses intrinsic motivation and self-actualization need.	Living organism

Source: own work.

3. Research Methodology

The scientific research methodology that was applied was quantitative. Specifically, the tool that was used is a questionnaire. This kind of tool allows for getting bigger and more diverse group of respondents, which may have positive impact on the credibility of the research. The survey contains 23 questions divided into 3 separate sections.

The first section contains questions about the respondent's background and particulars. This part contains 5 questions. The areas covered by this section include:

- employment status,
- age,
- gender,
- size of an organisation that the respondent belongs to,
- the industry in which the respondent's organisation operates.

The second section contains questions aimed to determine the type of organisation to which certain respondents belong. Each of the question contains 5 statements that represent one of the 5 types taken into consideration in this study. The respondents are asked to mark the sentence that describes their organisation in the best way. There are 11 questions in this part. Judging by the number of answers assigned to specific types the respondent marked, it is possible to detect in what type of organisation this person works. Questions cover the following areas regarding the environment of the organisation:

- hierarchy,
- employees well-being,
- degree of control imposed by the leadership,
- promotion possibilities,
- rules and procedures,
- communication inside the organisation,
- adaptability of the organisation,
- approach to motivation,
- leadership style,
- approach to innovation,
- associations that the employees have about their organisation (symbols).

The last section contains 7 questions in total. Third part of the questionnaire is aimed to check the level of satisfaction that employees gets from various aspects of the life inside the organisation. The answers are organised into a scale with 6 steps. Comparing the final values with types of organisations determined before it is possible to detect if the correlation between those factors really exists. The following areas are covered by the questions of this section:

- overall job satisfaction,
- compensation,
- type of work,

- working conditions,
- relations with co-workers,
- relations with supervisors,
- development opportunities.

The target group of the survey were people who belong to an organisation because the research is focused around the environment of an organisation and respondent's satisfaction from being in this environment so people who do not belong to any are not in the scope. For the same reason this research focuses only on respondents of working age. Younger people (below 18 of age) were not taken into consideration because usually such people are not employed. On the other hand, older people – over 55 years of age – could participate in the study but were not the main target group, because many of them have already retired.

4. Results

The questionnaire was sent to people of different backgrounds, mostly *via* online channels such as social media platforms (for example: LinkedIn). 104 questionnaires were sent back, and 87 were valid answers that could be further analysed. The majority of respondents worked in big organisations (over 2000 employees). On the other hand, there is a very equal distribution of respondents in organisations of all other sizes.

The first and most important conclusion to be drafted is that 2 largest groups are people who belong to Orange and Green organisations –39.1 and 33.3%, respectively. The rest of the groups combined are smaller than each of them. People from Red, Amber and Teal organisations stand for 4.6, 11.5 and 3.4%, respectively. The rest falls into the “other” category. Those respondents got the same score in several different types. Since such outcomes would negatively impact the rest of the study and it was not possible to make any conclusions based on those “mixed” types, they were excluded from some of the further considerations. Table 3 illustrates the distribution of respondents in the organisational types.

Table 3. Distribution of respondents by the type of organisation

Type of organisation	Number of respondents
Red	4
Amber	10
Orange	34
Green	29
Teal	3
Other	7

Source: own work.

In the questionnaire, people were asked how much they were satisfied with various job elements. This is a second fundamental element because it is directly connected with the main topic of the thesis, namely if the type of an organisation has influence on employee's satisfaction. It turns out that people in different organisations indeed have different satisfaction levels. Moreover, the more evolutionary the type is, the more satisfied employees are. It is crucial because it proves that a positive correlation between those two factors exists. Each question in the satisfaction section had 6 possible answers. Every answer was assigned a value from 1 to 6, and the maximum score that could be obtained was 42. The highest the score, the highest employee's satisfaction. Each respondent's individual scores from all questions in this section combined, represent the job satisfaction level of that person. Based on the answers from part two, it was determined which colour of organisation the individual belonged to.

Table 4. Average satisfaction score for each type of organisation

Type of organisation	Average score
Red	14.5
Amber	26
Orange	29.1
Green	34.7
Teal	35.3

Source: own work.

The results presented in Tab. 4 are the arithmetic means of the individual satisfaction scores of the participants belonging to the respective group. The scores of people that indicated mixed organisation types were not taken into account, because the groups were not representative, so it was not possible to draft any conclusions on the basis of these samples. However, the theory that respondents who belong to more evolved types of organisations are more satisfied, seems to be true for people that are members of organisations that are not of mixed type.

5. Conclusions

The main aim of the whole thesis was to check the correlation between organisation type classified according to the Laloux model and satisfaction of their employees.

The hypothesis that was made at the beginning was that the overall satisfaction that people get from their job is connected to the type of organisation they belong to. What is more, the further in evolution the type of organisation is, the bigger the satisfaction of employees should be. The correlation is positive and therefore the hypothesis was proven to be true.

Another important thing to notice is that there is a normal distribution of the organisational types among the respondents. The most common types are Orange and Green. Organisations strictly Red and Teal hardly ever appear, probably because these types are the most extreme, with one being the least evolutionary and the second being the most.

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Satysfakcja pracowników a typ organizacji w perspektywie modelu Fredericka Laloux

Streszczenie: Satysfakcja pracowników staje się obecnie coraz ważniejsza dla firm. Zarówno menedżerowie, jak i zarządy zaczęli zdawać sobie sprawę, że efektywność biznesu jest ściśle związana z indywidualną wydajnością każdej jednostki zaangażowanej w procesy organizacji. Celem artykułu było zbadanie korelacji między satysfakcją pracowników a typem organizacji z perspektywy modelu Fredericka Laloux. Jego teoria zakłada, że organizacje mają charakter ewolucyjny i rozwijają się wraz z ludźmi, którzy je tworzą. Wymienił on kilka typów organizacji i oznaczył każdy z nich kolorem. Zgodnie z koncepcją Laloux im bardziej ewolucyjny typ organizacji, tym większy nacisk na satysfakcję pracowników. Badanie przeprowadzono w formie ilościowej, wykorzystując kwestionariusz jako narzędzie badawcze do zbierania danych. Badanie potwierdziło, że hipoteza przedstawiona wyżej jest prawdziwa, a ludzie należący do bardziej rozwiniętych typów organizacji są bardziej usatysfakcjonowani.

Słowa kluczowe: satysfakcja pracownika, typy organizacji, model Laloux, kolory organizacji, motywacja

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Efficient Communication in Distributed Collaboration: A Study of Remote Work Environments

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Abstract: The objective of the study was to analyse the impact of hybrid work arrangements on communication in distributed organisations and identify tools and practices enhancing remote communication, collaboration and leadership. In the theoretical part insight into the characteristics of remote work models was provided and communication as the main challenge and critical success factor was identified. Then the characteristics of communication in remote work was reviewed. The empirical part consists of qualitative research with thematic analysis done with MAXQDA software. The research in the form of semi-structured interviews was conducted among IT employees working in hybrid models in Wrocław. The research comprised the analysis of internal communication processes in three main contexts: operational, social, and change-related. Additionally, the relations between employees on different company hierarchy levels were studied. In the conclusions, the importance of redefining leadership towards a more empathetic approach was highlighted and recommendations on efficient leadership practices were provided.

Keywords: remote work, distributed organisations, communication, leadership, team management

1. Introduction

The article focuses on communication processes within organisations and teams operating in remote work models. Although many organisations have already incorporated certain features of remote work in their structures for a significant time, it was the COVID-19 pandemic which forced rapid, drastic changes in the work environments, forcing employees to move to remote models. Following the news of the first COVID-19 cases in Wuhan in late 2019, probably very few expected to what extent those events would affect the majority of aspects of everyday life. However, when on 11th March 2020 the World Health Organization announced the

uncontrollable virus spread as a pandemic (WHO, n.d.), it became obvious that the world, ready or not, is due to face a new reality. One of the most interesting transformation areas was the rushed transition from classical on-site work model to remote cooperation. Companies across the world were forced to quickly change their working model, often without previous preparation, infrastructure nor established practices (Sokolic, 2022). Depending on the sector, during the early stage of the pandemic up to 89% of Polish employees provided work fully remotely, with IT and communication services in the lead (Dolot, 2020; Dominiak, 2022). This data illustrates the extreme dynamic and scale of the change, therefore providing a valuable research topic. As both business models and leadership styles were subject to an unexpected transformation due to COVID-19, the urgent need to adapt created a research gap in the existing knowledge. Since the beginning of the pandemic, communication in distributed organisations has been a subject of a number of studies, however, due to the high dynamics of contemporary work environments and quickly evolving technologies, this topic still requires further exploration. Traditional approaches to communication, collaboration and leadership are becoming obsolete in the new, post-pandemic realities of distributed organisations (ABSL, 2021) and therefore require in-depth studies to recognise patterns, beneficial practices and best approaches. Therefore, the objective of this study is to analyse the impact of the hybrid work arrangement on communication and collaboration, identify the challenges and find tools and practices enhancing remote communication, collaboration and leadership. In order to address the objective of the study, the primary research question was formulated as follows: how to enhance the efficiency of internal communication processes of hybrid workers in a distributed environment? Additional, detailed research questions were stated regarding the most efficient communication channels and practices in 3 main organisational communication areas (operational, social and change-related) and the impact of company hierarchy on communication processes between employees on different levels.

To find answers to those questions, diverse research methods were adopted. In order to build a relevant theoretical background, critical literature review was carried out. Literature sources were gathered and analysed to gain insights into work models, communication and recent developments in the researched area. The empirical research was designed according to the principles of qualitative research and consisted of semi-structured interviews designed to find the answers to the stated research questions among hybrid employees in IT sector in Wroclaw. Once the interviews had been conducted, thematic analysis was applied to structure gathered information, find and analyse patterns and repeating themes or practices in the communication processes.

2. Remote Work Models

One of the main advantages of a remote organisation as compared to the classical, collocated work model, is flexibility. According to a comprehensive review by Sokolic (2022), flexibility is an important aspect of remote work, both for employers and employees. From the employees' perspective, they value the option to have more control over when, where and how they work, provided that they meet their goals. But the benefits for the employers are also significant, as from their point of view flexibility means access to a wider candidate pool and reduced fixed costs. Other main advantages of adopting remote work model mentioned in the study by Sokolic (2022) are reduced costs of commuting, time spent to get to the office and the option to work in a comfortable, personal space. Regardless of specific arrangements, the concept of remote work includes a number of common features, opportunities and challenges, often much different to the "old normal" practices of the office-based work. As observed during and after COVID-19 pandemics, the massive transition to remote pushed organisations to establish new, relevant practices in management, leadership, infrastructure and socialisation (Sokolic, 2022).

A hybrid working model, which is the focus of the empirical study, is a combination of remote and on-site work arrangement. Due to a wide spectrum of options and potential limitations, for example regarding the proportion of remote days or even criteria required for allowing specific employees to work remotely, each company may tailor the exact rules of the adopted hybrid model to its needs (Hinds, 2021; Sokolic, 2022). In a fully flexible hybrid model, the employees are given free choice on when to work remotely. In a study from 2021 on flexible work models, researchers found that 61% of interviewed employees prefer to choose on their own when to come to the office (Reisinger and Fetterer, 2021). It is also mentioned that those employees would like to have the autonomy to make decisions which tasks require their physical presence and which can be done remotely. This is what the hybrid models aim to achieve – a balance between in-office socialisation and collaboration, and autonomy and flexibility.

In order to ensure the relevance and significance of the empirical part of the study, a critical literature review was carried out to find the prevailing challenges and critical success factors affecting the efficiency of remote work environments. As found in an extensive study by Ferreira et al. (2021), communication is the dominant challenge in remote environments. Other studies confirm this result, stressing the importance and difficulty of different aspects of communication between distributed employees. Multiple researchers point to the struggles of certain companies to recreate the social aspects of informal communication, which takes place on a daily basis in a physical office, in a virtual environment (Manko and Rosiński, 2021; Mierzejewska and Chomicki, 2020). Other studies highlight the difficulties of encouraging interactions between employees due to unclear availability of other colleagues and delays in asynchronous communication (Herbsleb et al., 2000). Aziz

et al. (2021) mention digital communication skills as one of key challenges of remote work. Although this is quite a broad term, the authors specify messages overload, inefficiency of supervisors in establishing interactions and lack of competency in digital communication. Additionally, they mention technical issues and infrastructure challenges as factors hindering communication. Herbsleb et al. (2000) show that in a distributed environment communication delay is inevitable and managers should aim to minimise it. They point out the difficulty in reaching out to colleagues in order to get help, stating that it is significantly more challenging than in a stationary office, where support is more available due to collocation. Another significant challenge in this area is the efficiency of remote meetings, with a number of issues such as distractions, lack of attention or limitations in non-verbal communication (*HBR Guide...*, 2021; Reed and Allen, 2021). Interestingly, communication is also highlighted in literature sources as one of the main critical success factors in remote work, alongside with efficient collaboration (Manko & Rosiński, 2021). Therefore, internal communication is the main focus of the following empirical study.

3. Communication in Managing Remote Teams

Employee communication, also known as internal communication, is defined by FitzPatrick and Valskov (2014) as a means of planned and controlled influence on knowledge, attitudes and behaviours of employees. As such, it has direct impact on team management and “is concerned with sharing information, building understanding, creating excitement and commitment and, ideally, achieving a desirable result” (FitzPatrick and Valskov, 2014, p. 24). FitzPatrick and Valskov (2014) highlight four main objectives of efficient employee communication: retention of good employees, enhancing the performance of employees, creating a shared public image of the organisation consistent with its strategy, and supporting the introduction of changes within a company. Therefore, this study focuses on internal communication processes as they have a significant impact on managing a remote team.

It is also important to recognise the classification of ongoing communication processes according to their purpose and achieved effects. Keyton (2005) recognises two main components of organisational communication. The first one is business communication, which accounts for “formalised and planned messages, [...] activities of leadership, supervision, decision making, managing conflict, hiring, firing and so on” (Keyton, 2005, p. 12). In other words, it consists of the formal exchange of information between the employees that facilitates the business-oriented activities of a company. The second component of organisational communication is the informal, social interactions. Keyton highlights the equal importance of this part as it provides not only gossip and personal stories, but also important social values and cultural information. In addition to this dualistic approach, some researchers distinguish another significant component separate from business communication,

which is change communication. In their study on change management in virtual teams, Bagga et al. (2023) highlight the significant impact of efficient change communication on the overall change management process and incorporation of new ideas in the organisational culture. Considering all aforementioned viewpoints found during literature review, the following 3 categories of communication process were adopted and followed in the empirical part of the study: operational, change-related and social.

The selection of appropriate communication channels plays a crucial role in the collaboration of a distributed team. By understanding the advantages and disadvantages of available communication channels, co-workers can make the right choices, optimise their communication practices and therefore enhance team's collaboration and overall efficiency. According to Neeley (2021), one of the first decision factors when choosing the most appropriate channel is its richness, that is the ability to convey a complex set of information. In situations with high ambiguity and risk of misinterpretation, richer media (e.g. video calls) are more effective, while leaner media (e.g. emails) will be more effective in straightforward, clear situations. Another common categorisation of communication channels is the distinction between synchronous and asynchronous channels. When using a synchronous channel, the messages are exchanged between the parties in real time, without significant delays. A good example of a synchronous channel might be a video call or a phone call, where all parties are involved in the discussion at the same time. According to Media Synchronicity Theory (Dennis et al., 2008), those channels enhance the convergence of the messages, that is the mutual understanding and establishing a common interpretation of given information. Employees involved in a live discussion have an option to provide immediate feedback and clarify on exchanged thoughts, eventually establishing common ground or at least recognising the differences in interpretation. On the other hand, asynchronous channels are beneficial for conveyance, that is "the transmission of a diversity of new information [...] to enable the receiver to create and revise a mental model of a situation" (Dennis et al., 2008, p. 580).

4. Research Methods

The empirical research followed qualitative approach, as it is optimal for "identifying and analyzing organizational communication phenomena" (Keyton, 2017, p. 503). Semi-structured interviews were designed to address the research questions, additionally they created space for the interviewees to expand on additional themes significant to the topic. The interviews were carried out with 6 IT employees working in hybrid model in Wroclaw across different hierarchy levels (from regular developers to team or technical leaders). Thematic analysis was selected as the main data analysis method in order to observe, define and analyse patterns within the obtained material. With the use of MAXQDA software, the content of

the interviews was coded and prevailing themes were defined that followed the research questions. Finally, the results were written up in a structured manner as presented in the following section.

5. Research Results

5.1. Operational Communication

The interviewees were asked how they communicate with their colleagues in day-to-day activities such as discussing work distribution, daily tasks or escalations. The use of specific communication channels was discussed, with a specific focus on their advantages and disadvantages. When asked about communication channels used for operational communication, all interviewees immediately mentioned video calls. This channel in hybrid models effectively replaced personal interactions of a collocated office, although *it's still not as good as face-to-face conversation* (Małgorzata). The interviewees consistently highlighted that the use of video calls allows to speed things up, especially when discussion or clarification might be required: *when there is an urgent need to make decisions or to pass vital information, then it happens via video calls* (Agnieszka), *if I got quite a big information on Teams [...] I would rather call someone right away to discuss, not to write an answer* (Małgorzata). Moreover, the participants highlighted the importance of social interactions provided by this channel. The synchronous interactions over video calls tend to be *less technical and more human* (Piotr) and as such provide a substitute to spontaneous, social interactions in a physical office.

Extensive discussions were conducted with the participants regarding the use of camera in online calls. Interestingly, only one of the interviewees, Agnieszka, strongly advocated for the use of camera in all calls due to the nature of her role as a trainer. The remaining participants were definitely more sceptical towards obligatory use of cameras. Its value was generally recognised in calls to *give feedback to someone, share a performance review* (Piotr), *in meetings with managers or [...] interviews with newcomers* (Damian). In those situations, which can be characterised as related to performance or employee management, camera was deemed extremely valuable as *it's actually crucial to see how a person reacts [...], if someone understands the feedback or not, how they take it* (Piotr). Other interviewees also highlighted the importance of non-verbal communication in difficult interactions. This was applicable regardless of employees' position – both regular employees and managers agreed on the importance of video in these kinds of meetings. However, there was a general consensus that in business-oriented activities camera is redundant and voice-only calls are preferable due to their positive relation to time: *it is faster, just jump into the topics without turning on the camera* (Damian), *for standard meetings [...] being on camera is not valuable* (Małgorzata).

The second most frequently used communication channel for operational communication is text-based chat such as Slack or MS Teams. The main benefits mentioned by the interviewees are its simplicity and speed: *it's fast, it's reliable, most of the team are using [it] so if you would like to have fast feedback here, this is the best tool* (Damian). Although it is an asynchronous channel, due to the fact that during work hours all employees are usually online, the messages are replied to quickly and in a concise manner. *It's especially useful for quick questions and everyone answers those questions* (Zuzanna). An important theme emerged from the discussions of chat was the significance of emojis in communication: *a lot of communication on Slack happens through emotes and emoticons – it's much faster!* (Piotr), *they help convey the atmosphere* (Zuzanna). Interestingly, the emojis are used usually regardless of company hierarchy or semi-formal relations with external clients: *we use emojis with the clients and with management as well* (Damian). It is important to recognise the pattern of shifting formality in the way employees communicate. It seems that the emojis became popularised to address the lack of non-verbal communication in text-based channels and are now integrated in the corporate communication standards.

While also mentioned by the interviewees, the other three communication channels—Jira, e-mail and phone—have significantly lower importance in operational context. The main benefit of using Jira is its high performance in established workflows, allowing to collaborate with people across *different jurisdictions and time zones* (Piotr). However, it performs well only in standardised processes and if any clarification is needed, other channels may be preferable. All interviewees admitted using email on a daily basis, however, it is treated as a secondary communication channel, usually supplementing the other ones. In case of phone calls, the interviewees formed a unified front clearly against this communication channel. The only situation in which it is used are emergencies, *for example if someone is really sick and calls in sick to work, or there's some kind of an accident* (Zuzanna). Otherwise, it is strongly disliked by the interviewees and not recognised as a formal communication channel.

5.2. Introducing Change

The interviewees were asked what the communication processes look like in their companies when announcing changes such as process updates or changes in company hierarchy. The results clearly showed that the main communication channels used in those scenarios were e-mails and Confluence. Town halls (i.e. conferences for all employees, usually led by HR or higher management) were also mentioned by some of the interviewees. Interestingly, Confluence and e-mails are often used complementarily: *we would communicate it through Outlook [e-mails] and then we would attach it to the Confluence page. That would summarise the change and [provide] basically a cheat sheet for everyone to be able to go in and re-*

read it if they need to (Marta). This approach has a strong, positive impact on tracking information flow, as important changes and announcements can be referenced at a later time by absent employees. Additionally, the duplication of the information flow is also perceived as positive in this case; an overview of an update is sent out to all employees with references to a more detailed description. This approach also positively affects the time the employees spend on reviewing the change as they can quickly read through the summary version or go into the detailed overview. *I do not need to be invited to a meeting [...] to learn that we have some new employees or that we should organise some kind of training*, said Agnieszka.

Although town halls were mentioned only by two of the interviewees, both perceive this form of communication very positively, therefore it is significant to take into account their perspective. The general formula of a town hall is common for most organisations – it is a meeting, in person or virtual, for all employees to announce some company updates (Indeed, 2022). In the case of the participants of the study, *some of them are only informative and some of them are Q&A [...] and you can ask the management direct questions* (Zuzanna). Their main value is that they provide a place for discussion and interaction with the management, as opposed to the e-mail/Confluence strictly informative functions.

5.3. Social Aspects of Communication in Distributed Teams

The interviewees were asked how their current communication processes allow them to obtain informal information such as personal updates or non-technical changes within the company. The main two communication channels discussed in connection with social theme were video calls and, quite as expected, face-to-face. All interviewees agreed that video calls provide a solid substitute to personal interactions, especially with the use of camera as they accommodate for visual feedback and non-verbal interactions: *people inherently need some human contact and, since we moved to remote work, the video calls are the closest* (Piotr). As a practice enhancing the social value of video calls, the participants praised the idea of allocating some of the meeting time to personal chat: *we do daily [meetings] and after we share our current status of tasks, we have some sort of 10 minutes [...] to just talk about anything we like. So we share our personal things. So we joke* (Damian). Most of the interviewees confirmed that these kinds of interactions substantially fulfil their social needs.

An important theme was mentioned across the interviews regarding the need to meet people at the start of cooperation, for example launching a new project or when new team members are joining. Especially in multinational environments with headquarters located abroad, the importance of meeting foreign colleagues was highlighted: *when only having online meetings with them, it's hard to see colleagues in them* (Marta). Interestingly, the use of video calls as a substitute for face-to-face interactions was mentioned as especially valuable when establishing new relations.

Two of the participants, Marta and Damian, mentioned that they prefer to have at least one video call with a new project group at the beginning of their cooperation, just to get to know each other, as it further facilitates their interactions. The only scenario when Chat brings positive social values mentioned by the interviewees is unofficial communication, for example exchange of jokes or memes. However, this applies only to colleagues with pre-existing relationships, hence the importance of the aforementioned, personal “get to know each other” phase.

As for the face-to-face communication opportunities, in the hybrid work model of all interviewees, they spend a specific number of days in the office. Those “office days” are often scheduled on a team level so that the whole team has an opportunity to meet personally on a regular basis. The interviewees agree that the main goal of those meetings is the development of interpersonal bonds: *this is for just building relationships between team members* (Damian). While generally recognising the value of scheduled “office days”, most interviewees express a negative attitude towards being forced to come to the office at specific times and prefer more flexibility in the matter: *I would like some more flexibility regarding which days I am in the office and which I’m working from home. Right now it’s not negotiable* (Zuzanna). It is clear that the interviewees appreciate the social values of face-to-face meetings, however, their autonomy in planning office visits takes priority.

5.4. Leadership and Hierarchy

Although most of the interviewees recognised to some extent the importance of empathy, transparency and trust in leadership, the following quotations extracted from the interview with Małgorzata precisely summarise those themes, thanks to her long experience in transformational leadership in remote environments: *As a leader my duty is to make sure that everyone is aware what is expected from them. And everyone knows where they are in their performance. If they’re doing good or not, and if they have something to improve on, or they should just continue their good job; It is important to try to understand other person what drives them, what makes that they come to work, what are their expectations [...] You just need to make sure to create an opportunity for everyone to thrive.*

These quotations show clearly the direction of future leadership, stepping away from strongly hierarchical relations to more empathetic, trust-based approach. The need for mutual understanding and recognition of subordinates’ needs was also mentioned by other interviewees in specific examples regarding communication practices. Regardless of seniority, both regular developers and seniors/leaders said that they would prefer to have a call with management scheduled in advance to give them time to prepare and mentioned it is important that the managers should recognise that need: *working with management, I would rather have a call set up, time to prepare for the meeting [...] Some managers are aware that it’s better to schedule a call before and some are not* (Piotr).

Apart from scheduling calls, two more significant observations were noted. The first one concerns the level of formality – the interviewees suggested that Chat is generally avoided in relations with management in favour of scheduled video calls or e-mails. *I do not communicate with them [management] in chat as much as I do with my less senior members of the team. [...] I feel that chat is a bit more closer relation* says Marta, however, she also mentioned that Chat is a perfectly fine channel for urgent issues, when there is no time to write a lengthy e-mail or schedule a call. The second characteristic theme in this area is the time pressure in communication with management. Those interactions tend to be more stressful due to a perceived need to reply quickly and if any messages from the managers are missed, it is perceived very negatively. *When there is like a tonne of messages from my line manager, that makes you 'a bit' stressed* rather ironically says Piotr. On the other hand, he then mentions that it is not a problem when asynchronous messages from his colleagues await a reply for a longer time – when communicating on the same level, he accepts direct, spontaneous interactions, at the cost of higher delay in reply.

6. Conclusions

The general outcome of the research regarding communication channels tends to confirm the Media Synchronicity Theory described by Dennis et al. (2008), stating that rich, synchronous channels tend to perform best in situations requiring discussions or clarifications. In cases described by the participants of the study, video calls address this need and therefore are one of the most commonly used channels in day-to-day operations. However, an interesting discussion revolves around the role of camera in online calls. Contrary to the recommendations found in literature, the interviewees had a definitely colder attitude towards the benefits of video in online meetings. Although researchers like Reed and Allen (2021) highly recommend the use of camera and some even argue that it should be used without exceptions in all virtual communication (Ferreira et al., 2021), the interviewees clearly specified scenarios in which the use of camera is beneficial or redundant. While they appreciate its benefits in interactions with management, especially the ones focused on employee performance, feedback and sensitive discussions, the participants of the study clearly state that in operational calls the camera is not only unnecessary, but also impedes the speed of the interaction. Therefore, it is important to recognise those patterns and encourage the use of camera only in situations where it might be actually beneficial, instead of blindly enforcing company policies or recommendations for an “always-on” approach to video in virtual meetings.

Further interesting themes found in the interviews were the use of text-based communication channels and the relation between formality and efficiency. It was found that emojis provide a substitution for non-verbal messages in text channels

and as such are frequently used even in semi-formal interactions with higher management or external clients. The recognition of such communication patterns is crucial in order to adapt to the rapidly evolving work environments and should be encouraged rather than avoided in favour of retaining legacy practices, for example the excessive tendency towards formality at the expense of efficiency.

When discussing the use of asynchronous channels, it was found that they are in fact used in situations rich in new information. Therefore, the most common scenario for the use of e-mails or knowledge bases (in this case Confluence) was communicating a change. The fine tune potential of those channels (Neeley, 2021) is especially valued in announcements from management, as they generally need to be well-designed, precise and address a wide audience. Interestingly, all interviewees belittle the role of e-mails in everyday operations, stating that they provide a background, secondary communication channel, complementing more dominant ones.

Contrary to the concerns presented in literature regarding social aspects of communication, a reassuring conclusion stems from the empirical research. According to the interviewees, the employees naturally find ways to incorporate social values in their virtual interactions, provided they are given space to do so. Therefore, it is the leaders' responsibility to create space for informal interactions, for example by encouraging small-talk during meetings or creating a hybrid working environment allowing the employees for periodical face-to-face meetings. However, a careful balance between scheduling office visits and employees' autonomy is required.

The main limitation of the research is its scope, specific to the chosen selection criteria. As the research focused on IT employees based in Wroclaw, certain cultural or organisational aspects might influence their communication processes in different ways they would under different conditions, e.g., in other countries or business sectors. Additionally, an increased sample size could potentially generate more additional themes through the exploratory approach (although the themes designed with confirmatory approach have been fully covered). As a recommendation for further research, a second round of interviews could be designed to deepen the knowledge on the themes emerged through the exploratory approach, such as transition to remote from traditional models or work-life balance. Furthermore, an expansion to different business sectors and cultural backgrounds would provide an insight into the same themes under different conditions.

To conclude, the importance of redefining leadership towards a more empathetic approach becomes apparent in the study. It can be observed in occasional lack of understanding between managers and their subordinates, as the leaders fail to recognise the needs of their employees. Fortunately, new leaders more often recognise the need of empathy in setting relevant goals, discussing employees' struggles and understanding their motivation. Although still in development, this

approach gives hope for establishing leadership methods and communication processes that are not only efficient, but also recognise the needs of remote employees and therefore can be successful in the long run.

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Efektywna komunikacja w organizacjach rozproszonych: badanie środowisk pracy zdalnej

Streszczenie: Celem pracy była analiza wpływu hybrydowego modelu pracy na komunikację w organizacjach rozproszonych oraz identyfikacja narzędzi i praktyk usprawniających zdalną komunikację. W części teoretycznej opisano cechy charakterystyczne dla zdalnych modeli pracy oraz skupiono się na komunikacji jako głównym czynnikiem wpływającym na wydajność pracowników. Część empiryczną oparto na badaniu jakościowym z analizą tematyczną za pomocą oprogramowania MAXQDA. Badanie przeprowadzone zostało wśród pracowników branży IT we Wrocławiu w formie wywiadów. Jego celem była analiza procesów komunikacji wewnętrznej w kontekście operacyjnym, społecznym oraz podczas zarządzania zmianą. Dodatkowo zbadane zostały relacje między pracownikami na różnych stopniach hierarchii firmowej. W ramach wniosków podkreślona została konieczność zmiany dotychczasowo stosowanych stylów przywódczych oraz istotna rola empatii liderów wobec pracowników, dodatkowo zidentyfikowane zostały rekomendowane praktyki przywódcze.

Słowa kluczowe: praca zdalna, organizacje rozproszone, komunikacja, przywództwo, zarządzanie zespołem

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The Strategic Role of Medical Affairs Department in a Pharmaceutical Company

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Abstract: The pharmaceutical industry is a highly regulated and strategic sector of the national and global economies. Through the years it became one of the most important areas of governmental interest and control because of its impact on the state of society. The Medical Affairs Department in a pharmaceutical company is one of the areas that individuals with medical training or experience are most interested in working in. This department's extensive operational breadth impacts all aspects of how a pharmaceutical company is run, serving as a guardian over regulatory compliance, business strategy and pharmacovigilance for the available and ongoing medical issues. Understanding the subtleties of the relationships and linkages between Medical Affairs and any other area of such large corporations is not always easy. In this article, I investigated and discussed the strategic role of the Medical Affairs Department in a pharmaceutical company to explore how the competitive advantage for the company is being built with the use of this specific department.

Keywords: medical affairs, medical affairs department, pharmaceutical industry, pharmaceutical company, strategy

1. Introduction

The pharmaceutical industry is a highly regulated and strategic sector of the national and global economies. Through the years it became one of the most important areas of governmental interest and control because of its impact on the state of society. Social responsibility for the research, development, production and distribution of medications, if disturbed, can cause multidimensional damage on every level of the national economy (Runge and Runge, 2008).

The availability of drugs on the national markets remains in the care of national health institutions such as the Ministry of Health in Poland. The development of and investments in this industry positively result in increasing the availability of drugs, higher access to innovative therapies, development of new job places and improving the health state and wealth of the society (Eger and Mahlich, 2014).

Historically, due to the growing therapeutic demand and the rising problem of drug resistance, the search for new and effective types of medicinal substances and therapies has become the goal of many pharmaceutical researchers around the world (Gershell and Atkins, 2003). The development of science nowadays has contributed to the creation of new methods of isolation and chemical synthesis of compounds with a precisely defined structure and initially predicted properties. The result of this search is the regular introduction of new medicinal products to the pharmaceutical market (Cragg et al., 2014). The pharmaceutical industry's significance has surged in response to contemporary global challenges, exemplified by its pivotal role in addressing the COVID-19 pandemic through vaccine development and treatments. Additionally, the industry's importance has been underscored by its efforts to combat antibiotic resistance, ensuring robust healthcare solutions for emerging infectious diseases.

Taking into consideration the definition of the health and pharmaceutical industry as a systemic whole, pharmaceutical companies seem valuable, but also challenging, in terms of everyday duties and responsibilities, especially for people professionally educated and trained in this area (medical doctors, pharmacists, nurses, physiotherapists, etc.). The prospect of working in the pharmaceutical industry gives many development opportunities offering many career paths. The diversity of positions, roles and obligations allows for extending the knowledge and acquiring numerous professional skills. One of the desired departments in a pharmaceutical company, especially for people with medical education and/or background, is the Medical Affairs Department. The scope of operation of this department is complex and affects all aspects of the functioning of a pharmaceutical company, acting as a guardian of regulatory compliance, strategy and pharmacovigilance of the offered medical products. The understanding the nuances of connections and dependencies between Medical Affairs and any other part of such big companies is not always easy, not to mention the position of the Medical Affairs Department in the company as a whole organization.

This article aims to explore and describe the strategic role of Medical Affairs in pharmaceutical companies to understand how the competitive advantage for the company is being built with the use of this specific department. Therefore, I decided to approach this research topic, to better understand positions, roles and contributions of the Medical Affairs Department in a pharmaceutical company.

2. The Definition and Roles of the Medical Affairs Department

The main role of the pharmaceutical industry, as a supplier of medical products, is to perform uninterrupted research and development (R&D), manufacturing and sales of drugs, but also medical devices and food supplements to improve patients' health (Kitsis, 2011). Rapid progress in treatment possibilities has been made in recent years. The extension of lifespan, caused by effective therapies for diseases of the circulatory system, respiratory system or musculoskeletal system, has increased the incidence of diseases caused by abnormal cell division or abnormal gene expression (Meder, 2011). This important milestone unfortunately is not translated into a significant decline in patient mortality, especially when it comes to the field of cancerous diseases (Siegel et al., 2023). Clinicians, scientists, physicians and pharmacists have come a long way together from understanding many diseases and healthcare problems from the beginning of identification and description to knowing how to prevent, cure and/or control them.

In pharmaceutical companies, the entire responsibility of the complex medical area lies within the Medical Affairs Department (called also Medical Affairs, MA). Despite the rising importance and significance of this area, there is no one and only standard and best definition of the MA. It seems that it is extremely difficult to formulate one specific definition of Medical Affairs when there is a great diversity of organisations' examples and functions played by such a unit. Furthermore, it was also noticed that since the COVID-19 epidemic, the way that companies are operating has changed significantly. This applies also to the operations of Medical Affairs. That is why to keep constant patients' interests (such as the highest possible safety and efficacy of therapies provided) at the forefront of these rapid changes that in the past years had provided a ground for ethical violations, there should be common agreement established and efforts addressed to the creation of a standardized definition to guide policies align with practice due to the importance of the area (Jandhyala, 2022).

When it comes to building a common understanding of Medical Affairs, it is important to incorporate key functions, roles and responsibilities to find parts present in different organisations. The main role of Medical Affairs is to act as the company's point of contact with the outside world for all medical and scientific activities (Nell, 2018). Universal characteristics should encompass the fundamental ideas of Medical Affairs as a field of medicine that drives medical advancement and produces real-world data. It is important for particular stakeholders such as medical doctors (MD), healthcare professionals (HCPs), key opinion leaders (KOLs) and, last but not least, patients themselves, to secure and advance the interests of patients through practice and policy regulation.

In this sense, the Medical Affairs Department can be organised and established on 5 main principles:

- 1) it is the representation scientific body of a pharmaceutical company, as medical specialists and experts (and also a representation of the patient's needs),

- 2) it plays the educational role of using understandable messages and examples to provide up-to-date knowledge and secure the safety of medicinal products,
- 3) it plays the leadership role in the medicine development cycle (during both pre- and post-marketing stages),
- 4) it generates real-world evidence (RWE) and the specification of distinct stakeholders who cooperate with and benefit from Medical Affairs,
- 5) it is the compliance keeper acting as an auditor and controller in the organization within the rules of law (local/national, European and global regulations).

It is important to put all of these requirements into practice, not just theoretically, to implement the advanced and leading edge of the Medical Affairs Department creating pharmaceutical products and company strategy. End-to-end strategic planning must be at the same time practical and actual according to regulatory requirements, which is why it is frequently revised, checked and improved (Krendyukov and Nasy, 2022).

To invent, introduce and implement new drugs to the market three main stages of development are most important:

- Research and Development (R&D) stage, from ideation (even performed by computers) to the point when the product is chemically stable, synthesised or naturally obtained and thoroughly examined to check the mechanism of action (MOA), but also primarily assessed about the safety and efficacy of it;
- Clinical Trials (CT) stage, when the human safety and efficacy are further examined and the data is collected, extensively researched, and statistically assessed to understand how the drug affects the patient's health;
- Commercialization stage, when marketing authorization is applied and granted; after that selling of the products is legal and can be performed.

The modern Medical Affairs Department is organised as a separate and independent entity to distinguish medical and commercial (purely marketing) functions. At first sight, it seems like an additional and unnecessary cost to the company, but due to the increased regulatory burden, it allows it to concentrate on post-approval activities to present mostly medical, scientific and clinical expertise (Jain, 2017).

To see all roles and responsibilities of the Medical Affairs it is needed to understand the internal environment of the department, in the form such parts as the working groups or subdivisions and their distinguished obligations. Moreover, the external environment plays an important role as the employees of Medical Affairs must work closely and collaborate not only with themselves, within their department, but also with other departments in the company, including Research and Development (R&D), Commercial (CA) and Regulatory Affairs (RA) Departments to achieve common business goals of the entire company. It is important from the managerial perspective to create a common strategy for all of the departments and to align their strategies and ensure that the company's products are developed, marketed and used safely and effectively. The competitive impact of open

collaboration within and between the departments brings to the conclusion that it can help to save costs and increase revenues (Paul et al., 2010). The main goal of Medical Affairs is to support the operations of the company and ensure that all of the stakeholders, including healthcare professionals, have the necessary information they need to make informed decisions about the use of the company's products and that the products are used safely and effectively by doctors and patients. From the managerial perspective of the company, it is important to ensure communication at all levels and skilful change management as success factors in a highly dynamic environment (Jain, 2017).

Furthermore, it is also worth mentioning that different pharmaceutical companies might have different organisation and staffing levels in their Medical Affairs Departments and it is crucial to understand what are the processes and how many employees are needed to secure ongoing operations. Cross-functionality in the positions is preferable but specialisation is most commonly observed. Understaffing and/or unwanted/unpredicted rotation are highly disruptive for Medical Affairs. To find new, highly educated and experienced employees and to give them proper training and a level of understanding on an organisational level takes a lot of time and is a cost that can be preventable.

Medical Affairs Impact on Operations and Strategy of the Pharmaceutical Companies

Medical Affairs on the departmental level, but also on a personal level of each "medica" employee, should present patient centricity and promote activities leading to improvement of patients' situation, quality and comfort of patients' lives (Ashkenazy, 2020). A clearly defined medical governance mandate and leadership role of Medical Affairs affects many areas such as R&D, risk management, compliance, adverse events management, quality of processes, quality issues and complaints regarding products, education and training, promotional and educational materials, information and operational alignment (Dias, 2014). The assistance of Medical Affairs can be observed distinctly in a pharmaceutical company when its actions are compliant with company needs. Such a situation appears when Medical Affairs are allowed to focus on several key aspects:

- educational excellence, focus on science message,
- specialization in the covered area,
- product differentiation, competitive advantage seeking on the market,
- effective communication,
- creation of a system to understand employees' roles and responsibilities,
- clear separation of medical and commercial activities,
- establishing ongoing and strong relationships with key stakeholders,
- digitalization of the processes and effective exchange of knowledge between the company and HCPs.

From this perspective, patients' focus results in a direct and indirect influence on daily operations and strategy creation by the company in a couple of ways. First of all, there is a positive aspect that adjusts the company's operations and strategy to the needs of patients and to legal requirements that act as a regulatory catalyst. Secondly, Medical Affairs activities increase the competitive advantage of the company and increase the knowledge and awareness of employees. Last, but not least, there is an important aspect forced by Medical Affairs actions such as the emphasis on acting in accordance with procedures and focus on compliance.

3. Characteristics of the Pharmaceutical Industry

To fully perceive the role of Medical Affairs plays in a pharmaceutical company it is important to take a look at the environment that it is operating in, which is the pharmaceutical industry. It can be defined as a collection of all companies and organisations that work for a certain goal to invent, produce, sell or provide common and/or specific products which are in this case medicines (synonyms: pharmaceuticals, drugs, medicaments) and vaccines, but also medical devices and diagnostic tools. Some pharmaceutical companies produce additionally food supplements and cosmetics, but in most cases, it is not their primary focus area (Summers, 2007).

In economics, the idea of industry is crucial since it aids in understanding the composition, conduct and outcomes of various economic activities. A part of the pharmaceutical industry is the pharmaceutical market. Although they are closely connected, the pharmaceutical industry and the market are not the same things (Lakdawalla, 2018).

The markets of the pharmaceutical industry are typically distinguished by geographic borders (per countries where the company operates – sometimes one market covers a couple of countries by similarities) and/or by medical area (per therapeutic interest of the company – companies generally are specialized and are not willing to compete as this require great investments and may involve significant losses of revenues). Some markets are better than others for pharmaceutical companies. The Polish pharmaceutical market is considered promising, well-developed and still rising, as it gives a good location, easy access for highly experienced and well-educated specialists, who are moderately paid compared to other (especially Western) European countries and the US (Willert, 2007). That is why there are a lot of investments and production of drugs in Poland and pharmaceutical companies are willing to place their headquarters (HQ) and shared-service centres in our country (Kubiak, 2005).

The pharmaceutical industry is a strategic sector and governmental area of interest because of the high importance of social responsibility for the research, development, production, and distribution of medications. The development of and investments in this industry positively result in, e.g., increasing the avail-

ability of drugs, higher access to innovative therapies, developing new job places and improving the wealth of the society. Because of such great priority, the pharmaceutical industry is progressively growing, even despite disruptive world events (which even might be encouraging and, in some sense, be positive for the industry – such as the COVID-19 pandemic).

The Size and Growth of the Pharmaceutical Industry

Revenues, market capitalization and personnel count are only a few methods to describe the scale of an industry. In the last 20 years, the pharmaceutical industry was growing every year. The value of the worldwide pharmaceutical market as of the year 2020 was around 1.27 trillion dollars. Compared to 2001, when the market's worth was only 390 billion dollars, this represents a significant increase. In 2022 the growing trend was maintained and the whole global pharmaceutical market was valued at 1.48 trillion dollars. This is a slower increase from the 2021 valuation of 1.42 trillion dollars (Mikulic, 2023).

The worldwide pharmaceutical manufacturing industry, according to the analysis provided by Grand View Research, was expected to increase at a CAGR (Compound Annual Growth Rate) by 11.34% from 2021 to 2028 (Grand View Research, 2020). The progressive ageing of the population, rising occurrence of chronic and systemic illnesses, resistance to existing therapies and the rising need for modern and novel medications and treatments may be some of the causes contributing to this increase.

The pharmaceutical industry seems to be extremely attractive for millions of people worldwide working in this field. That includes scientists, researchers, engineers and other professionals cooperating. It is hard and nearly impossible to assess how many people work in total in the pharmaceutical industry. Data published in 2022 showed an estimation that in 2017 around 5.5 million people worldwide were employed directly by the pharmaceutical sector and the tendency is uninterruptedly growing (Mikulic, 2022).

To sum up, the pharmaceutical business is a crucial and quickly expanding sector that is fundamental to people's health and well-being on a worldwide scale. The implication of the industry development is direct: the more developed the industry, the more it will influence the health state of the societies positively, delivering more efficient drugs and therapies.

4. Research Design

This article aims to explore and describe the strategic role of the Medical Affairs Department in pharmaceutical companies. That was done with the use of a created scenario that served as the main tool for gathering data within this research. The

interview scenario was asked and answered by Medical Affairs employees and representatives from different companies, positions and overall years of work experience. The main goal is aligned with the ultimate objective of advancing knowledge of the Strategic Management field, which is why the research was focused on operations within the interesting area of the pharmaceutical industry. Overall, the research is of high importance because it sheds light on current trends, tendencies, future opportunities and directions in which Medical Affairs plays an important and leading role in day-to-day operations and can be translated to successful planning and creation of the strategy of every pharmaceutical company. The key aim of the research is focused on determining the state of knowledge within two main personal research interests: what is the strategic role of the Medical Affairs Department in a pharmaceutical company and what is the strategy for building a competitive advantage for the company with the use of MA. The research is intended to contribute to existing knowledge on strategy creation and support in strategic management within the pharmaceutical industry and to generate insights that can become future research interests and practical applications in the observed field. To answer this complex problem, it was necessary to identify research gaps and formulate research problems.

The gaps identified during the literature review process offered the chance to fill up the current knowledge state and add latest information to the topic. Then the respecting research questions were created, by defining precise subjects to be studied to reduce the research gaps and gather insights from the informants.

The identified research aspects were as follows.

- RQ1. What is the general role of Medical Affairs and how has the role of MA changed through the years?
- RQ2. How do Medical Affairs affect strategy?
- RQ3. How do Medical Affairs affect operations?

To answer these questions the scenario interview was created and performed among Medical Affairs employees from different global pharmaceutical companies, working on various positions and career levels. The interviews were conducted in person or in the form of an online interview with the use of audio-video technology (direct interview). In Table 1 the list of informants, their positions, years of experience and areas of specialization are presented.

Table 1. Description of research participants

Informant no.	Current position	Position experience (years)	Industry experience(years)	Supervised thematic/disease areas
1	2	3	4	5
1	medical director	1	14	hospital products (MS/oncology/ ophthalmology), RX Generics (pain, antithrombotic), OTC (cough & cold, pain, dermatology)

1	2	3	4	5
2	manager, clinical development	1.5	6	oncology, dermatology, gastroenterology
3	clinical project lead	1	9.5	dermatology (atopic dermatitis, pruritus) and diabetology (type i diabetes)
4	medical advisor	2.5	6	a therapeutic area not specified
5	medical science liaison (senior)	1.5	7	cancer screening for colorectal cancer, liver cancer and multi-cancer early detection (dedicated to 15 different types of cancer)
6	medical science liaison (junior)	0.5	7	cardiovascular, renal, metabolic diseases

Source: own work.

5. Research Findings

In the dynamic landscape of the pharmaceutical industry, the role of Medical Affairs has evolved significantly over the years, from a supportive function to a strategic business partner that influences various aspects of company operations. This executive summary presents insights gathered from interviews with industry professionals to explore the general role of Medical Affairs, its changing dynamics, and its influence on corporate strategy and operations.

Research Question I: What is the general role of Medical Affairs and how has the role of MA changed through the years?

The important role of Medical Affairs in a Pharmaceutical Company was observed, valued and noticed on every level of corporate structure by all of the informants. The shortest, but very insightful definition of Medical Affairs was provided by informant 1: *MA is a strategic business partner that plays a critical role in cooperation with medical society, which supports medicines introduction to medical society.* This shows the informant's clear vision and understanding of Medical Affairs' purpose. It was mentioned also, that MA is important in every step of drug introduction to the market, through pre- and post-marketing support activities. Moreover, was referred as well for patient direct and indirect support.

Informant 2 also accurately noticed that MA plays a critical and diverse role that can differ depending on the structure of the MA department across different companies: *Sometimes the different scope of activities of the company may result in different MA organization.*

From a Medical Advisor perspective, the role of an MA might seem more technical and is related to the decisive and informative support of the Marketing Department (advisory in the creation of marketing strategy, insights for marketing material development, marketing materials approval), Field Force (training) and Market Access Department (legal support). This approach is understandable from the role perspective, as this position consists of advising and supportive activities, which are very technical, specific and scientifically oriented. What was underlined by both Informants 5 and 6, conversations and discussions between Medical Affairs and external partners should be based on non-branded (purely scientific) materials. This is also related to ongoing discussions about partiality and medical compliance.

Current topics that are under discussion and control of MA are viewed similarly in every position, with this difference, that with every level higher in an organizational chart, the scope of activities is perceived as broader. Informant 2 said: *The MA department encompasses [...] a very broad scope of responsibilities. The MA team is responsible for executing important, more technical tasks such as adverse events (AE) reporting, literature monitoring, label creation and regulatory submissions. However, they also have a crucial role in educating employees and healthcare professionals about therapeutic areas and company products, providing medical information, developing relationships with HCPs and gaining an external perspective to incorporate into the company's strategy.* This description and point of view were reflected also in other participants' answers.

The primary responsibility of MA employees is to establish and develop professional relationships with both active and potential collaborators, not only to expand existing partnership opportunities but also to ensure that both discussion parties grow knowledge and enjoy an exceptional experience while cooperating. To achieve this, MA employees must maintain a high level of therapeutic and technical expertise, which enables them to engage in scientific discussions with HCPs and ensure that MA-limited resources are allocated correctly. Moreover, MA is expected to ensure timely information delivery and identify potential opportunities to accelerate product-on-market delivery, ultimately contributing to the successful execution of clinical trials or distribution. It was stated, by all of the participants, that the perspective of understanding MA role, was quite different both 5 and 10 years ago. It was evolving with time and the understanding was developed with experience. *I wasn't fully aware of the complexity of the role of MA and the multitude of tasks it entails* (Informant 2), *Now MA plays even more critical role especially once new first-in-class medicines are introduced to the medical society* (Informant 1), *Now there is more focus on clinical practice change and healthcare systemic solutions* (Informant 4), *I was not aware of an MSL role 10 years ago, and I saw myself more in clinical trials or pharmacovigilance rather than in core Medical Affairs unit* (Informant 6). Even during medical and pharmaceutical studies, the awareness of the MA role was not fully explained and some participants even criticized this fact. Overall, it seems right from the beginning of medical education to show the Medical Affairs Department, as the available path

of professional career to be chosen when deciding to work in a pharmaceutical company. When it comes to future trends that might play a significant role within the pharmaceutical industry, specifically when it comes to the MA role, Informant 1 answered: *Nothing special*. This can be interpreted dually. Medical Affairs leaders are either forward-thinking or too focused on present issues. The other respondents predict that numerous technical responsibilities of MA will be automated, such as AE reporting, while others will be fully digitized, for example, educational materials. Informant 2 added: *Nevertheless, even in the era of automation, I firmly believe that nothing can replace the direct relationships that MA has with healthcare professionals. These connections will remain critical in the future*. Informant 4 said that MA should focus on the development of omnichannel communication with HCPs which may be a result of the increased role of digital communication in MA's daily obligations. Informant 5 added, *From the provider's perspective role of the Medical Affairs will probably expand in the future since those providers are burned out to collaborate with sales representatives*. Representatives of the Medical Affairs Department usually have a higher level of education, which translates into greater credibility and trust in the medical community. It seems that MA will focus even more on building relationships with leaders of medical opinion. The exchange of ideas between specialists, units and their mutual support can play a significant role in the future.

Goal achieving can be understood differently, but all of the participants mentioned introduced by their companies KPI's (Key Performance Indicators). It is important that everybody in the company follows the same rules (i.e. one compliance) and understand common corporate goals (i.e. patients' needs at the centre of focus). From a Director's perspective, it was stated, that it is important to create and give employees goals and obligations to be understood and easily measured such as the number of visited KOLs, number of Advisory Boards organised or participated, number of MSL visits, number of medical information responses provided. It was mentioned that the goals should be SMART.

While each department within our MA team may have slightly different objectives, a shared goal we all strive towards is to generate scientific evidence that accurately demonstrates the value of our company's drugs. said Informant 2. That represents care for the company's needs and is aligned with the patient's needs.

Informant 5 mentioned also that the educational enrichment of patients, through HCPs education, can be considered an ultimate goal. The increase in medical knowledge can be beneficial and result in better therapy outcomes (with the use of better compliance and adherence). *Achieving the goal can be considered also, as an improving the understanding of the product by the customer as a result of scientific/educational exchange*. Informant 6 said: *The general goal is to deliver a proper drug to the right patient, but it is hard to measure. Also, the knowledge about an intervention, its safety profile, safety measures to be taken, benefit of it can be measured via sending surveys to KOLs*. So, the company's internal KPIs may be assessed by external stakeholders.

To identify areas for improvement, it is important to regularly assess the effectiveness of existing practices and processes. By conducting a thorough analysis, potential opportunities for optimization can be identified and addressed. *For instance, MA activities and education can have a significant impact on HCPs feeling more comfortable with using our drugs, which in turn can increase sales. However, the challenge lies in how to effectively measure such an effect.* (Informant 2) or 3rd party companies may also conduct a general survey on current knowledge of a whole or a part of the medical industry. Improvements in tracking can definitely be introduced (Informant 6). It was underlined that goals to be achieved should be personalized somehow, as employees in MA work in different fields facing certain barriers and challenges. It was indicated that there is still room for improvement in this area.

The question about MA, as a fully external service delivered for the company, resulted in finding a few potential and possible advantages of such a solution such as: economic, faster adaptation, new possibilities, flexibility of the service. On the other hand, there were a lot of doubts about such a solution: communication issues, lack of engagement, problems with knowledge transfer and delivery, know-how protection. After all, in all cases, the discussion resulted in the reflection that MA should not be fully outsourced, even if this solution is possible and can be introduced. It was mentioned that some tasks within MA can be outsourced, like the process of literature monitoring. However, collaboration with HCPs relies on having a direct connection and relationship with the representatives of pharmaceutical companies. It was mentioned that personal relation leads to a better overall customer experience and is beneficial for the company's overall results.

Research Question II: How do Medical Affairs affect strategy?

The informant's answers were summarized and organised into the following 5 internal stakeholder groups that Medical Affairs typically interacts with: Sales team, Market Access, Regulatory Affairs, Medical Advisors and MSAs, other internal stakeholders such as Clinical Trials Teams, Medical Information, Pharmacovigilance, Quality & Legal and IT teams.

MA needs to maintain strong relationships and effective communication with these stakeholder groups to ensure successful product development, launch, and ongoing support.

The informant's answers were summarized and organised into the following 5 external stakeholder groups that Medical Affairs typically interacts with: Key Opinion Leaders (KOLs), Healthcare Professionals (HCPs), Pharmacists, Regulatory Authority, other external stakeholders such as journalists, Contract Research Organisations (CROs), medical societies, patient organisations and healthcare organisations related to the therapeutic field. To efficiently develop, launch, and support pharmaceutical products on the market, as well as to uphold credibility and confidence within the medical profession and the general public, MA must engage with these external stakeholders. For ongoing collaboration Medical Affairs

employees interact with internal (inside the company) and external stakeholders (on the market) via a full range of communication methods: face-to-face meetings – mostly through MSL's visits, *via* phone, e-mail and virtual meetings. The only difference noticed in the way of communicating is that internal communication is more indirect/unofficial, and external is more direct and in a form of official communication.

Informant 2 gave an example of communication flow which can represent a complex cross-functional environment that an MA must establish to be fully operative: *As part of my job, I regularly communicate with investigative sites and CRO personnel to ensure the smooth and efficient delivery of clinical trials at the local level. We collaborate closely with regulatory authorities to ensure that all stages of our clinical trials align with their expectations and recommendations.* This kind of collaboration and communication flow must be established and maintained. It can be treated as a key asset of a company and can be considered as a value itself. From the interviews, it turned out that Medical Affairs contributed to the development of the business's strategy of the company. *MA is a very critical contributor which is responsible for the provision of interaction with KOLs that helps to accommodate drug prescribing* (Informant 1). *Although marketing and sales may play a larger role in a strategy for a compound that is already marketed and reimbursed, it is crucial to consider all the activities that were necessary beforehand* (Informant 2). MA representatives are the key contributors to research and development strategy, clinical development strategy, registration strategy, scientific data dissemination strategy and many others. Even for products that are already on the market, MA representatives are important contributors to brand plans, product launches and promotional activities. It was stated that MA employees possess the most knowledge to effectively emphasize the advantages of a drug and its efficacy. *MA acts by providing insights (gathered through interactions with physicians) and generating evidence (RWE, observational studies)* (Informant 4). All informants emphasized the fact, that MA feedback is always welcome and strongly considered in strategy planning locally and globally. In most of the cases (5 out of 6) there were individual Medical Strategies recognised, declared that it was officially presented in the form of official documents and aligned with overall company strategy (realizations of the same goals). Local-level strategies usually follow global concepts. It was noticed by Informant 2 that: *The MA department has an official medical strategy with some specific goals. In addition to this, there are also internal concepts within each department introduced. The goals set for MA are based on and aligned with the company's global goals.* Medical Affairs in most cases has its strategy tailored to its unique needs and responsibilities, but it is aligned with the main strategy presented by the company's business leadership. This is because some parts of the MA strategy are internal, due to medical compliance requirements. Despite this, MA remains a strategic business partner and an integral part of the company-wide strategy.

Research Question III: How do Medical Affairs affect operations?

Medical Affairs, which is in charge of imparting medical and scientific knowledge to a variety of stakeholders, including HCPs, regulatory authorities and patients, is essential to the functioning of a pharmaceutical company. The role is reflected in ensuring that a company's goods are reliable, efficient and used responsibly. In that way, MA may contribute to the company's success. Additionally, MA can support clinical trials and post-marketing surveillance, while also helping to develop new products. It was underlined by Informant 1 that: *Medical Affairs was always considered as a strategic business partner for all stakeholders, both internal and external.* MA has a significant impact on various aspects of company operations. This includes providing input into research and development, ensuring regulatory compliance and patient safety, supporting medical education, disseminating data and aiding in marketing efforts. MA helps to take the right business decisions by providing expertise knowledge and realization of projects aligned with the overall company strategy. Overall, the performance and reputation of a pharmaceutical company can be significantly impacted by MA's efficacy.

To perform well within Medical Affairs daily and achieve established long-term goals, a certain skill set is desired and helps to find ourselves in this environment. To stay up to date with the therapeutic area it is important to have a broader understanding of the market and products. Seeing the bigger picture from a broader than position-level perspective can be learned and is achieved with career progression. This requires knowledge of treatment paradigms, an understanding of what is important to clinicians and familiarity with the competitive landscape.

It was noticed and underlined by the majority of informants that formal education is required and beneficial, but soft skills and personality can play a key role in success while applying for a job in MA, especially when it comes to global pharmaceutical companies. The important hard skills for working in Medical Affairs include an understanding of medical terminology, medical or pharmaceutical education, advanced language skills (foremost full professional fluency in English), data analysis and a deep understanding of statistics. The important soft skills for working in Medical Affairs, according to informants, include good relationship building and a proactive approach to details in terms of medical aspects. Additionally, project management skills, science storytelling, strategy planning and presentation skills are also necessary. Other skills that were mentioned as essential, include the ability to operate under stress in a constantly changing environment and skilful change management.

It was underlined by all of the informants that effective communication and interpersonal skills are crucial. Negotiation skills are also important, as they allow for effectively advocating for the MA's perspective. Informants suggest that working in Medical Affairs requires a combination of soft skills, medical knowledge, communication abilities, project management and data analysis skills, as well as the ability to build long-lasting relationships and operate under pressure.

6. Conclusions and Recommendations

All of the informants were able to see the crucial value of the Medical Affairs Department in the Pharmaceutical Company they are currently working in and recognise the critical position that Medical Affairs plays at every level of the company hierarchy. It is important that everybody in the company follows the same rules (i.e. one for all compliance) and understand common corporate goals (i.e. patients' needs at the centre of focus). The forgotten and not fully realized role of Medical Universities is to develop the understanding of MA roles and responsibilities in the initial stages of future employee formation (even on the university level). Such a person will faster adapt to the reality of working in a global pharmaceutical company and corporate environment. Even during medical and pharmaceutical studies, the awareness of the MA role is nowadays not fully explained. The main duty of MA employees is to build relationships with both current and potential partners to increase partnership opportunities while also ensuring that both discussion partners gain knowledge and have open communication while working together. To achieve this goal, MA staff members must maintain an elevated level of therapeutic and technical proficiency, enabling them to engage in scientific conversations with HCPs and guarantee that MA's limited resources are deployed properly. Medical Affairs roles and responsibilities should not be fully outsourced, even if this solution is possible and can be introduced on a broader company scale. Some responsibilities can be automated or outsourced, yet the benefits of internal MA seem greater than the costs of the operations. According to the results of the interviews, the Medical Affairs Departments strongly influence the design of overall company strategy and operations. The introduced internal MA strategies are aligned with corporate ones. MA representatives are key contributors to research and development strategy, clinical development strategy, registration strategy, scientific data dissemination strategy and many other types of localized or inter-company/interdepartmental strategies. From the operations perspective, MA is providing input into research and development, ensuring regulatory compliance and patient safety, supporting medical education, disseminating data and aiding in marketing efforts. The departments act dually as an organiser and controllers (auditors of every aspect of the company's operations). MA helps to take the right business decisions by providing expertise knowledge and realization of projects aligned with the overall company strategy. It was underlined that MA feedback is always welcomed and strongly considered in strategy planning locally and globally. There is a high importance of strategy building with the connection of personal development of the employees on every career level within the industry, which is why companies spend monetary resources on employees' training and development paths. Formal education is required and beneficial, but soft skills and personality can play a leading role in success while applying for a job in MA, especially when it comes to global pharmaceutical companies. There is urgency observed in developing

communication at all levels and skilful change management, as a success factor in a highly dynamic environment. Overall, the performance and reputation of a pharmaceutical company can be significantly impacted by MA's efficacy.

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Strategiczna rola działu medycznego w firmie farmaceutycznej

Streszczenie: Przemysł farmaceutyczny jest wysoce regulowanym i strategicznym sektorem gospodarek krajowych i światowej. Przez lata stał się jednym z najważniejszych obszarów zainteresowania i kontroli rządów ze względu na swój wpływ na społeczeństwo. Pracą w dziale medycznym w firmach farmaceutycznych najbardziej zainteresowane są osoby z wykształceniem lub doświadczeniem medycznym. Duży zakres działania tego działu ma wpływ na wszystkie aspekty funkcjonowania firmy farmaceutycznej, ponieważ pełni funkcję strażnika zgodności z przepisami, strategii biznesowej i nadzoruje bezpieczeństwo farmakoterapii. Zrozumienie subtelnych powiązań między aktywnościami działu medycznego a innymi działami tak dużych korporacji nie zawsze jest łatwe. W niniejszej pracy badano i omówiono strategiczną rolę działu medycznego w firmie farmaceutycznej, aby opisać, w jaki sposób buduje się przewagę konkurencyjną firmy z wykorzystaniem tego konkretnego działu.

Słowa kluczowe: dział medyczny, przemysł farmaceutyczny, firma farmaceutyczna, strategia

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The Perception of Diversity, Equity, and Inclusion: A Case Study

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Abstract: The topics related to diversity, equity, and inclusion are gaining increasing attention in the modern work environment. In international corporations, employees encounter diversity and multiculturalism daily. That motivates companies to implement norms and policies aimed at creating an inclusive workplace, where all employees, regardless of their identity, cultural differences, sexual orientation, or disabilities, are treated fairly and respectfully within the company community. This research aims to understand employees' perception of diversity, equity, and inclusion in the Polish branch of an international company. It seeks to explore the initiatives taken by the company to create an inclusive workplace by examining its policies and practices. The research adopts a case study research design and employs surveys and analysis of internal company documents as data collection tools. In the evaluated branch of the company, the results suggest that employees are satisfied with the current level of company actions. However, many employees are unaware or uninformed about the responsibilities and initiatives undertaken by the company.

Keywords: diversity, equity, inclusion, equal opportunities, inclusive workplace

1. Introduction

In today's dynamic and diverse work environment, the topic of diversity, equity and inclusion (DEI) has gained significant attention. While diversity refers to recognizing people's differences and unique perspectives that individuals bring to a group or organization, equity focuses on defining equitable access, opportunities, and growth for all diverse people, the main goal of inclusion is creating an environment that welcomes and respects people of all needs and backgrounds.

The significance of DEI in the workplace has been widely acknowledged as it contributes to a more innovative and productive work environment. Many international corporations have embraced DEI as part of their organizational

culture, integrating it into their core values and internal policies. However, the effectiveness and impact of these efforts need to be assessed to ensure they are truly benefiting employees and stakeholders. The key purpose of this research is examining a perception of DEI among workers, the influence of DEI on employees and the effectiveness of communication regarding DEI policies in order to provide recommendations to create inclusive and equitable workplaces.

This research employs a case study design to explore the influence and perception of diversity, equity, and inclusion within a Polish branch of an international corporation. Data has been collected through a combination of methods, including survey and document analysis. The survey has been conducted with employees at various levels within the organization to gather their perspectives and experiences related to DEI initiatives. The document analysis involves examining internal policies, and other relevant documents.

2. Theoretical Background

2.1. Challenges of Today's World of Work

The world of work has been rapidly changing throughout past years. The increased mobility caused by globalization led to the interpenetration of cultures and through it, to increasing diversity among organizations. The COVID pandemic that spread since 2020 unfolded the remote world of work which helped with creating multicultural teams. In addition, since the fourth industrial revolution started, new technologies emerged helping to decrease the barriers between marginalized groups. Globalization is a term describing the worldwide integration and interpenetration of societies, governments, and economies. The concept was recognized and defined in the 1980s (Balcerowicz-Szcutnik and Szcutnik, 2015). It is one of the consequences of opening borders between countries and making travelling accessible for people of different social statuses. The result of such a phenomenon is an intensification of migration movements that leads to increased ethnic and cultural diversity among employees and citizens. It turned out that the peak of globalization was in 2008 (PWT, 2021). Since that year, the trend shifts toward deglobalization which refers to the tendency of countries and regions to become more self-sufficient and less integrated with the global economy. This happens for numerous reasons, including political shifts, economic pressures, and social factors. Nowadays, it comes from a view that globalization failed developing countries allowing only the developed ones to benefit (Irwin, 2020). Additionally, the global financial crisis in 2008 encouraged countries to implement protectionist measures in order to shield themselves from the economic crisis. Since then, the trend toward deglobalization has been increasing as the COVID-19 pandemic resulted in many countries implementing travel restrictions, trade barriers, and

other measures to control the spread of the virus (Irwin, 2020). Similarly, Russian aggression in Ukraine resulted in changes in the interdependencies of states.

Automation of work has a significant influence on the topic of diversity. It is observed that new technologies help to decrease or remove barriers for marginalized groups. At the same time, they are responsible for creating new limitations (Mulder, 2021).

One example of lifting barriers thanks to devices is introducing so-called assistive technology for people with disabilities (Edyburn, 2004). For instance, blind and visually impaired people are encouraged to use special computers designed to meet their needs. They use screen readers or refreshable Braille displays to carry on independent life with possibilities for employment. Deaf people can benefit from programs that put a live caption to video conferences. Additionally, the machinery is able to replace human weaknesses. That way, the work traditionally performed by men (due to the stereotypical view of their strength) can be done by women with the help of machinery. The listed examples show that people can be strengthened by machines to create an equal society, which leads to increased diversity in the job market.

As mentioned before, new technologies are also responsible for creating boundaries. Since not everyone can have access to all hardware due to high cost, people with real talent but no access to equipment are excluded while applying for jobs. What is more, technologies created new stereotypes that are harmful to marginalized groups. To give a clear example, there are many myths concerning women in the tech industry. One of them is the belief that the tech industry is dominated by men as they are wrongly perceived to be more technically gifted than women (Niazi, 2020).

2.2. Diversity, Equity and Inclusion in an Organization

The concept of diversity management is relatively new and hence is still in development. It emerged in the United States in the 1980s after social equality policies were formed significantly reducing racism and segregation (Rakowska, and Gocół, 2021). Following the trend, during second-wave feminism (Rosenstock, 2021) one of the demands was equal opportunities both in jobs and education for men and women. In the 1990s, the idea entered Europe, and at the end of the 20th century, the term “diversity” in the context of the workforce reached Poland.

Diversity refers to recognizing people’s differences and respecting them. Traditionally, people perceive and distinguish diversity based on ethnicity, culture, gender, age, and sexual orientation. However, diversity can be still understood and described broader than all those characteristics, especially in the context of employees. It might include people of different political preferences, marital statuses, lifestyles, talents, or even eating habits.

All characteristics of the current world of work that were mentioned in the first paragraph influence the diversity of the workforce. Therefore, they challenge organizations as they observe both the positive and negative impacts of diversity. Diversity should include all stakeholders of the organization which means not only employees, but also all suppliers, clients or customers, and the local community. Nowadays, diversity management is one of the common aspects of corporate social responsibility strategy as it builds engagement and brand recognition while helping benefit society.

While diversity refers to the numerous ways in which people differ, equity focuses on defining equal access, opportunities, and growth for all these diverse people. The main issue with the concept of equity is understanding the difference between equity and equality. Equality proclaims giving everyone the same amount no matter their background or limitation. Not only does equality disregard the former unfairness but can preserve them (Fortgang, 2022). Equity, on the other hand, focuses on achieving the same results by providing everyone with different resources helping them to reach this goal. Even though the difference is significant, people tend to use these words as synonyms.

Systems based on equity rather than equality are already in use in many aspects of life. For instance, people pay taxes based on their income group. Instead of imposing the same rate for all, income and background are taken into consideration to create a sense of fairness. It needs to be remembered and repeated that equity should be introduced in more and more aspects of life to address the needs of diverse groups in society. The main discussion today is equitable access to health and education.

The Cambridge Dictionary provides the definition of inclusion as “the idea that everyone should be able to use the same facilities, take part in the same activities, and enjoy the same experiences, including people who have a disability or other disadvantage” (Inclusion, n.d.). When diversity focuses on what makes people different and equity on understanding the needs of differentiated people, the main goal of inclusion is creating an environment that welcomes and respects people of different needs and backgrounds. People in an inclusive environment feel valued and accepted, and are more willing to participate and engage in work.

If inclusion is perceived as belonging, Maslow’s Theory of Human Motivation comes to mind. Maslow issued a theory in which he described a source of motivation as the hierarchy of needs. These needs are five steps that a person reaches progressively starting with satisfying the physiological needs, through safety, love and belonging, esteem, and finally self-actualization (Gawel, 2019).

The first two levels are satisfied by the proper salary that ensures food and shelter (physiological needs) and physical and emotional stability (safety). Nonetheless, if a company wants to go further and develop, they need to gain loyal and motivated. Thence, they need to take into consideration additional (higher) needs. Inclusion is one of them as it satisfies the social need by giving the feeling of belonging and

acceptance. Therefore, inclusion is a foundation to build the employee's self-esteem and lead them to achieve job satisfaction.

If diversity within an organization is managed duly by offering equitable opportunities and creating a strong feeling of inclusion, the company can benefit from it to varying degrees.

- The well-implemented and properly communicated diversity management brings not only internal value to a company but also improves the external image of the company (Ferraro et al., 2023).
- Openness to diverse hiring widens the opportunities for talent recruitment. As the organization is not bound to one specific location or characteristic but rather willing to hire people of different backgrounds, the pool of qualified candidates increases.
- Companies that embrace diversity build teams with a differentiated workforce to increase adaptability. All team members offer unique expertise that results in a wider range of solutions that meet customer demand and respond to the changing markets flexibly (Greenberg, 2004).
- The research published by Buckingham (2010) recognizes the correlation between diversity management (meaning policies and processes) and employee satisfaction. According to this research, employee satisfaction is greater when diversity is promoted by policies and practices in an organization. Satisfied employees are more willing to stay loyal to a company and thence, increase the retention rate (Gregory, 2011).
- Having established a position of diverse yet inclusive organization helps with managing external stakeholders who might feel represented by minorities and better understood.

Diversity, equity, and inclusion are concepts that concern people and that is why it includes various complications and resistance. People dislike change and prefer familiarity which stands in opposition to diversity.

One of the biggest costs that an organization needs to pay is the price of the creation and implementation of a diversity management strategy. It includes onboarding people responsible for aligning company values and strategy (by adjusting policies and processes) to assist diverse stakeholders of a company (Wziątek-Staśko, 2012). Diversity and inequality are sensitive topics that without proper training and understanding can be confused. Too broad classification of diversity could be a high cost for a company as they would need to create access to accommodate all. On the other hand, the classification of differentiated groups that is too narrow could cause a sense of discrimination and a perception of an exclusive workplace as employees would feel forgotten (Thomas and Plaut, 2008). The key is to find a balance and create differentiation categories that would be widely communicated and accepted within an organization.

Another negative outcome of diversity management in a workplace is the resistance of employees to accepting and improving the workplace by introducing

a culture of inclusion and acknowledging differences. Resistance may be manifested overtly by verbal or/and physical harassment, violence, or by creating discriminatory company policies and processes. Furthermore, resistance may appear more subtle in a form of avoidance, silence, exclusion, or distancing (Thomas and Plaut, 2008). The resistance to diversity may result in internal conflicts between co-workers. Watson and Hoffman research (1996) indicates that up to 42% of their time, managers spend on workplace conflict resolution. Therefore, the productivity of a company is decreased. The atmosphere of discrimination and harassment or even the subtle distancing can cause employees disengagement, dissatisfaction, and hence, increased absenteeism at work.

Lastly, the term rainbow-washing (often known also as Pinkwashing) is nowadays used to describe the strategy of a company that expresses support to the LGBTQ+ community only to exploit its position financially. Rainbow capitalism suggests that companies use the symbol of the rainbow to increase their brand recognition and image without taking actions or with taking minimum action to enhance improvements for LGBTQ+ communities or employees within the company (Suomio, 2022).

As stated before, diversity, equity, and inclusion can bring benefits when managed appropriately. However, if the company is not assessing and addressing the matter in a proper manner, it can cause disorientation and dissatisfaction among employees, and, consequently, lead to a higher turnover rate. Thence, numerous companies are introducing diversity, equity, and inclusion policies often referred to as DEI Policies.

DEI Policies sets the company's approach to diversity, equity, and inclusion. DEI Policies are being introduced to ensure an inclusive work environment that advocates respect and dignity among not only employees but all stakeholders (e.g. customers, and partners) (IRPM, n.d.). They regulate the company processes to ensure that all people are being treated equitably. The scope varies among the companies but the focus is usually put on organizational values, recruitment and selection of new candidates, compensations, development, promotion possibilities, and workplace inclusiveness.

3. Research Methodology

This research aims to examine employees' perception of diversity, equity, and inclusion (DEI) in the Polish branch of an international company. It seeks to explore the initiatives taken by the company to create an inclusive workplace by examining its policies and practices. The key purpose is to assess if the company's stated commitment to DEI and its actual actions are aligned. Furthermore, the study aims to identify employees' expectations and experiences related to DEI.

To provide an in-depth analysis of a company, a qualitative method has been adopted in this research. To be more specific, this research follows a case study

research design (Gerring and McDermott, 2007). The case selection was based on its relevance to the research objectives. The research consists of multiple data collection techniques that are used to gather comprehensive data and information. These methods include document analysis of company policies, reports, communication materials related to DEI, and a survey conducted among employees at various levels in the organization. The survey employs a 6-point Likert type scale (1 means “strongly disagree”, 6 stands for “strongly agree”). Anonymity and privacy were maintained throughout the research process.

The survey was filled by 18 respondents of various statuses, genders, ages, and job experiences (out of 62 workers employed in the unit). The documents that were taken into consideration were: Cultural Behaviour Guidebook, Corporate Governance Guidelines, Code of Business Conduct and Ethics, Supplier Code of Conduct, and materials provided on the company website.

4. Research Findings

As the company wished to remain anonymous, for the purpose of this research it is referred to as “Company X”. Company X is part of a global corporation that provides advanced fuel dispensing equipment, systems, and technologies. Company X hires more than 2800 employees all over the world, therefore it classifies as a large enterprise (Eurostat, n.d.). Their headquarters are based in Texas. This study focuses on the Polish branch of company X located in Cracow that deals with software production and testing for the broadly defined fuel industry.

Company’s Commitment to DEI in Documents

Company X has established detailed frameworks to ensure ethical conduct and diversity, equity, and inclusion in its operations. The Corporate Governance Guidelines emphasize the board’s commitment to diversity in director qualifications and succession planning. This commitment is ensured by employing third-party search firms to include candidates from diverse backgrounds. The Code of Business Conduct and Ethics extends accountability for fostering inclusive workplace to all employees, directors, and external stakeholders. It demonstrates a commitment to addressing misconduct transparently by providing a reporting mechanism and global hotline for ethics concerns. The Code is available in multiple languages, and it showcases dedication to a fair and safe workplace. Additionally, Company X follows The Supplier Code of Conduct. It emphasizes ethical business practices, human rights, and workplace equality. Suppliers who fail to comply face the potential termination of the business relationship, reinforcing the significance of ethical standards throughout the supply chain.

Employee's Review on DEI Efforts

The study surveyed 18 out of 62 employees at Company X, representing a 29% response rate. Participants included diverse age groups, job levels, and lengths of experience. The results concerning DEI recognition, management effort and employees' view are presented in Tabs 1, 2, and 3, respectively.

Table 1. Survey results concerning DEI recognition

Statements concerning DEI recognition	Average
My organization hires people from all backgrounds and communities	5.33
The top management in my company is diverse	4.83
Diversity is implemented into the company structure	4.61
Diversity initiatives are commonly seen in the organization	4
Inclusion initiatives are commonly seen in my organization	3.56
The topic of diversity is covered in my training/development plan	5.06
Diversity is discussed during company's meetings	3.72
My trainings include topics of equity and equality	5.33
My training programs include inclusion	5.11

Source: own work.

Company X adapts diversity, equity, and inclusion as a strategic advantage. As evidenced by the survey findings presented in Tab. 1, the company demonstrates a profound respect for individuals valuing their unique backgrounds and experiences. Survey suggests an overall positive sentiment regarding diversity within the organization. The organization's commitment to hiring individuals from diverse backgrounds received a high average score of 5.33. Satisfaction levels with top management and company structure diversity were particularly high among long-term employees with the average score of 4.83. Despite this positive trend, a potential area for improvement was identified as lower and middle-level management's satisfaction with diversity is significantly lower. It might indicate a need for a deepened evaluation of senior management structures. While gender equality initiatives were recognized and positively evaluated, there was a notable lack of awareness for inclusion initiatives.

The survey highlighted the success of the company's DEI communication and education efforts as the average rating for the inclusion of DEI topics in training and development programmes was notably high. Training on equity and equality received the highest score of 5.33, showcasing positive feedback across genders, seniority levels, and lengths of experience within the company. This indicates the success of the company's efforts in communicating and educating individuals on DEI topics.

When examining the statement *Diversity is discussed during company meetings*, mixed responses were observed with a slightly lower average score of 3.72. While a majority agreed with the statement, two respondents explicitly mentioned the absence of discussions on diversity, equity, and inclusion during company meetings. The divergence in responses may be attributed to varying levels of employee interest in DEI topics. Some individuals actively engage in these conversations, while others may not perceive or prioritize them during meetings.

Table 2. Survey results concerning management efforts to support DEI

Statements concerning management effort to support DEI	Average
Top management and/or HR support people with disabilities within my company	4.94
The executive team promotes an inclusive workplace	5
I can comfortably share my concerns with my managers/ supervisors	5.5
Inclusion is a priority for my company	4.17
The management team handles the matters related to equity issues satisfactorily	4.94

Source: own work.

Respondents indicated a satisfactory level of support for individuals with disabilities as shown by the average score of 4.94. Notably, during company’s relocation in 2018, the amenities for individuals with disabilities were considered, which resulted in a new office on the ground floor with wheelchair-accessible features. What is more, employees mostly agreed that the executive team promotes an inclusive workplace (average 5.0). According to workers’ personal experiences, they generally feel comfortable sharing concerns with managers and supervisors, indicating positive perceptions of management’s commitment to fostering diversity, equity, and inclusion (DEI) within the organization.

Table 3. Survey results concerning employees’ view on DEI

Statement concerning employees’ view on DEI	Average
I am comfortable discussing my social and cultural background with my teammates	5.5
I have always been treated fairly in my company	5.39
The promotion is awarded fairly among employees	5.06
I can recognize the long-term consequences of ignoring diversity and inclusion in my company	3.72
Diversity, equity and inclusion topics influence me personally	3
Implementing diversity, equity and inclusion policies by my organization influenced me on personal level	2.72
Diversity, equity and inclusion practices benefit my organization	3.94

Source: own work.

In considering DEI as a part of the company's strategy, participants acknowledged the presence of inclusion within company values. However, they are perceiving it as a lower priority compared to other organizational objectives (reflected in the average score of 4.17). Despite this, inclusion was recognized as a significant element in the company's overall strategy.

Respondents generally feel at ease discussing social and cultural backgrounds (average score 5.5), indicating a positive and inclusive workplace. Satisfaction with fair treatment is high with a score of 5.39, with one outlier expressing dissatisfaction with the promotion policy. As this person is in an age group 59-68, it might indicate an age discrimination and should be further reviewed. Awareness of the long-term consequences of neglecting DEI varies among participants with an average score of 3.72. Newer employees demonstrate lower knowledge of repercussions resulting from ignoring DEI policies. A noteworthy number of respondents feels DEI has not personally impacted them.

DEI perception analysis reveals higher satisfaction among women, which is potentially linked to personal experiences with DEI initiatives. Among generations, Gen X reports the highest satisfaction. Staff members exhibit slightly higher satisfaction than management. Furthermore, longer tenure correlates with higher satisfaction, which emphasizes the need for ongoing awareness-building especially for newer employees.

5. Conclusions and Recommendations

To strengthen inclusion in an organization, it is crucial to prioritize its DEI training programmes for all employees. These training programmes should focus on educating employees about the significance of diversity and equip them with tools to address unconscious biases and promote inclusive behaviours. By investing in training, every company can provide its employees with a deeper understanding of DEI concepts and their individual role in fostering an inclusive workplace environment. Such training initiatives will contribute to creating a culture where diversity is valued, biases are challenged, and inclusive practices are applied by all. The survey indicates a positive outlook on the effectiveness of training programs. Employees express high satisfaction with the inclusion of DEI topics in training and development, giving the highest rating to training on equity and equality.

Additionally, all organizations can leverage their company meetings as a platform for communication. By including DEI content (such as success stories, case studies, and real-life examples) in these meetings, companies can effectively show the positive impact of DEI on the organization and its employees. This approach allows employees to witness how diversity and inclusion contribute to innovation, collaboration, and overall business success. Moreover, these meetings provide an opportunity to address any misconceptions or concerns that employees may have.

To ensure the strength of its inclusive culture, Company X and others who would like to be leaders in the DEI field should focus on clear communication of consequences related to non-compliance with DEI policies. While the Code of Conduct in Company X outlines general consequences, it is essential to ensure that employees have a clear understanding of these actions. Organizations can achieve this by clearly communicating the disciplinary actions and measures that may be taken in response to violations.

Company X is a great example of engaging all stakeholders in the DEI commitment. This includes suppliers, vendors, and other external partners. By promoting DEI principles across all interactions, companies can create a more inclusive system that aligns with its core values. Engaging stakeholders in DEI efforts not only boosts the company's message of inclusivity but also creates the so-called ripple effect inspiring others to embrace diversity and inclusion in their own practices.

To create a truly inclusive workplace, it is important for companies to emphasize that DEI initiatives are a shared responsibility and involve every employee even if they do not belong to a minority group.

Every strategy to be efficient needs to be evaluated. DEI efforts are not different. To ensure their effectiveness, companies should establish a process for assessing their progress. This involves implementing regular surveys or feedback mechanisms that allow employees to provide input on their experiences and perceptions related to DEI. By collecting and analysing this data, the company can identify areas of strength and areas for improvement.

In the world where the word "equality" plays a crucial role, companies should use diversity, equity, and inclusion to create competitive advantage and build an inclusive world of work.

Limitations

As this research followed the case study approach, there are certain limitations. The findings and conclusions drawn from the data provided may have limited generalizability. Factors such as the company's industry branch, size, location, and organizational culture can significantly influence diversity and inclusion efforts. Even though the insights gained from this research can still provide valuable information and perspectives that contribute to the understanding of DEI practices and their impact, they might not apply to all companies.

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Postrzeżenie polityk różnorodności, równości i inkluzywności: studium przypadku

Streszczenie: Tematy związane z różnorodnością, równością i inkluzywnością (*diversity, equity and inclusion*) zyskują coraz większe znaczenie w kontekście współczesnego środowiska pracy. W międzynarodowych korporacjach pracownicy spotykają się z różnorodnością i wielokulturowością na co dzień, co skłania firmy do wprowadzania norm i polityk, które mają na celu tworzenie inkluzywnego miejsca pracy, czyli środowiska, w którym wszyscy pracownicy, niezależnie od swojej tożsamości, różnic kulturowych, orientacji seksualnej czy niepełnosprawności, są traktowani sprawiedliwie, szanowani w społeczności firmowej i uwzględniani w procesach decyzyjnych. Badanie opisane w artykule ma na celu zrozumienie opinii pracowników polskiego oddziału międzynarodowej firmy dotyczących działań podejmowanych przez firmę w zakresie różnorodności i równości. Badanie zostało przeprowadzone w formie studium przypadku. W celu zebrania danych zastosowano takie narzędzia, jak ankieta oraz analiza dokumentów wewnętrznych firmy. Wyniki uzyskane w badanym oddziale firmy sugerują, że pracownicy są zadowoleni z obecnego poziomu działań firmy. Wielu natomiast jest nieświadomych lub niedoinformowanych w zakresie odpowiedzialności i działań, jakie podejmuje firma.

Słowa kluczowe: różnorodność, równość, inkluzywność, równość szans, inkluzywne miejsce pracy

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A Critical Analysis of Corporate Governance: The Case of BlackRock

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Abstract: The aim of the article is to examine how BlackRock complies with corporate governance standards and whether it promotes them appropriately towards the companies in which it invests. To accomplish this, a critical review of the literature was employed, and later, qualitative research with documentation analysis in the form of articles available online, databases and reports was used. This article will focus on the history of the company, their “Aladdin” investment program, and many controversies that have arisen over the years, such as: investing in companies with a high ESG score and related inaccuracies; investments in businesses that produce huge amounts of pollution; companies from China that are blacklisted by the US as violating human rights; BlackRock’s role in the housing crisis; and connections with companies responsible for Amazon deforestation. This analysis will show us how BlackRock operates and its negative impact on the environment.

Keywords: corporate governance, BlackRock, ESG, climate, Amazon deforestation

1. Introduction

Recent years have shown a new trend in corporate governance and companies are becoming more and more aware of their impact on the environment. In order to show their care, they release ESG reports to stakeholders to prove that their actions follow all laws and guidelines. Although some companies follow their statements, some hide their wrongdoings behind fancy words and unfilled declarations. This article will examine one of the biggest companies in the world – BlackRock.

Although information on BlackRock is frequently found in articles, thorough studies that summarize the company’s worldwide role and impact on other enterprises are limited. The following question might be used to define the research problem: How is BlackRock following the corporate governance standards and is it promoting them in an appropriate form towards the companies in which it invests?

Therefore, the study's goal is to investigate how BlackRock respects corporate governance principles in the course of its business.

A critical approach was used in relation to the literature review. Qualitative research was employed along with documentation analysis for the empirical portion. Searches for several documents, such as reports, databases, and articles online, were conducted to obtain the information required for this study.

Theoretical section focuses on what corporate governance is, and how it can be assessed. Methodological one explains which procedures were used to get the data. The research results section presents all the findings and summarizes them in the conclusions chapter.

2. Theoretical Background. Corporate Governance – How to Understand It?

Corporate governance is a system by which a company is directed and controlled. Its main purpose is to balance the interests of the company's many stakeholders such as management, suppliers, shareholders, customers, government, community, and financiers (Fernando, 2011; Tricker, 2015). Good governance helps to improve the company on many levels – ensures that company is being transparent and is run ethically. Several key elements that help keep governance appropriate can be identified. These elements are as follows.

- Board of directors – they represent company's interest, provide strategic direction for the company and are responsible for the company's future by making key decisions, selecting and overseeing the performance of management and setting company's strategy.
- Risk management – helps identifying, prioritizing and assessing potential dangers and risks that may impact company's ability to achieve its goals in the future.
- Ethical behaviour – it is a value that guides company decision-making and actions. Companies that operate with integrity, fairness, and respect for their stakeholders are more likely to be trusted and have a positive reputation.
- Transparency and disclosure – openness and honesty are the key characteristics by which a company has to communicate to its stakeholders. Companies must provide accurate and complete information in a timely manner, so that stakeholders can make informed decisions.
- Shareholder rights – companies have to ensure that shareholders are treated with respect and have a say in company's important matters like acquisitions, merges and election. It is important to protect shareholders rights against unfair treatment, ensure that there is no voting discrimination and provide equal right to receive company information.
- Compliance with laws and regulations – the companies are obliged to follow all new laws and regulations that are connected with their business operations.

They have to ensure that the company follows all local, national and international laws that apply to their business.

- Responsibility – companies must be aware of their impact on the society and the environment. They must operate in a socially responsible matter.
- Independence – it is crucial for companies to implement a system that ensures independence and prevents conflict of interest. This includes having independent directors on the board and authorizing processes to manage potential conflicts of interest.

Among the tools available to measure corporate governance, the following can be identified: Corporate Governance Indexes, MSCI ESG Governance Index, FTSE4 Good Index Series, S&P Dow Jones Indices and Rating Agencies like Moody's, S&P and Fitch Ratings. What is important to focus on is that rating agency's role is to assess the creditworthiness of companies based on entities capability of paying back the debt yet based on a report published by Moody's on the 23rd of November 2023, it reads: "For nearly quarter of score entities, credit ratings would be different if not for ESG issues" (Massard and Berckmann, 2022). The report points out that as much as 20% of companies, financial institutions, sub-sovereigns, and public finance entities had highly negative impact on their credit score when ESG was taken into account.

3. Methodology

The research methodology began with a critical review of the literature, which led to the identification of a research gap and the formulation of the problem. The purpose of the thesis was defined and the case study research method was used. Research was conducted, and conclusions were drawn based on the analysed data.

4. Research results

4.1. The History of BlackRock Inc.

Moving towards BlackRock Inc. itself, to better understand the history of the company, it is crucial to focus on history of its current CEO – Larry Fink. Larry Fink was born on November 2, 1952 in California. Although financially struggling he always showed huge interest in academics and years later he was accepted to his dream school – University of California. Fink was initially going to study physics, yet due to the financial struggles of his family he has chosen political science. He received his MBA degree at UCLA from the Anderson School of Management. During this period his interest in finance grew and after graduating he started his career at a real estate trust company. After a short period of time he joined "First Boston" – a major investment bank in 1976. He quickly rose through the ranks at the bank until a significant loss of \$100 million due to his incorrect prediction about interest

rate. He co-founded BlackRock under the Blackstone Group and faced difficulties before being well-known for his reliable investment management. BlackRock grew quickly, focusing on strengthening client relationships and diversifying its product line. With Fink as CEO, the company went public in 1999. Fink's ground-breaking Aladdin platform transformed the business and was widely adopted by international financial institutions. Fink's leadership style stresses data-driven decision-making and a willingness to accept technological innovations, and BlackRock's success has earned it countless plaudits. Known as the world's largest shadow bank, BlackRock is one of the biggest financial institutions in the world, managing an astounding \$8.49 trillion in assets as of Q2 2022. Fink remains dedicated to addressing climate change through various initiatives, including the BlackRock Investment Stewardship program.

4.2. Aladdin

Aladdin (Assets, Liability, Debt, and Derivative Investment Network) is an electronic system built and constantly improved by BlackRock since 1980s. The platform was initially developed in order to aid BlackRock in managing its own assets, but it has developed into a potent instrument. Asset managers, pension funds, insurance companies, and corporate treasurers all use BlackRock's Aladdin platform for end-to-end investment management and operations. On a single, unified platform, it combines complete portfolio management, trading, and operational tools with sophisticated risk analytics by fusing conventional financial modelling with cutting-edge AI and machine learning approaches. Aladdin's rapid processing of large volumes of data makes risk assessment and market analysis more insightful. It analyses sentiment in the market from a variety of sources, including news articles and social media, by utilizing sentiment analysis and natural language processing. By spotting patterns in past data, machine learning algorithms improve risk management and portfolio construction. Aladdin is now a vital instrument for the financial industry, with over 55,000 users globally, including non-financial institutions and \$21.6 trillion under management.

Having such an enormous amount of money raises a number of issues. BlackRock's analytical models are used in part by more than 17,000 traders at banks, insurance firms, sovereign wealth funds, and other institutions to help them make investment decisions. These individuals, who are in charge of many of the major financial institutions in the world, at least partially base their investment decisions on BlackRock's analytical models. Systemic risk and cybersecurity are subjects of concern since so many major financial institutions rely on BlackRock's analytical models when making decisions. These models may also create blind spots and weaknesses. The complexity and expense of the Aladdin system make it difficult to opt out, and conflicts of interest may arise when BlackRock, Aladdin's clients, and investee companies share board director roles. This became concerning

since the person in charge of the strongest risk-management programmes might wield significant power. Furthermore, Larry Fink should be credited for bringing the Environmental, Social, and Governance (ESG) agenda to the general public's attention. He urged the sector to take a stand against climate change by endorsing sustainable investment, selling their interests in certain fossil fuels, or using their votes at annual meetings to call attention to conflicts of interest. His open letter to the business was published in January 2020. BlackRock's dedication to innovative finance is demonstrated by Aladdin's ongoing development and its systematic active equities business. Their \$100 billion AI quantitative investment unit in San Francisco regularly outperforms the market in a variety of scenarios.

4.3. BlackRock's Involvement in the Aftermath of 2008 Crisis

BlackRock Solutions was hired by the US Treasury Department in 2009 to evaluate distressed assets owned by significant institutions impacted by the financial crisis of 2007–2008. Founded in 2008, BlackRock's Financial Markets Advisory Group offers global help to financial institutions and governments. BlackRock provided services to other financiers and government authorities during the crisis by utilizing its risk management tool, Aladdin.

BlackRock gained a commanding lead in the financial services sector expanding briefly by acquiring Barclays Global Investors, which was well-known for its proficiency in exchange-traded funds (ETFs) and passive investments under the iShares brand. This was a critical turning point in the histories of both corporations as it allowed Barclays to fortify its balance sheet without needing a government bailout. The following rise in worldwide ETF assets – which have already reached a record \$5.4 trillion since 2009, from just over \$1 trillion – illustrated the acquisition's huge impact on the financial market. Following the financial crisis, in 2011, the Irish central bank hired BlackRock Solutions to evaluate the state of its main banks without issuing a formal tender. In order to perform stress tests and assess the capital requirements of Irish banks, BlackRock's assistance was requested once more in the following years. BlackRock's impact on the global financial scene was highlighted by the consulting division's important participation in a number of high-stakes evaluations during the financial crisis.

4.4. ESG Investing

BlackRock CEO Larry Fink has had a big impact on the financial scene by emphasizing the move toward Environmental, Social, and Governance (ESG) investing in his yearly letters to CEOs. These letters urge businesses to prioritize moral behaviour and take into account how their actions affect the environment and society. "Society is demanding that companies, both public and private, serve a social purpose", "Contribute to Society, or Risk Losing Our Support" (Sorkin, 2018). Promoting ESG

may be advantageous, but there are certain unintended effects to be aware of, such as the possibility of manipulating ESG scores to gain an unfair competitive edge.

The financial sector has seen significant changes as a result of BlackRock's support for ESG investing. Due to this change, asset managers all over the world are now promoting the significance of sustainable investment practices for long-term performance by incorporating ESG concepts into their investment strategies and product lines. Notable results include enhanced corporate disclosure and a greater emphasis on environmental, social, and governance (ESG) issues in public policy and investment decisions. However, a number of difficulties and objections to ESG investment have come up, such as worries about greenwashing, the absence of standards, discussions on fiduciary responsibility, and how to strike a balance between short- and long-term objectives. In this scenario, evaluating ESG equities has emerged as a critical problem. It has come to attention that MSCI is a major contributor to the ESG ratings given to a range of financial instruments, including those under BlackRock management. The way MSCI approaches ESG ratings has drawn criticism since it prioritizes the benefits on the corporation over the implications on society and the environment (Simpson et al., 2021). For example, McDonald's Corp., a big global consumer of beef, surpassed nations like Portugal and Hungary in its contribution to greenhouse gas emissions in 2019. With 54 million tons of emissions, it was an increase of almost 7% over the preceding 4 years. In spite of this significant environmental impact, McDonald's credit rating was upgraded by MSCI on April 23rd, based on the company's environmental practices. Remarkably, MSCI did not take carbon emissions into account while deciding to raise the credit rating. Rather, McDonald's environmental score was updated by MSCI which took into account the company's efforts to reduce waste and packaging-related risks compared to its competitors in the industry. One noteworthy move was the placement of recycling bins in McDonald's locations in the UK and France, as the business may be subject to fines or other legal consequences for insufficient recycling procedures. In simple words, McDonald had to install new recycling bins in order to avoid legal consequences, yet MSCI decided that this move was made to be more eco-friendly company.

Discussions concerning the reliability and applicability of ESG ratings have arisen as a result of the ratings' lack of consistency and openness. Furthermore, worries regarding green bonds and possible financial mismanagement emphasize the importance of stricter laws in the ESG industry.

4.5. Investments in China

The biggest asset manager in the world, BlackRock, caused controversy when it made big advances in the Chinese market, drawing criticism from a variety of sources. It raised significant capital from Chinese investors to create China's first mutual fund in 2021, having gained greater access to the country's financial

industry thanks to the US-China phase-one trade agreement. Even with its financial success, BlackRock was strongly criticized by individuals such as George Soros, who called their engagement in China a “tragic mistake”. (Chandler, Gordon, 2021). After BlackRock’s Chinese investments had been made public and mocked, the criticism grew more intense in late 2021. A multi-million-dollar campaign was started by a group named the Consumers First Initiative to reveal BlackRock’s alleged connections to the Chinese Communist Party (CCP). The goal of the campaign was to increase public awareness of BlackRock’s supposed CCP backing and how it affects the US security. The group specifically targeted state pension funds that had investments in BlackRock, raising questions about the possible risks connected to the company’s investment decisions – especially those made in China. BlackRock’s holdings in businesses like iFlytek and Hikvision that are linked to human rights abuses in Xinjiang attracted more notice. It was disclosed that BlackRock raised its stake in Hikvision despite of the US government placing the business on a blacklist due to its violations of human rights. The concerns about BlackRock’s involvement in assisting the Chinese military’s technological advancement were also sparked by the company’s investments in a number of Chinese companies, some of which had connections to the Chinese military. A congressional committee’s additional investigation in 2023 revealed the depth of BlackRock’s relationships to more than 60 Chinese businesses that American officials had raised concerns about for security or human rights violations. According to the committee’s findings, BlackRock was allegedly leveraging the funds of US investors to fund Chinese companies associated with the People’s Liberation Army and the Chinese Communist Party’s pursuit of technological domination. Critics also pointed to BlackRock’s use of Variable Interest Entities (VIEs) for its investments in Chinese businesses. Because VIEs were considered unlawful under Chinese law, there were worries that American investors would be at the mercy of the Chinese authorities (Sanchez, 2021). This sparked concerns about BlackRock’s dedication to the financial stability of its clients as well as its risk assessment procedures. BlackRock’s activities in the Chinese market, in particular its investments in businesses connected to the Chinese military and human rights violations, have generated a great deal of discussion and investigation in increasing worries and criticisms. This has led to calls for increased accountability and transparency in the company’s investment practices.

4.6. Housing Market

Rising housing costs in the US and the UK are exceeding stagnating salaries, creating a housing crisis that makes owning increasingly unaffordable for the majority of people. This problem has been made worse by rising mortgage rates and rising rent, especially in cities. Major organizations like Vanguard, Blackstone, UBS Group, and BlackRock have been making large investments in the housing market, which resulted in higher prices and displacement of average homeowners. This has made

the situation worse. Even though BlackRock says it has no direct involvement with buying single-family homes, it owns substantial holdings in businesses that do so and has significant voting influence over those businesses' decisions. These businesses took advantage of the troubled conditions in the housing market after the 2008 financial crisis, purchasing large quantities of foreclosures and then reselling them after renovations to drive up the inflation of the property market. According to the *Wall Street Journal*, approximately 200 companies, such as Invitation Homes and Treehouse Homes, made coordinated efforts to buy tens of thousands of homes in 2021 (Braus, 2023). This resulted in an increase in rental prices and the conversion of smaller homes into larger ones, which made the housing crisis worse. Critics claim that businesses like BlackRock put profits before the well-being of society and participate in actions at odds with their stated support for humanitarian and environmental causes – a tactic known as “greenwashing”. BlackRock has solidified its power in the financial industry and worldwide economies through its large investments and unique software Aladdin, which has raised worries about its substantial control and impact. Despite increased public knowledge of BlackRock's activities, many are still concerned about the company's involvement in escalating the housing crisis and its wider impact on the financial markets.

4.7. Investments Towards Climate Change

The 2018 NGOs research found that 1206 institutional investors, with \$139 billion in total holdings, backed the top 120 coal plant developers. The largest global investor in coal plant developers, BlackRock is a financial behemoth located in the US that held bonds and shares worth a combined \$11 billion in 56 of these developers.

Influence Map, an NGO located in the UK, revealed that BlackRock and Vanguard-owned companies that had thermal coal resources were reported to emit more than 8 gigatons (Gt) of CO₂, or 2% of the carbon budget required to keep global warming to 1.5 °C. In 2017, the share of worldwide energy-related carbon emissions attributable to BlackRock's assets was 30%. Environmental organizations widely criticized BlackRock shortly after by the German non-governmental organization Urgewald revealed it was the world's largest investor in new coal-fired power plants. BlackRock's commitment to sustainability came under increasing pressure to divest from fossil fuel firms. A campaign dubbed “BlackRock's Big Problem” brought attention to BlackRock's involvement in the climate problem in 2018 by highlighting the company's position as the largest shareholder in international fossil fuel companies. The campaign urged BlackRock to give top priority to investing in sustainable funds and to cease supporting fossil fuel companies that were unwilling to alter their business methods. The campaign, which asked BlackRock to employ transparent shareholder involvement to guarantee its owned companies aligned with the Paris Climate Accord, was launched during the Climate Week in New York. In spite of the campaign, CEO of BlackRock Larry Fink insisted that the company's



The Largest Asset Manager Groups and Fossil Fuel Holdings

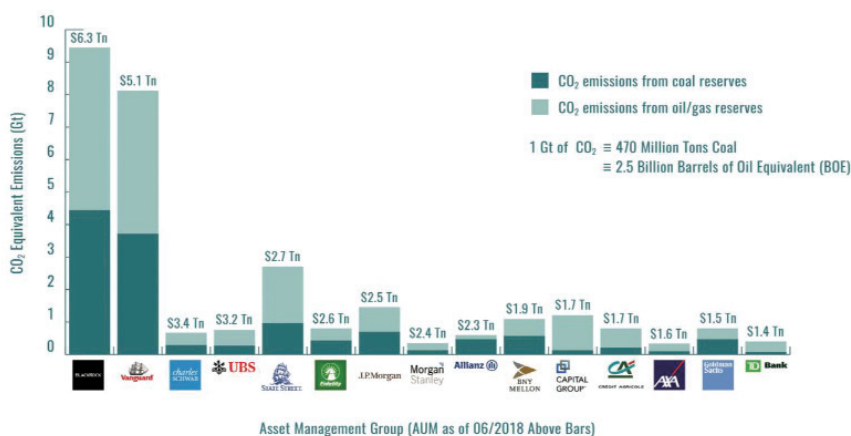


Fig. 1. The largest asset manager groups and fossil fuel holdings as of 2018

Source: (Influence Map, 2019).

first priority was to safeguard and expand its clients' assets, placing a higher priority on fiduciary obligation than individual environmental beliefs. Fink declared in 2020 that BlackRock would give environmental sustainability top priority when making investment decisions, which resulted in a change in the company's approach. In an effort to get corporations to reassess their carbon footprints, the company started to dispose of assets that carried a significant degree of sustainability risk, such as coal companies. Reactions to the announcement were divided: some questioned BlackRock's strategy's effectiveness and its decision to keep retaining assets connected to fossil fuels. As a result of protests held by environmental activists against BlackRock's environmental impact, the corporation came under increased scrutiny. Additional reports from 2022 and 2023 emphasized BlackRock's continued involvement in fossil fuel businesses, such as those producing coal, oil, and gas (Tab. 1, 2).

BlackRock maintained its position as one of the biggest institutional investors in these industries despite its claims of sustainability, which prompted criticism for greenwashing and demands for stricter action to meet climate targets. According to a Common Wealth think tank report, over \$1.5 billion in coal, oil, and gas bonds were held by ESG funds run by BlackRock and other large asset management companies, casting doubt on the sincerity of sustainability pledges. BlackRock's substantial impact on the financial industry, which includes its advisory position in EU environmental laws, has raised questions over possible conflicts of interest and the company's influence over climate policy.

Table 1. Companies investing into fossil fuels as of March 2022

Financial institution	Corporate lending		Bond underwriting		Equity underwriting		Equity asset management	
	Total fossil fuel financing (\$ mln)	% fossil fuel exposure	Total fossil fuel financing (\$ mln)	% fossil fuel exposure	Total fossil fuel financing (\$ mln)	% fossil fuel exposure	Total fossil fuel financing (\$ mln)	% fossil fuel exposure
JP Morgan	36.276	5	40.537	10	4.381	2	20.889	5
Bank of America	19.166	3	33.088	9	3.067	2	N/A	N/A
Wells Fargo	26.006	7	14.499	9	1.409	5	1.882	4
Ping An Group	100	6	2.975	7	0	0	49	3
Citigroup	26.691	6	38.023	12	4.182	3	N/A	N/A
HSBC	15.113	8	16.811	11	43	0	2.517	7
BNP Paribas	31.845	11	15.691	9	0	0	3.084	5
Allianz	N/A	N/A	N/A	N/A	N/A	N/A	4.004	4
BlackRock	N/A	N/A	N/A	N/A	N/A	N/A	136.416	6
Mitsubishi UFJ Financial Group	17.324	10	19.328	16	33	2	2.142	2
Santander	8.641	10	6.818	9	63	1	419	11
AXA	N/A	N/A	N/A	N/A	N/A	N/A	1.136	4
Crédit Agricole	16.753	10	11.017	14	0	0	13.300	5
Sumitomo Mitsui Financial Group	13.86	9	14.161	12	36	0	371	2
Royal Bank of Canada	23.62	12	15.759	13	598	2	119	9
Goldman Sachs	2.083	1	17.314	7	3.225	1	6.629	6

Source: (Influence Map, 2022).

Table 2. Top 23 fossil fuels investors

Investor	HQ country	Investment in \$ mln
1. Vanguard	United States	268,887
2. BlackRock	United States	263,345
3. State Street	United States	133,470
4. Capital Group	United States	105,677
5. Public Investment Fund	Saudi Arabia	92,537
6. Fidelity Investments	United States	82,048
7. JP Morgan Chase	United States	47,863
8. Government Pension Investment Fund	Japan	46,462
9. Berkshire Hathaway	United States	46,267
10. Geode Capital Holdings	United States	44,166
11. Government Pension Fund Global	Norway	40,879
12. Wellington Management	United States	36,012
13. T. Rowe Price	United States	34,880
14. TIAA	United States	31,882
15. Franklin Resources	United States	31,624
16. Dimensional Fund Advisors	United States	30,838
17. Morgan Stanley	United States	29,753
18. Life Insurance Corporation of India	India	29,540
19. Invesco	United States	28,373
20. Northern Trust	United States	26,446
21. Bank of America	United States	26,323
22. Bank of New York Mellon	United States	26,118
23. National Pension Service	South Korea	25,900
Total		1,529,290

Source: (Urgewald, 2023).

4.8. Accusation of the Deforestation of the Amazon

The largest investor in the world, BlackRock, promised in January 2020 to remove \$500 million from coal industry holdings and push businesses to put sustainability first in response to growing criticism from environmental groups. Protesters were incensed that it continued to hold assets in companies linked to deforestation. BlackRock, which uses passive index funds and has enormous worldwide holdings, admitted that it has little influence over social issues. Despite its sustainability claims, it was accused of hypocrisy when later reports showed that it continued

SHAREHOLDINGS ABOVE US\$ 100 MILLION PER COMPANY

Top 20. US\$ million (latest filing date October 2021)

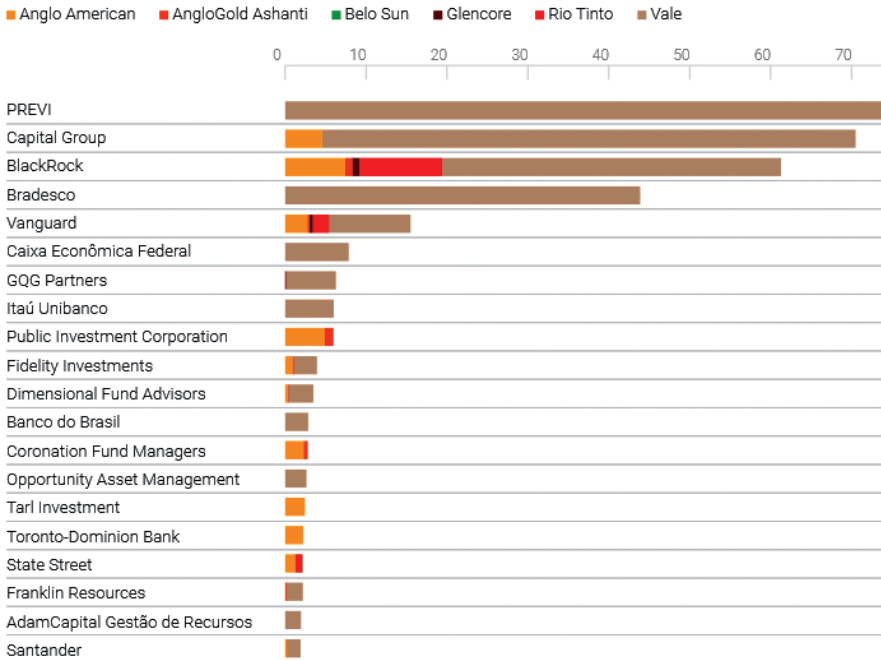


Fig. 2. Biggest shareholders in Amazon deforestation companies as of October 2021

Source: (APIB and Amazon Watch, 2022).

to invest in fossil fuel businesses. A report titled *Compliance in Destruction IV*, which was released in February 2022, detailed how BlackRock and other significant investors funded mining operations in the Amazon that resulted in the violation of indigenous rights and environmental damage (Fig. 2). The study emphasized the negative impacts of industrial mining over the long run, such as increased deforestation, hazardous waste contamination, and large greenhouse gas emissions. It also clarified the disputes and fatalities linked to mining operations, highlighting the catastrophic impacts on the environment and nearby communities. BlackRock maintained making investments despite the data, which raised questions about its dedication to social responsibility and climate change.

5. Conclusions

The object of the article was to research how does BlackRock follow corporate governance standards through its operation and whether it is promoting them in an appropriate way. To achieve this, it was necessary to study what corporate

governance is, how to evaluate it, and conduct desk research by looking through numerous papers and reports online to get a more comprehensive understanding of how BlackRock functions. The study draws attention to BlackRock's inconsistent business practices. BlackRock is a significant player in corporate governance and ESG investing. In spite of its support for environmental responsibility, it has increased investments in fossil fuels and supported businesses that violate privacy. It is argued that the ESG grading system allows businesses to raise their scores by making minor adjustments. Concerns have been raised by BlackRock's significant influence which it wields through its Aladdin platform, as it keeps funding environmentally harmful projects. Even while it has not been personally involved in all of the controversy, its investments have helped to support destructive practices like deforestation in the Amazon. The research highlights the importance of true corporate responsibility and issues a caution against putting financial gain ahead of moral conduct. The need for genuine environmental stewardship in the corporate sector is brought to light with rising stakeholder awareness. According to the research, BlackRock does not live up to the standards it advocates, which shows the need of really following ethical business practices in order to set an example.

During the research several limitations occurred. Some supposed unethical behaviour is not well supported by the facts, and writers with prejudicial beliefs frequently exaggerate problems. It is essential to verify information from several sources, particularly non-profit ones. In order to prevent organizational errors and gain a better understanding of corporate governance, more research is required, especially case studies, as they are scarce.

Acknowledgement

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Krytyczna analiza ładu korporacyjnego na podstawie firmy BlackRock

Streszczenie: Celem artykułu jest sprawdzenie, w jaki sposób firma BlackRock przestrzega standardów ładu korporacyjnego i czy promuje je w odpowiedni sposób wobec spółek, w które inwestuje. Aby tego dokonać, zastosowano przegląd krytyczny literatury, natomiast w dalszej części wykorzystano badania jakościowe z analizą dokumentacji w postaci artykułów dostępnych *online*, baz danych oraz raportów. W artykule skupiono się na historii firmy, jej programie komputerowym Aladdin oraz na wielu kontrowersjach, które w ciągu lat się pojawiły, takich jak: inwestowanie w firmy z wysokim współczynnikiem ESG, a także nieścistości z tym związane; inwestycje w biznesy produkujące ogromne ilości zanieczyszczeń; firmy pochodzące z Chin, będące na czarnej liście USA jako łamiące prawa człowieka; rola BlackRock w kryzysie mieszkaniowym; powiązania z firmami dokonującymi wycinki drzew w lasach Amazonii. W artykule ukazano funkcjonowanie firmy BlackRock i jej negatywny wpływ na środowisko.

Słowa kluczowe: ład korporacyjny, BlackRock, ESG, klimat, wycinka lasów Amazonii

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Celebrity Endorsement as an Element of Promotion on the Example of Selected Luxury Brands

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JEL Classification: M31, M37

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Abstract: This work focused on using celebrity endorsement as a promotional strategy in the luxury sector. The goal was to understand the impact of different types of fit between celebrities and brands. Through qualitative case studies and a quantitative experiment, the research showed that image fit had a significant impact on customers' purchase intention and attitude towards the brand. When the image of a celebrity was in line with the brand identity, it increased authenticity and credibility, which translated into a higher purchase intention and a more positive attitude. Carefully selecting celebrities who match the brand identity is crucial in positively shaping consumer perceptions and behaviours. Celebrity endorsement is proving to be an effective tool for luxury brands to build aspirations and emotional bonds with their target audience.

Keywords: celebrity endorsement, fit, image fit, brand attitude, luxury brands

1. Introduction

To attract consumer loyalty and interest to the brand, companies started to use celebrities in their advertisements as a very effective strategy (Roy, 2016). With the rise of internet development, celebrities endorse nowadays in many different virtual environments, especially on social media (Djafarova and Trofimenko, 2018). This form of practice is one of the most widespread forms of advertising in the modern, global world (Giral et al., 2020). Many scholars have investigated this strategy according to today's rapidly evolving world. Gupta, Kischore and Verma (2015) believe that usage of celebrities in advertising is a key to success in product or brand promotion.

The use of endorsement strategies by companies dates back to the 19th century but it gained popularity with the oncoming of radio and TV commercials in the 1930s

and 1950s, respectively. In the 1970s, the use of celebrity endorsers in advertising increased to 15%. Celebrity endorsements have a significant impact on luxury brands, leading to a decline in sales due to consumer confidence being influenced by the endorsement. However, celebrity endorsers have a positive effect on consumer perceptions of psychological ownership, brand trust, and brand attitude (Khan and Zaman, 2021). Using a celebrity endorsement strategy to set a business apart and gain a competitive advantage can be highly advantageous. Celebrities are widely observed by people globally, making them recognizable and famous, which helps to grab people's attention. Consequently, they can significantly influence products, brands, and buying intentions. Companies can incorporate celebrity endorsement into their brand creation and development process, allowing them to establish a connection between their brand and a prominent figure, such as a celebrity (Kheder, 2018).

Okorie and Agbaleke (2017) believe that Celebrity endorsement is a tactic of persuasion where customers relate to the person featured in an advertisement. Companies can maximise the impact of celebrity endorsement when the endorser's personality aligns with that of the brand or product. The endorser is presented as a well-known personality for their achievements rather than just their association with the product category. This leads advertisers to believe that celebrity endorsement not only increases brand recognition but also creates a sense of comfort among consumers regarding the brand or product. In the early days of celebrity endorsement, the focus was on personal endorsements, with celebrities simply stating their support for a particular product or service. However, over time, the endorsement process became more sophisticated, with celebrities appearing in advertisements and actively promoting products on behalf of the brands.

2. Theoretical Background

Fit Hypothesis and The Meaning Transfer Model

More recent research has continued to explore the use of celebrity endorsement in advertising, with a focus on understanding the factors that influence the effectiveness of celebrity endorsement and the impact of endorsement on various aspects of consumer behaviour.

Some of the key factors that have been found to influence the effectiveness of celebrity endorsement include the fit between the celebrity and the product, the celebrity's popularity, and the celebrity's reputation (Kapferer, 2012). The fit hypothesis proposes that the effectiveness of celebrity endorsement is influenced by the degree of fit between the celebrity and the brand being endorsed. This hypothesis suggests that the endorsement is more effective when the celebrity's image or personality matches the image or personality of the brand being endorsed.

Overall, the “fit” hypothesis suggests that the effectiveness of celebrity endorsement is contingent on the degree of fit between the celebrity and the brand being endorsed. When the celebrity and brand have a high degree of fit, consumers are more likely to develop a positive attitude towards the brand and the product being endorsed. Nowadays with the rapid increase in the advertising world, a lot of research was conducted around that topic. Kim et al. (2017) found that a good fit between the celebrity and the brand was positively associated with consumers’ attitudes toward the brand and purchase intentions, and that this effect was mediated by perceived product quality. Min et al. (2019) found that the fit between the celebrity and the product was positively related to consumers’ attitudes toward the ad and brand. Childs and Jin (2020) suggested that while creating a co-brand it is crucial to get the right partner for the right brand image. Another important thing is to give thought to the image fit of the holding companies but also the fit between holding product categories. Retailers must consider several factors when developing a co-brand. This includes assessing whether the parent brand’s image complement each other, evaluating how well the parent product category aligns with the co-brand’s product category, and determining the strength of the retailer’s own brand (Banerjee and Drollinger, 2017).

Studies distinguished 2 main types of fits which can be observed in brand-endorser partnerships.

- a) Functional fit: This type of fit refers to the extent to which the brand endorser’s skills and expertise match the needs of the brand (e.g., Gordon Ramsey – a celebrity chef might be a good functional fit for the brand which sells kitchen appliances), but also it means the link between the product (its functions/attributes) and the supported idea.
- b) Image fit: This type of fit refers to the degree to which the endorser’s public image and persona align with the brand’s values or image (Kamins and Gupta, 1994) but also if the brand and an endorser concern the same target group (Gwinner, 1997).

McCracken (1989) described how a celebrity transfers meanings to the endorsement process through their status and personality. He has also argued that cultural meanings (lifestyle, status, gender, age) are transferred from consumer goods to the life of the consumer, while advertising serves as a tool for the transfer process.

Marketers determine the cultural meanings that a product should convey, and celebrity endorsement is a crucial strategy in this process. Products are believed to have their own personalities, and consumers tend to choose brands that reflect their own personality. If managed effectively, a company can successfully transfer its meanings to consumers through the endorser. 3 stages in the McCracken’s model were distinguished (see Fig. 1): the formation of a celebrity image, the transfer of meaning from celebrity to product, and the transfer of product to consumer (Fortini-Campbell, 1992).

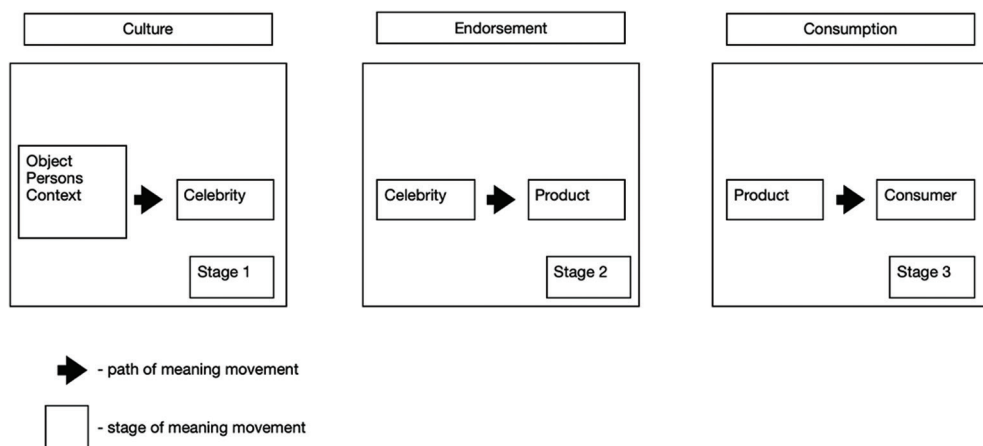


Fig. 1. The Meaning Transfer Model

Source: own elaboration based on (McCracken, 1989)

Celebrity endorsement is particularly important in the luxury sector as luxury is subjective and evolves with individual needs, budgets, and socio-cultural factors (Vigneron and Johnson, 2004). A common definition of luxury brands includes high quality, authentic value, prestigious image, premium pricing, and a deep connection with consumers (Ko et al., 2017). That is why this sector was chosen as an empirical context for this study.

3. Research Design

As for the research goal, based on literature studies and qualitative analysis, this part is aimed to verify how image and functional fit impact on purchase intentions and attitude toward the brand. The chosen design for the study is a between-subjects design. Shadish et al. (2002) stated that between-subjects design is a research method which is used in experimental studies. The aim of this method is to compare different groups of participants. Each group is exposed to different conditions (stimuli) and their responses are compared to determine the effect of the independent variable.

For the purpose of the between-subjects study, the following variables were considered: dependent variables – customers' purchase intentions, general attitude toward the brand, and existing fits within each case, and independent variables, which were different celebrities put in the advertisement. Aiming to determine the impact of different types of fit on consumers' purchase intentions and general attitude toward the brand, and based on literature and case research, the following research hypotheses were formulated.

H₀: Image and Functional fit has no impact on customers' purchase intention and general attitude toward the brand.

H₁: Image fit has a positive impact on customers' purchase intention and general attitude toward the brand.

H₂: Functional fit has a positive impact on customers' purchase intention and general attitude toward the brand.

The data for the study was selected through a questionnaire, which was based on the "endorser/brand fit" scale (Sengupta et al., 1997). Other scales, which were considered during the preparation process, were: "Fit (Brand/Endorser)" scale (Bower and Grau, 2009), "ad trust (willing to use)" scale (Soh et al., 2009), "attitude toward the ad (truthfulness)" scale (Feldman et al., 2006), "trust in brand" scale (Chaudhri and Holbrook, 2001), and "endorser similarity" scale (nd). All selected scales are 7-point, Likert-type except for "Attitude toward the ad (truthfulness)" scale (5-point) which was reconstructed for 7-point in order to unify the research.

The research participants were divided into three groups: two experimental ($n = 30$, $n = 30$) and one control ($n = 30$). The studied population consisted of Polish women and men of different age and residence of living. In the control group 60% of participants of the study were women and 40% men. According to the age, 50% of respondents were between 27 and 35 years old, 46.7% between 19 and 26 and only 3.3% between 36 and 44 years old. In the 1st experimental group 47.1% of respondents were women, 47% men, and 59% preferred not to say about their sex. In case of age there were two equal age groups of 44.1% each, in ranges 19-26 and 27-35. Only 11.8% declared their age to be 18 or younger. In the 2nd experimental group 38.7% were women, 54.8% men and 6.5% preferred not to say. This group was the most diverse in terms of age, but the vast majority belonged to the group of 19-26 (61.3%). 29% declared to be in the range of 27-35, 6.5% 18 or less, and only 3.2% were in the range 36-44. The participants in the study were randomly selected, however, in accordance with the principle applicable in between-subject design, which says that the target groups cannot be repeated, and each of the groups (2 experimental and 1 control) must consist of different, unique people.

As for the stimuli, three advertisements of "Bentley's" brand endorsed by three different celebrities, while preserving the unity of origin, gender and race, were prepared by the authoress for the purpose of the research. In control group, an advertisement with the Harry Styles persona (Fig. 2) was used (in researcher opinion neither image fit nor functional fit – young, controversial British singer), while for the experimental groups respectively: Hugh Grant (Fig. 3) (in researcher opinion image fit – British, mature actor) and Jeremy Clarkson (Fig. 4) (in researcher opinion functional fit – Brit, host of the largest automotive show "Top Gear").



Fig. 2. Stimuli for the control group – no fit
Source: own elaboration.



Fig. 3. Stimuli for the 1st experimental group – image fit
Source: own elaboration.



Fig. 4. Stimuli for the 2nd experimental group – functional fit
Source: own elaboration.

The procedure was as follows: after having looked at the advertisements, the subjects in each of the groups were asked to answer questions regarding celebrity/brand related effects. The research tool was a questionnaire with a 7-point Likert scale. The ANOVA method is a statistical method which is used for testing existing differences between different groups (Snedecor and Cochran, 1980).

The researcher decided to conduct one-way ANOVA analysis, calculate and check the means for each of the scales in all three samples (one control and two experimental), and then compared them to investigate and draw conclusions about the importance of fit between a celebrity with a particular brand and how particular fit influences customer purchase intention and general attitude toward the brand endorsed.

The following ANOVA hypotheses were considered.

$H_0: \mu_1 = \mu_2$: The population mean values for the compared groups or conditions are equal.

H_1 : Not all population means are equal.

After conducting one-way ANOVA analysis, p -value of 1.06432E-13 (0,00000000000010643) ($p < 0.05$) was obtained. This means that differences between groups or conditions are very unlikely to occur by chance. This result suggests that there is a statistically significant difference between the groups or conditions that were compared in the ANOVA analysis. The null hypothesis was rejected.

To see general differences between each of the experiments, *post-hoc* tests were conducted (Tab. 1).

Table 1. *Post-hoc* test results

Comparison of experiments	$P(T \leq t)$ two-sided	Comment
Test <i>post-hoc</i> : control (Harry Styles) vs experimental 1 (Hugh Grant)	0,0000000000002913	$p < 0.05$ significant difference
Test <i>post-hoc</i> : control (Harry Styles) vs experimental 2 (Jeremy Clarkson)	0,3736703742504390	$p > 0.05$ not significant difference
Test <i>post-hoc</i> : experimental 1 (Hugh Grant) vs experimental 2 (Jeremy Clarkson)	0,0000000079300541	$p < 0.05$; significant difference

Source: own elaboration.

To obtain more detailed data, the means for each scale used in the study were calculated and then compared between all three experiments. This allowed for a deeper analysis of the created stimulus and evaluation of existing fits and their effects (see Tab. 2). The highest possible mean was 7.

Table 2. Comparison of averages responses according to scales

Name of the scale	Control stimuli (C)	1 st experimental stimuli (1 st E)	2 nd experimental stimuli (2 nd E)	Comments
"Endorser/brand fit"	3,65	5,70833333	3,56666667	1 st E > C > 2 nd E
"Fit (Brand/ Endorser)"	3,71111111	5,73333333	3,67777778	1 st E > C > 2 nd E
"Ad trust (willing to use)"	3,90833333	5,75833333	4,7	1 st E > 2 nd E > C
"Attitude toward the ad (truthfulness)"	3,78333333	5,675	3,95833333	1 st E > 2 nd E > C
"Trust in brand"	3,91666667	5,43333333	4,50833333	1 st E > 2 nd E > C
"Endorser similarity"	3,35555556	5,67777778	2,87777778	1 st E > C > 2 nd E

Source: own elaboration.

As it can be observed, 1st experimental stimuli achieved the highest rates in all scale categories. Again *post-hoc* test was conducted to check differences between control (Harry Styles) vs experimental 2 (Jeremy Clarkson) in scales as it turned out there is no significant differences in general.

Table 3. *Post-hoc* test for control and 2nd experimental stimuli

Name of the scale	Control stimuli (C)	2 nd experimental stimuli (2 nd E)	<i>p</i> -value
"Endorser/ brand fit"	3,65	3,56666667	0,80411442
"Fit (Brand/ Endorser)"	3,71111111	3,67777778	0,93188156
"Ad trust (willing to use)"	3,90833333	4,7	0,01110985
"Attitude toward the ad (truthfulness)"	3,78333333	3,95833333	0,43226607
"Trust in brand"	3,91666667	4,50833333	0,05900862
"Endorser similarity"	3,35555556	2,87777778	0,21171268

Source: own elaboration.

"Endorser/brand fit". The research participants (1st experimental group with Hugh Grant as an endorser of "Bentley") achieved the highest average in scoring. 2nd Experimental group (Jeremy Clarkson) achieved lower average than the control group (Harry Styles). These two, however, were not statistically significantly different.

"Fit (Brand/Endorser)". The research participants (1st experimental group with Hugh Grant as an endorser of "Bentley") achieved the highest average in scoring. 2nd experimental group (Jeremy Clarkson) achieved lower average than the control group (Harry Styles). These two, however, were not statistically significantly different.

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"Attitude toward the ad (truthfulness)". The research participants (1st experimental group with Hugh Grant as an endorser of "Bentley") achieved the highest average in scoring. Control group (Harry Styles) achieved lower average than 2nd experimental group (Jeremy Clarkson). These two, however, were not significantly different.

"Trust in brand". The research participants (1st experimental group with Hugh Grant as an endorser of "Bentley") achieved the highest average in scoring. Control group (Harry Styles) achieved lower average than 2nd experimental group (Jeremy Clarkson). These two, however, were not significantly different.

“Endorser similarity”. The research participants (1st experimental group with Hugh Grant as an endorser of “Bentley”) achieved the highest average in scoring. 2nd experimental group (Jeremy Clarkson) achieved lower average than the control group (Harry Styles). These two, however, were not statistically significantly different.

4. Interpretation of Results and Managerial Implications

The aim of the experiment was to verify the impact of different types of fit on consumers’ purchase intentions and general attitude toward the brand. In the light of ANOVA analysis, the null hypothesis was rejected and significant differences in the types of advertisement, endorsers, and particular scales used for the research were found. That allowed for further verification of each stimulus with the use of a post-hoc test. The test revealed differences between pairs of stimuli (C vs 1st E; C vs 2nd E; 1st E vs 2nd E). In each case compared with 1st E there was a significant difference in the results.

These results prompted me to compare the means of each scale in each group. Since each scale had 7 points, the maximum score that could be obtained was 7. After comparing all scales, it could be seen that the 1st experimental group had the highest mean on each scale compared to the other groups. Thanks to this, it can be concluded that the endorser used in this stimulus “spoke” the best to the target group, and the fit-image used had a positive impact on customers purchase intentions and general attitude toward the brand. Thus, one of the research hypotheses was confirmed. Image fit has a positive impact on customers’ purchase intention and general attitude toward the brand. This shows for the enterprises that image fit between the brand and endorser brings benefits. It means that brands should carefully select their partnerships and pay a lot of attention to this topic. Thanks to the second post-hoc test, which compared the control group and the 2nd experimental group, the significant difference was observed in “Ad trust (willingness to use)” scale in which 2nd experimental group obtained much higher result than the control one. It means that functional fit between the brand and endorser is an appropriate choice for more functional brands itself. Customers who associate functional brands such as the car industry appreciate functional fit between the brand and endorser when it comes to willingness to use or general trust in the brand, probably because of the expertise in the industry which they promote. The advertisement for the control group contained the image of Harry Styles: young British singer who by the assumption of the experiment had no fit with the promoting brand. The results of that choice were not surprising. All the averages scores of scales were neither below the score of 4 nor above (out of 7). On this basis, it could be suggested to the company that the random selection of a person for cooperation brings average profits, both in terms of image and the willingness to purchase or use the service.

As mentioned in the literature review, the main goal of ideal fit between a famous person and a product is to utilise the famous person's impact, standing, and principles to elevate the product's reputation, connect with the intended audience more efficiently, and ultimately boost product recognition, devotion, and revenue. The objective is to establish a mutually advantageous collaboration where the celebrity's promotion flawlessly coincides with the product's essence, principles, and promotional goals. The conducted research explains whether the type of fit has an impact on customers' purchase intention and general attitude toward the brand. The results of the research indicate that the image fit has the greatest influence on brand-related effects, functional fit is crucial only in case of trust in the product or brand and no fit has an average influence on these factors.

5. Limitations of the Study and Future Research Directions

Certain limitations of the described experiment were identified. The generalizability of the findings may be limited due to the usage of already existing brands in the advertisements. Different brands may have varying levels of brand equity, brand image, and consumer perceptions, which can impact the outcomes. Secondly, the study may include potential confounding variables, such as participants' prior exposure to the brand or the celebrity, which may influence their attitudes and purchase. Additionally, the experiments might not fully capture the complexity of real-world consumer behaviour, as they were conducted in controlled settings. Lack of a coherent scale may be another limitation. The scales that were selected were considered the most appropriate ones, although not perfect.

To overcome these limitations, future research could examine the impact of celebrity-brand fit using a wider range of brands and product categories. This would provide a more complete understanding of the phenomenon in different contexts. Longitudinal studies could be conducted to examine the long-term effects of celebrity-brand fit on customer behaviour and brand loyalty. Qualitative methods, such as in-depth interviews or focus groups, could also be employed to gain insights into the underlying psychological processes and motivations driving consumers' responses to celebrity-brand fit. Lastly, incorporating real-world measures, such as actual purchase behaviour or observational studies, would enhance the ecological validity of the findings and offer a more accurate reflection of consumer decision-making.

Referring to these research directions, it can be argued that future studies may contribute to a more detailed understanding of the impact of celebrity-brand fit on consumer attitudes and behaviour.

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Celebrity endorsement jako element promocji na przykładzie wybranych marek luksusowych

Streszczenie: Autorka skupiła się na wykorzystaniu aprobaty celebrytów jako strategii promocyjnej w sektorze dóbr luksusowych. Celem było zrozumienie wpływu różnych rodzajów dopasowania między celebrytami a markami. Jakościowe badania przypadków i eksperyment ilościowy wykazały, że dopasowanie pod względem wizerunkowym miało znaczny wpływ na intencję zakupową klientów oraz ich postawę wobec marki. Gdy wizerunek celebryty był zgodny z tożsamością marki, zwiększało to autentyczność i wiarygodność, co przekładało się na intencję zakupu i bardziej pozytywne podejście. Staranne dobranie celebrytów, którzy pasują do tożsamości marki, ma kluczowe znaczenie w pozytywnym kształtowaniu percepcji i zachowań konsumentów. Aprobata celebrytów okazuje się skutecznym narzędziem dla marek sektora luksusowego w budowaniu aspiracji i emocjonalnych więzi z docelową grupą odbiorców.

Słowa kluczowe: aprobata celebrytów, dopasowanie, dopasowanie wizerunkowe, postawa wobec marki, marki sektora luksusowego

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Leadership Styles Identification – Case of the Company from an Industrial Installations Sector

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Abstract: The thesis focuses on the topic of leadership, including the definitions and characteristics of leadership and its styles. The study was aimed to diagnose the dominant leadership style in a medium-sized Polish company from the industrial installations sector. The research sample completed the survey related to Goleman's leadership styles. Respondents used a 5-point Likert scale to evaluate the questions. The affiliative leadership style turned out to be the most dominant one in the organisation. The knowledge of the leaders' behaviour was used to correlate the survey results with the actual state, and it turned out that the results reflect the actual frequency of using specific styles in the organisation. The results were also compared with other existing studies on leadership based on the six Goleman leadership styles, which allowed for noticing there is a style that was dominant or meaningful in each of these studies, and that is the affiliative style.

Keywords: leadership, leadership styles, Goleman

1. Introduction

The study touches the topic of leadership, where, based on the literature review, descriptions of leadership styles were introduced. Each of the descriptions includes characteristics of a leader with such a dominant leadership style, prediction of their behaviour, and both, advantages and disadvantages. The descriptions also introduce the consequences of using specific leadership styles. As is noticeable in the section dedicated to the concept of leadership, the definition of the leadership may be formulated in different ways (Stogdill, 1974).

In this study, the concept of leadership introduces the 6 Goleman leadership styles (Goleman, 2000): (1) commanding (also known as coercive), (2) visionary (also known as authoritative), (3) affiliative, (4) democratic, (5) pacesetter, (6) coaching.

A research gap concerns the lack of research that would inform what potential dominant leadership style may be present in one of the Polish medium-sized companies in the field of industrial installations. The research aimed to identify the dominant leadership style among leaders employed in such a company based on the 6 leadership styles introduced by Goleman. Leaders in the chosen company were asked to fulfil the questionnaire with the use of the CAWI method which consists of 6 questions for each leadership style of Goleman and metrics questions.

The study is composed as follows: Section 2 is the theoretic part related to leadership, in Section 3 the research problem, aim, procedure, design, methods, techniques, measurement tools, sample selection and sample description are described. In Section 4 the data are collected and compared with already existing similar studies. In the end, the thesis brings conclusions, where the main findings, discussion, research directions, and research limitations are described.

2. Leadership and Leadership Styles

2.1. The Concept of Leadership

Leadership is one of those terms which is not easy to define. According to Stogdill (1974, p. 7), "there are almost as many different definitions of leadership as there are persons who have attempted to define the concept". Furthermore, at the end of the 20th century, Bennis and Townsend (1995) estimated at least 650 definitions of leadership in literature. McCleskey (2014), citing B. M. Bass and R. Bass (2008), claims that the research of a single definition of leadership may have no sense because the proper definition of leadership depends on the researcher's interest and the type of problem or problem situation being studied. Despite the difficulty, it is important to determine a good definition of leadership, especially since it is one of the most widely used terms in many areas of human activity. In the 1990s researchers started to pay attention to followers in the leadership process. Bass (1990) noticed that leadership is not only the influence of the leader upon others, but it is also an interactive process in which leadership occurs when even one person modifies the motivation or competencies of others in the group, what is more, any member of the group can exhibit some amount of leadership. Owusu-Bempah (2014) claimed that some other authors stood for a "follower-centric" approach, highlighting followers' contributions and roles in the leadership process. Kellerman views leadership as an equilateral triangle where the three sides are: (1) the leader, (2) the follower(s), (3) and the content (Volckmann, 2012), which means she recognises the importance of the leader, at the same time she expresses that the followers are as important as the leader, and finally, she puts the context as an equally important component of the leadership process.

2.2. Overview of Leadership Styles

Regarding the words of Goleman (2000), the most effective executives use a combination of different leadership styles but each of them is used at the right time and in the right measure. Such flexibility is difficult to implement but it positively influences performance. What is more, it can be learned. Leaders mistakenly assume that leadership style is a part of the personality, not a strategic choice. Regarding Goleman's words, the most successful leaders exhibit such emotional intelligence competencies as self-awareness, self-regulation, motivation, empathy, and social skills. Those create a part of the leadership styles presented by Goleman. Each of them consists of the listed emotional intelligence competencies, works best in a specific situation, and may impact the organisation in a different way. According to Goleman, there are 6 leadership styles: (1) commanding (also known as coercive), (2) visionary (also known as authoritative), (3) affiliative, (4) democratic, (5) pacesetter, (6) coaching. At that point, I suggest looking at each leadership style by Goleman in detail.

- (1) The commanding leadership style, also known as coercive, is considered the least effective style of all presented by Goleman. It is associated with coercion, where the top-down decision-making process kills new ideas and verve among the team members. People are less willing to share ideas, because of the fear of rejection. Additionally, their sense of responsibility is decreasing, because they do not act on their own initiative. Most high-performing workers look for the sources of motivation other than money, which is the satisfaction of work well done and the coercive style disturbs this reward system. Further, the style also undermines a leader's prime tool: motivating people by showing them how their work fits into a shared mission. Based on the description it may be assumed that such a style should never be applied but there are a few cases where it works. For sure it would be a good choice to follow the coercive style in a crisis, at the beginning of changes, or during problems with employees. It is important to remember that it hurts an organisation's overall climate and in the long-term perspective will be ruinous.
- (2) The visionary leadership style, also known as authoritative, is characterised by enthusiasm and clear vision. For such a leader it is important to explain subordinates their vision of the organisation and how their work fits into this vision. Thanks to that the team is aware of the importance of their input, which increases commitment to the organisation's goals and strategy. The authoritative leader defines the frames of work and allows the team to find their solutions, which means the leader gives people the freedom and space to create innovative ideas, to experiment, and to take rational risks. The authoritative style brings positive results, especially when the business is drifting, because the leader will introduce a new direction for the organisation and a new long-term vision.

- (3) The affiliative leadership style is connected with emotions. Followers of this style value individuals and their emotions more than tasks and goals. For an affiliative leader, it is important to create harmony between co-workers and keep them happy. Thanks to that strategy strong emotional bond is built, which affects loyalty among employees. Additionally, the style has a positive impact on communication, because in a team where everyone likes each other members are more open to sharing ideas and inspirations. As a consequence of affiliative leadership, workers are more flexible, and members trust one another. Employees also are given the freedom to work, which means they get their work done in the way they find the most effective. Daily, most employees do not receive individual feedback on their efforts – if they do, it is mostly negative information, whereas the affiliative leader practices a recognition and reward system of work by offering ample positive feedback, which creates another system of motivation. Furthermore, affiliative leaders are masters at building a sense of belonging, which marks them as natural relationship builders. The affiliative style should be employed in the process of building team harmony, increasing morale, improving communication, or repairing broken trust. Despite its advantages, the affiliative style should not be used alone, because focusing solely on praise may result in poor performance not being corrected and employees may conclude that mediocrity is tolerated. Additionally, affiliative leaders rarely offer constructive advice on how to improve, so the affiliative style leaves them without a rudder. Perhaps that is why the affiliative style very often is combined with the authoritative style.
- (4) The democratic leadership encourages each team member to participate in decision-making by sharing their opinions. A democratic leader encourages open conversation and helps their employees set goals, evaluate their own performance and motivates them to grow. People operating in the democratic system tend to be good listeners, they listen to peoples' concerns and learn how to hold up morale. Moreover, a democratic leader tends to be realistic about what can and cannot be achieved. Besides advantages, there are also some disadvantages of the democratic leadership style. One of those disadvantages is endless meetings that rarely end up with any meaningful results. Nevertheless, this approach is ideal when a leader is unsure about the best direction to take and needs some ideas and guidance from team members. It proves that the democratic style is good to generate fresh ideas.
- (5) In the pacesetting leadership style the leader sets high standards for their team and expects them to exceed with minimal management. The leader is obsessive with continuous improvement and demands it from others. People operating in the pacesetting style tend to discontinue the services of poor performers (contractors). If they do not meet the challenge, the leader replaces them with someone better. Such an approach destroys the climate, employees feel overwhelmed by demands, and finally, their morale drops. In the beginning, it

would be assumed such an approach may improve results, but it is not going to happen. The pacesetter-style leaders expect people to know what to do even without clear instructions. The element of discussion is missing. When it comes to the reward system, pacesetter leaders do not share feedback with employees on how they are doing, but instead they take charge when they think others are not handling it. Finally, commitment decreases under the regime of pacesetter leaders because people have no sense of how their effort is important to the general outcome. This style works in cases when all employees are self-motivated, highly competent, and just need slight direction or coordination.

- (6) The coaching leadership style is the last one described by Goleman. Coaching leaders help employees identify their unique talents and weaknesses and match them with their career aspirations. They encourage employees to set long-term development goals and help to reach them. In the coaching leadership style, followers are masters at delegating and giving challenging assignments, even if the impossibility of quickly accomplishing task exists. These leaders are also willing to go with short-term failure because they believe it is a part of future long-term learning. Despite those arguments, many leaders do not use the coaching leadership style because of a lack of time in this high-pressure economy to implement the technique of teaching people and helping their growth. Those, who do not use and trust the coaching leadership style give up this powerful tool because its impact is clearly positive on business performance, which is an interesting paradox. After all, coaching focuses primarily on personal development, not on immediate work-related tasks. Thanks to the ongoing dialogue of coaching, employees know what is expected of them and how their work fits into the whole system, which affects responsibility and clarity. The coaching style works well in situations when employees are already aware of their weaknesses and want to improve their performance. Similarly, the coaching style works well when they realise how the improvement of new abilities can help them advance. Shortly speaking, the style works best for people who want to be coached. By contrast, the use of the coaching style will not have sense with employees who are resistant to learning or changing their work-life habits. Many leaders are unfamiliar with coaching that requires giving ongoing performance feedback that motivates rather than creates fear or apathy.

Interestingly, only a few leaders apply all 6 styles, and even fewer know how and when to use them. Generally, one person consciously or unconsciously uses only a part of the presented styles and such a state is understandable but at some point it may create problems. The solution is to use different leadership styles at specific times. The leader's role is to adapt the leadership style to the situation.

3. Research Methodology

A research problem may concern a difficulty, problem or conflict to be solved, something to be improved, a troubling question, or a theoretical or practical controversy which may be seen as a gap that exists in the literature. Creswell (2012, p. 60) defined a research problem as “a general educational issue, concern, or controversy addressed in research that narrows the topic”. The research problem in the hereby paper was formulated as a question: “What is the dominant leadership style, according to the six leadership styles introduced by Goleman, in a medium-sized Polish company in the sector of industrial installations?”, on the basis of research gap that was noticed during the literature review. The mentioned gap is the lack of information on the dominant leadership style, according to the 6 leadership styles introduced by Goleman, in the medium-sized Polish company in the field of industrial installations.

A research aim often refers to the main objective or general purpose of a research project. In this thesis, the research aim is to identify the dominant leadership style, out of the six leadership styles introduced by Goleman, among leaders employed in medium-sized Polish companies in the sector of industrial installations.

The research procedure was designed as follows.

- Step 1. Literature review – the topic of leadership itself was broadened and the leadership styles were described.
- Step 2. Formulating the research problem – the research gap was noticed and based on that the research problem in the form of a question was formulated.
- Step 3. Formulating research aim – focused on the determination of the research aim and its objectives.
- Step 4. Survey design – the purpose of the survey was to collect data that analysis helps to investigate which of the chosen leadership styles is the dominant one in the chosen company.
- Step 5. Survey investigation – the survey was investigated with the use of the CAWI method.
- Step 6. Collecting data – the data collection consisted of downloading the data and sorting it out in a desired way.
- Step 7. Results and discussion – a file with the results was made.
- Step 8. Data analysis – presentation of the results and its more detailed discussion.
- Step 9. Conclusions, research limitations, and future directions – therefore after the analysis stage, it was necessary to look at the results from another angle.

After identifying the research problem, it is worth considering whether it should be a more of quantitative or qualitative approach – ultimately the quantitative design was chosen. Quantitative research is a structured type of research in which results are determined numerically or statistically.

A survey was implemented as the research method, where the availability of respondents was taken into account, and based on that the decision about

implementing the CAWI technique was made. Some of the respondents did manage projects abroad, and thanks to the CAWI, the process of collecting data from them was possible. Additional advantages of the technique are low costs of research conduction, quick data obtaining, and the discretion of fulfilment of the survey by respondents (any date, any time, and individual time scale), which is important as the research sample consists of workers from the organisation's top, medium, and lower levels of management and their calendars are full of meetings, phone calls, conferences, etc. It was also taken into account that the printing of each questionnaire is needless, which is beneficial for the environment. From the insider's point of view, there was a need to conduct the research anonymously to avoid the risk of respondents' distrust of the researcher, to ensure respondents' comfort, and to protect their sensitive data.

Respondents were asked to complete a questionnaire consisting of two main parts: (1) questions about the styles studied – 36 questions, and (2) survey metrics – 4 questions. Questions no. 2-37 concerned the 6 styles of Goleman, where the respondents' task was to choose one answer to each question according to their opinions and feelings. Respondents could choose from the following answers according to the Likert scale:

- always affects me (5 points),
- usually affects me (4 points),
- sometimes affects me (3 points),
- rarely affects me (2 points),
- never affects me (1 point).

The respondents were presented with a list of statements for real or imagined events and by using a metric scale, they were asked to indicate how much they agree or disagree with the provided statement. What is more, "each response is assigned a point value, and an individual's score is determined by adding the point values of all of the statements" (Gay et al., 2009, pp. 150-151).

Questions 2-37 are assigned to one of the 6 Goleman leadership styles. Based on the numerical values of answers the calculation was carried out consisting in summing up the response values separately for each of the 6 styles. The results make it possible to identify the respondent's dominant style (the higher the value, the more dominant the style is).

The second part of the survey consists of questions 38-41, which was a metric to gather data about the respondents' group for the better analysis (Figs 1-4). Questions about gender and position were omitted to maintain the anonymity of the survey.

The group of interviewees consisted of leaders from a Polish company which employs 350 people on average. The company specialises in the industrial installations sector and realises projects in Poland, in the European Union, and in other countries all around the world. The history of the company starts in 1995 and it has provided services in such industries as, e.g., food, brewing, dairy, processing,

environmental protection, biotechnology, energy, chemical. The respondents belong to the organisation's top, medium, and lower management levels from different departments of the company.

The sample size was limited by the fact that only people in managerial positions could participate and the researcher had to obtain from the CEO official permission for the research. As a result, the size of the research sample was 30 people.

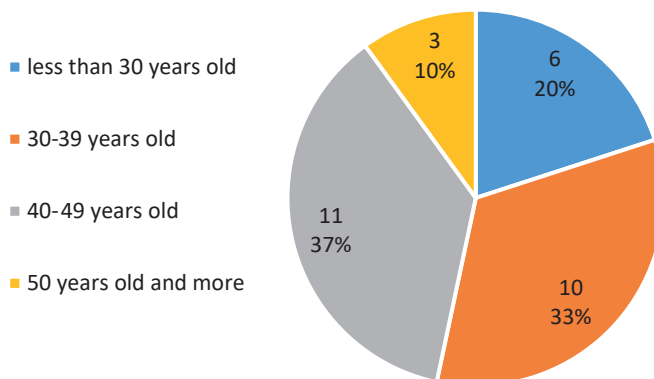


Fig. 1. Age of respondents

Source: own elaboration.

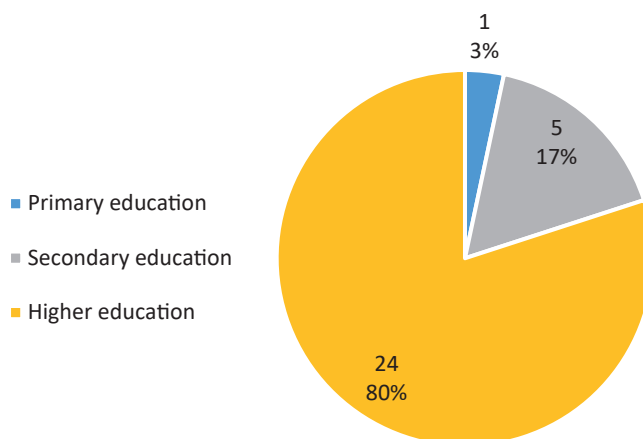


Fig. 2. Educational background of respondents

Source: own elaboration.

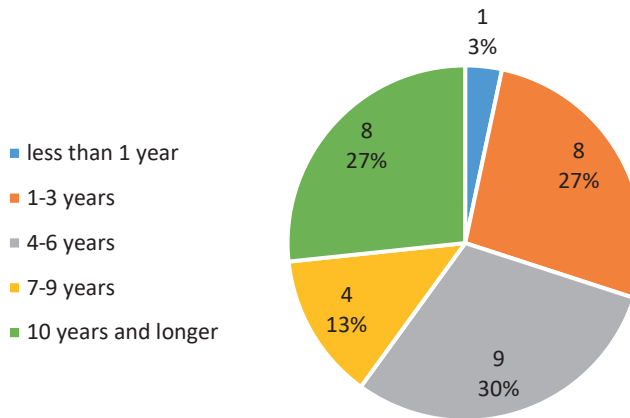


Fig. 3. Length of service in the current position

Source: own elaboration.

Respondents also were asked: have they ever participated in courses or extra classes related to leadership and the role of a leader in teams?

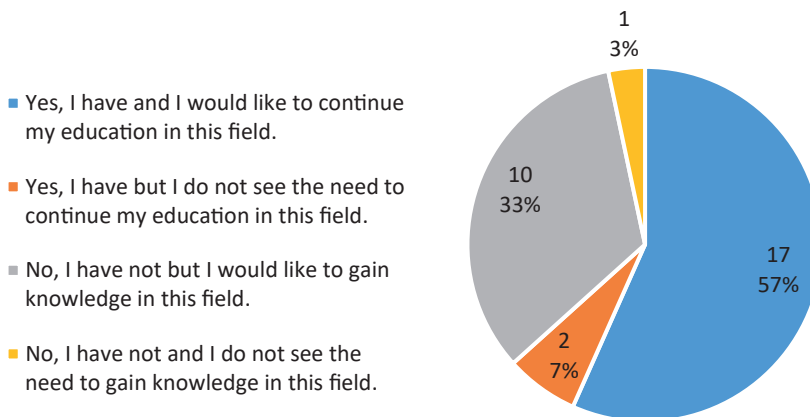


Fig. 4. Have the respondents ever participated in courses or extra classes related to leadership and the role of a leader in teams?

Source: own elaboration.

4. Reporting Survey Results and Data Analysis

4.3. Data Analysis and Its Findings

Table 1 presents the number of points awarded by respondents to each of the 6 management styles according to Goleman.

Table 1. The number of points awarded by respondents for each of the 6 Goleman leadership styles

Respondent	Commanding	Pacesetting	Democratic	Coaching	Affiliative	Visionary
1	22	25	25	24	24	22
2	21	22	25	26	26	25
3	18	22	25	22	24	21
4	24	23	26	27	26	26
5	22	22	24	25	24	24
6	17	20	23	23	22	22
7	22	22	28	28	26	29
8	22	16	22	19	22	24
9	20	25	22	23	24	23
10	29	26	26	24	24	25
11	22	22	23	22	25	25
12	24	22	19	25	22	24
13	23	24	23	24	26	24
14	23	24	23	23	24	24
15	22	28	25	17	29	29
16	24	27	24	27	24	27
17	24	24	22	23	21	20
18	20	18	25	26	24	25
19	23	25	21	22	26	25
20	19	19	18	18	21	19
21	18	22	26	24	24	25
22	27	23	23	25	24	26
23	25	24	24	24	24	25
24	18	22	25	30	27	28
25	20	20	26	24	28	19
26	22	23	21	23	24	23
27	27	24	23	21	20	24
28	22	24	21	23	23	16
29	25	29	28	25	30	28
30	23	21	26	25	24	27

Source: own elaboration.

In most cases, there is more than one dominant leadership style or there is no big difference in points between the dominant one and the next one in decreasing order. It can mean that the company's leaders use different leadership styles and tactics depending on the situation and the employee. Taking into account the size of the company it is possible for each leader to know each employee from their department. Having that in mind, leaders can lead those employees on an easier basis because they already know their characters, habits, etc. The tendency with a low difference between points is observed when it comes to the analysis of individuals' results. In the case of pointing out the one dominant leadership style in the organisation the points from each leadership style were added. The dominant leadership styles in the company were arranged in the following order.

1. Affiliative = 732 points.
2. Visionary = 724 points.
3. Democratic = 712 points & Coaching = 712 points.
4. Pacesetting = 688 points.
5. Commanding = 668 points.

As presented, the dominant style in the researched company is the affiliative style. Affiliative leadership is attached to emotions and for such a leader it is important to create an atmosphere full of harmony between co-workers. The affiliative leader also takes care of the freedom to work where employees may find their way to fulfil the task. In the company whose leaders took part in the research, it is noticeable that meetings of leaders for discussions about team members, their outcomes, complaints, propositions, etc. are conducted daily. Each worker at the low level of the organisation's pyramid of management spends part of the day chatting with subordinates to ensure they feel good and that there is nothing that could negatively influence their outcome at work. The work in the company is task-oriented and every project differs from the previous one. Having that in mind employees are informed about the specification. As is noticed in the theoretical part, the affiliative leadership style should not be used alone and very often it is combined with the visionary one. The visionary style is the second most frequently occurring in the organisation. Leaders who took part in the research define frameworks of work for subordinates. The democratic and coaching styles received the same number of points. In the company, which took part in the research, there are some decisions made on a team basis, but generally speaking, this style is not the most commonly used in the organisation. Surprisingly the use of the coaching style may be noticed more frequently, e.g., young employees of the organisation are sometimes assigned challenging tasks, which is a part of their long-term self-development in the organisation. The pacesetting leadership style is in fourth place. The only component of the style that is noticed in the company is continuous improvement which occurs in the form of courses for employees. The following components are not part of the leadership strategy in the organisation: expecting employees to do something without instructions, elements of discussion, and not sharing opinions on how employees are doing their work. The coercive style

is considered the least effective of all and at the same time it got the least points from the respondents. People are afraid to propose their ideas for fear of rejection or criticism, which, in turn, makes them feeling the lack of a sense of belonging and influence on the organization.

4.4. Results and Discussion

The research may contribute to the knowledge of the typologies of leadership and its future research. Interestingly, lots of different studies in the field of leadership already exist but three of them were chosen in case of comparison with the research that I conducted. The comparison is presented in Tab. 2.

Table 2. General insight into different leadership studies

Authors of the research	Research sample	Research aim	Research methods, techniques, tools	Findings
1	2	3	4	5
Ann L. N. Chapman, David Johnson, and Karen Kilner (2014)	Leaders from medical and clinical sectors	Determination of the predominant leadership styles that are used by leaders in the medical and clinical sectors and the factors that influence the choice of the leadership style that they use	Questionnaire and in-depth interviews	The dominant styles were: affiliative and democratic . The least frequent were: coaching and commanding
Abubakari Abdul-Razak (2017)	Teaching and non-teaching staff (e.g. with administrative responsibilities) from the polytechnics in Ghana	The study examines the leadership styles used by staff from the polytechnics in Ghana	Descriptive survey	The democratic leadership style is the most frequently used in the Ghanaian polytechnics but other styles such as pacesetting , affiliative , and coaching also play an important role
Wojciech Cwalina and Milena Drzewiecka (2019)	Polish and Georgian people	Checking the voters' perception and preference when it comes to political leadership style, regarding the true and ideal president in Poland and Georgia.	Questionnaire	Both Polish and Georgian voters prefer leaders who use authoritative , affiliative , democratic , and coaching styles over coercive and pacesetting leadership styles

1	2	3	4	5
Olivia Czech	Leaders from a Polish medium-sized company from the industrial installations sector	Identification of the dominant leadership style in the company	Questionnaire	The results show that the affiliative is leadership style is the dominant one. The second one is visionary , also playing an important role

Source: own elaboration.

Table 3. The frequency of presence of the six Goleman's leadership styles in all four studies

Item	Leadership style					
	Commanding	Pacesetting	Democratic	Coaching	Affiliative	Visionary
Number of occurrences	0	1	3	2	4	1
Position	5	4	2	3	1	4

Source: own elaboration.

As is presented in Table 3, the affiliative leadership style is the one that occurs in all of those studies as the dominant one or the one that plays an important role. The second place belongs to the democratic style with the number of occurrences equal to 3 out of 4 studies which were taken into account in the comparison. The third most frequent was the coaching – occurs 2 times. Pacesetting and visionary leadership styles are simultaneously in the fourth position with the number of occurrences equal to 1 per each of them. The commanding leadership style did not occur as the dominant in any of those four studies.

5. Conclusions

The research purpose concerned the dominant leadership styles in a Polish medium-sized company from the industrial installations sector. In the quantitative research CAWI method interviews were conducted. The research presented the dominant leadership style in the organisation, in addition, it demonstrated that each individual may use more than one leadership style. Based on the results, each of the Goleman's six styles of leadership was ranked from the most dominant to the least dominant, and then the results were compared to the reality in the company. The comparison confirmed the accuracy of the results. The main limitation of the research process was the low involvement of leaders in completing the questionnaire, which means that encouraging them to complete the questionnaire was a challenge. At the end of the research, a satisfying number of completed questionnaires was achieved. The aim of the research was met as

the dominant leadership style in the organisation was found, in addition, it was confirmed thanks to the knowledge of how the work in the organisation looks like. The whole research process with the results at its head may bring an extra piece of knowledge to the field of leadership. Such an extra may get the attention that individuals may have more than one dominant leadership style and also the choice of the leadership style may be influenced by the whole organisation structure and characteristics of the company, as it was noticed in the research that the dominant style fit into the general state in the company.

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Identyfikacja stylów przywództwa – przypadek firmy z branży instalacji przemysłowych

Streszczenie: Artykuł dotyczy tematu przywództwa, w tym definicji i cech przywództwa oraz jego stylów. Badanie miało na celu zdiagnozowanie dominującego stylu przywództwa w średniej wielkości polskiej firmie z branży instalacji przemysłowych. Próba badawcza wypełniła ankietę dotyczącą stylów przywództwa Golemana. Do oceny pytań respondenci wykorzystali 5-stopniową skalę Likerta. Afiliacyjny styl przywództwa okazał się najbardziej dominujący w organizacji. Znajomość zachowań liderów posłużyła do skorelowania wyników badania ze stanem faktycznym i okazało się, że wyniki odzwierciedlają rzeczywistą częstotliwość stosowania określonych stylów w organizacji. Wyniki porównano również z innymi istniejącymi badaniami nad przywództwem opartymi na sześciu stylach przywództwa opisywanych przez Golemana – w każdym z tych badań dominuje lub ma znaczenie wspólny styl, a jest nim styl afiliacyjny.

Słowa kluczowe: przywództwo, style przywództwa, Goleman

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Business Model Innovation Process on the Example of an IT Company

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Abstract: The aim of the article is to explore one of the business model transformation processes in the XYZ company, operating in the ERP systems industry. This company, in order to repair internal problems, as well as strengthen its position on the market, decided to change the business model by adding a new business line, which introduced the company to the education industry. In order to achieve the aim of the article, an Individual In-depth Interview (IDI) and a review of the company's internal documentation were conducted. The article ends with conclusions and recommendations connected with Business Model Innovation (BMI). They describe factors conducive to modifying business models and the concept of complementarity developed on the basis of literature analysis and the results of in-depth interviews.

Keywords: business model, business line, business model modification, IT, strategy and business model, Business Model Innovation (BMI)

1. Introduction

In the realm of business, there are several concepts frequently used by entrepreneurs and those aspiring to that status. One such concept in recent years has been the "business model," which, despite its relatively short existence spanning just over two decades in theory and management practice, has managed to establish itself prominently. Nevertheless, despite its popularity and widespread use, the definition of this concept and its relationship with corporate strategy remain unclear. This lack of clarity is particularly evident in theoretical discussions, where until recently, one could find claims that much remains unknown about the processes of evolution, modification, or destruction of a business model, as well as the very process of

its formation (Wierziński, 2015). The process of modifying a business model is increasingly being employed as a Business Model Innovation (BMI) process, primarily due to the rapidly changing business environment and crises. At the same time, a review of the literature has confirmed certain research gaps, pointing towards the existence of a research void.

The aim of this article is to explore one of the processes of transforming a business model within XYZ Company, operating in the IT industry, specializing in ERP (Enterprise Resources Planning) system implementations. Responding to internal and external challenges, the company transformed its model by entering the educational industry with a new service. To achieve this goal, the study involved a literature analysis, individual in-depth interviews (IDI) with a representative of the company's management, and a review of internal company documents.

2. The Essence of Business Models

The term "business model" consists of two words, with the word "model" defined in the Cambridge English Language Dictionary as "a smaller copy of a real object, often used to show how something works or what it looks like" or a "something that is an example for others to copy" (Model, n.d.). The word "business" is defined as "buying and selling of goods or services" or "an organization that sells goods or services" (Business, n.d.). A definition formed by combining these two separate words might read as follows: "A business model is a scheme illustrating the operation, characteristics, and relationships of a commercial or production venture that generates profit." Researchers pay attention to elements such as characteristic features, relationships, and profit generation in the context of business models.

One of the first creators of the business model definition was Timmers (1998, pp. 3-8), who described it as:

- the architecture of products, services, and information flow, considering the characteristics of various business actors and their roles,
- characteristics of potential benefits obtained by different business actors,
- characteristics of revenue sources.

Magretta emphasized simplicity, while simultaneously focusing on delivering value to customers and businesses and aligning the interests of different parties. She presented the concept of a business model as something fundamentally different from complex formulas and calculations. She viewed it more as a narrative about how a particular organization operates, providing answers to questions like: who is the customer, and what does the customer value? How will the company make money in this model? And what is the underlying logic explaining how value can be delivered to customers at an appropriate cost? Magretta also highlighted the analytical origins of business models and the fact that the trend of creating business models can be attributed to the popularity of personal computers and

spreadsheets. She argued that data play a crucial role in business model creation and suggested that many successful businesses were created by chance before the era of data analysis and model building (Magretta, 2002, pp. 4-6).

One of the most well-known concepts of a Business Model was proposed by Osterwalder, Pigneur and Tucci, who defined it as a description of how an organization creates value and generates profits. According to them, a business model is a conceptual tool containing a set of objects, concepts, and their relationships to express the business logic of a particular company. Therefore, we need to consider which concepts and relationships allow for a simplified description of what value is delivered to customers, how it is delivered, and what the financial consequences are (Osterwalder et al., 2005, p. 3).

The popularity of this concept was largely driven by the Business Model Canvas template they created in 2010, which outlines 9 elements that fit into the process of revenue generation by a company (Beyer, 2019, p. 3) (see Tab. 1).

Table 1. Business Model Canvas

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
Who are our Key Partners? Who are our Key Suppliers? What do we expect from our partners?	What key activities does our Value Proposition require? What are our distribution channels?	What value do we deliver to customers? Which of the customers problems do we help to solve?	What kind of relationships do our customers expect? How are they integrated with our business model and what is their cost?	For whom are we creating value? Who are our most important customers?
	Key Resources		Channels	
	What key resources does our value proposition require?		Through which channel will we reach the customer, and how are they integrated into the model?	
Cost Structure		Revenue Streams		
What is the most significant cost driver? Which of the key resources are the most expensive? Which of the key activities are the most expensive?		For what value are our customers willing to pay? What are they currently paying for? In what manner do they pay? What is the proportion of each revenue to the overall revenues in the model?		

Source: (Osterwalder and Pigneur, 2010).

The Business Model Canvas presents 9 key elements that are essential to include in an organization’s business model, along with the corresponding questions

that should be asked for a comprehensive description of each area. This tool is characterized by its universality and can be applied in various industries. Its structure allows for potential customization to suit the specific needs of an organization, such as accommodating multiple business lines. Due to these features, this concept has gained significant popularity, to the extent that in some circles, it is practically synonymous with the concept of a business model.

3. Business Model Innovation

Considering the main theme of the article, which is the issue of making changes in Company's Business Model, we should mention Business Model Innovation (BMI) which has been dynamically developed in practical business and theory for 10 years (Mihalache and Volberda, 2021, p. 203-204). It may be defined as "an activity or a process in which core elements of an enterprise and its business logic are purposely transformed" (Pucihar et al., 2019, p. 1). Despite the fact that the concept began to gain popularity around 2011, its genesis should be equated with the origin of the concept of Business Model, as every company applying any BM should continuously change it and develop to gain competitive advantage.

We can distinguish three forms of BMI (Mihalache and Volberda, 2021, p. 207):

- adoption, which means implementing new ways of value creation, by copying it from other companies, for example from other, more developed countries or regions;
- adaptation, which occurs when the company also copy another company's business model, but simultaneously make some changes to use their supplies in more efficient way in a new environment;
- creation, meaning building new forms of value generation, which did not exist.

Every form of Business Model transformation may have a huge impact on existing Business Model architecture. In such a case, the company should think if the new model will help fulfil its long-term goals, which may be identified as a part of strategy. Making changes in Company's BM leads us to relationship between business model and corporate strategy.

4. Business Model and Corporate Strategy

The difficulty in classifying the concept of a business model is, among other things, due to its unclear relationship with corporate strategy, with which it is often confused (and even incorrectly used as a synonym for strategy). This naturally raises questions about the differences and relationships between them. Unfortunately, the theoretical literature (like the case of the definition of a business model) does not provide a clear consensus on this matter. Moreover, the perspectives in management theory often contradict each other.

According to Chandler (1962, p. 13), “strategy can be defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals”. On the other hand, Stabryła argues that management strategy for strategic units: (1) presents long-term and intermediate goals that determine the existence of the enterprise, (2) arises from the external environment and internal factors, (3) includes an analysis of competition, (4) is presented in the form of specific programs and plans for the company’s operations, (5) is time-bound, (6) its effects are measurable and subject to evaluation (Stabryła, 2000, as cited in Firlej, 2004, p. 46).

Thus, strategy represents the desired position of the company in the future in a competitive environment in connection with achieving satisfactory financial results. In contrast to the business model, it has a temporal dimension. Furthermore, it precisely defines the boundaries of the company’s operations (geographic areas, markets, products) and a bundle of the most important long-term goals (Wierziński, 2015, p. 491). At this point, it is worth emphasizing the genesis of the business model concept which, in the early 1990s, emerged from disillusionment with the traditionally understood organizational strategy. Nevertheless, a business model is not a substitute for strategy. We should not equate these two concepts, although they have important connections and similarities (as presented in Tab. 2) (Drzewiecki, 2013, p. 67).

4.1. The Concept of Business Model Supremacy Over Strategy

Drzewiecki, among others, discusses the superiority of the business model over strategy. He argues that a business model is an excellent way to test the idea forming the basis for creating a company. He also refers to the word “model” itself, which, in his understanding, emphasizes the “shaping” of the concept (Drzewiecki, 2013, p. 69). These arguments are indeed valid because, due to its universality, simplicity, and relative comprehensiveness, a business model can be applied at an early, conceptual stage in building a company. This aligns with the increasingly popular concept of Business Model Innovation (BMI) processes, defined by Wirtz et al. (2016, p. 4) as “an explicit design process aiming to create an entirely new business model in the market, accompanied by adjustments to value propositions and/or value constellations, with the goal of generating or securing lasting competitive advantage”. It is therefore recognized that designing a business model is a process, a form of testing solutions that are ultimately meant to give the company an advantage.

Drzewiecki also points out the difficulty of imitation by competitors, emphasizing the superiority of the business model over strategy. Companies often try to copy their competitors’ strategies, resulting in all companies competing within the same strategic group achieving similar results, barely allowing them to survive

(Drzewiecki, 2013, p. 69). The revolutionary nature underlying the business model makes such copying challenging, forcing entrepreneurs to:

- identify established conventions and rules in the industry,
- seek discontinuities in different areas of reality that can allow changes in sector norms,
- identify and deeply understand the essence of key competencies of the company,
- utilize all their knowledge to identify revolutionary ideas and unconventional options that can be applied in their business activities (Drzewiecki, 2013, pp. 69, 70).

Drzewiecki's perspective is supported by other researchers whose definitions of the relationship between the business model and strategy are presented in Table 2.

Table 2. Definitions of relationship: Business model as a concept superior to strategy

Author	Definition of relationship
Duczowska et al. (2013, p. 294)	The strategy and the business model are not identical, but they are mutually interdependent. The direction is such that business model shapes the strategy, rather than the other way around. This is because, for strategy to be feasible, it must be built upon the capabilities, resources, and the current position of the company.
Morris et al. (2005, p. 733)	The business model enables entrepreneurs to: <ul style="list-style-type: none"> • conceptualize the enterprise as a set of strategic choices, • seek complementary relationships among its components, • define a set of activities within a logical framework for the company's operations. Ensure coherence between strategy, the architecture of operations, the business economics, its growth, and exit possibilities.
Teece (2010, p. 179)	The business model is a broader concept than the business strategy. The integration of strategic analysis and the business model is required to maintain a competitive advantage derived from the design of a new business model.

Source: own elaboration.

4.2. The Concept of Strategy Supremacy over Business Model

When considering the superiority of strategy over the business model, it is essential to reiterate the temporal nature of strategy. If we assume that the strategy defines the desired position of the company in its environment in the foreseeable future, along with a bundle of key long-term objectives enabling the achievement of that position and the means to realize them, then the business model constitutes the last of the mentioned elements of the strategy (Wierzbiński, 2015, p. 496). Thus, it will be one of the most critical ways to achieve long-term goals – a tool for strategy implementation and even a part of it. In this concept, the business model is therefore

subordinate to the company’s strategy, complementing or replacing a portion of the strategy that describes goal implementation. This is because the business model, in the described form, with elements such as a description of the value proposition to customers, target groups, the place of operations, descriptions of key stakeholders, technology, and profit generation methods, is a more comprehensive solution than what is proposed in traditional strategy.

This perspective on the relationship between these tools is also supported by the fact that a business model is a much more flexible and less complex tool than a strategy, which is often developed for many years in the form of a comprehensive document. Such an approach allows for the modification of the business model as conditions change, enabling the continued pursuit of the company’s long-term goals. Definitions of relationships confirming the superiority of strategy over the business model are presented in Tab. 3.

Table 3. Definitions of relationship: Corporate Strategy as a concept superior to Business Model

Author	Definition of relationship
Casadesus-Masanell and Ricart (2010, p. 2)	The business model pertains to the logic of how a company operates and how it creates value for stakeholders. Strategy relates to the choice of a business model through which the company will effectively compete in the market. Tactics, on the other hand, relate to the remaining choices open to the company based on the selected business model.
Jabłoński (2013, p. 61)	The business model is a collection of specific resources, their configuration, and their interrelationships that enable a company to achieve profits. Strategy, on the other hand, sets the pace of changes to the business model.
DaSilva and Trkman (2014, p. 13)	The business model differs from strategy in two ways: <ul style="list-style-type: none"> • Strategy shapes the development of capabilities that may alter the business model in the future. Strategy involves building dynamic capabilities aimed at effectively responding to future and existing contingencies; • Strategy reflects a long-term perspective, while the business model represents the current or short-term perspective.

Source: own elaboration.

Wierzbński has presented the structure of relationships between strategy and business models, incorporating Strategic Business Units (SBUs) into this structure. These SBUs also have their own strategies that align with the corporate strategy. They implement specific strategies through separate business models, ultimately enabling the achievement of the corporation’s long-term objectives (Fig. 1).

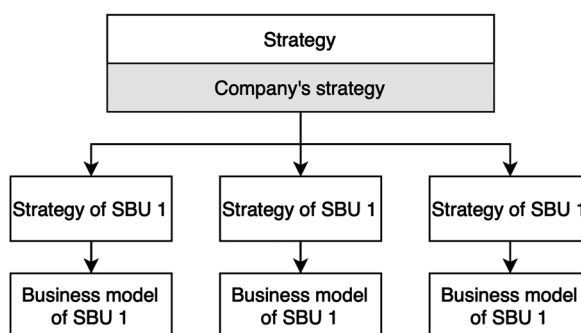


Fig. 1. Strategy and business model by Wierzbiński

Source: own elaboration based on (Wierzbiński, 2015, p. 497).

The relationship between a company's business model and its strategy will be a crucial theme in the later part of the article. To illustrate the process of modifying the company's business model, it is worth considering whether the modified model had an impact on the strategy and whether the strategy influenced decisions regarding the transformation of the model.

5. Modification of the Business Model of Company XYZ

The main objective of this article is to show the process of transforming the business model of XYZ Company which faced a shortage of qualified specialists in its industry. The new company model focuses on providing a comprehensive educational process for individuals interested in starting a career in the IT industry, particularly in ERP systems, and subsequently recruiting the best among them. At the same time, the company does not abandon its existing services, such as ERP system implementation. This challenge has presented numerous issues related to the previous strategy and business model that needed to be addressed to smoothly facilitate the modification processes.

5.3. Methodology of Conducted Research

To achieve the article's objectives, qualitative research was conducted using a case study methodology. The data sources included individual in-depth interviews (IDI) as the primary source, along with internal company documentation and archival data as complementary research sources. The chosen methodology is one of the best ways to explore a specific process due to its focus on answering "how" and "why" questions, its usefulness in evaluative research, and its ability to explain complex cause-and-effect relationships that may be too intricate for other research methods (Lisiecka and Kostka-Bochenek, 2009, p. 25).

The main drawback of the chosen methodology is the accusation of subjectivity in the conducted research, resulting in lower result credibility (Lisiecka and Kostka-Bochenek, 2009, p. 27). To mitigate this problem, three data sources were used in the research (interviews, archival data, and internal documentation).

The interviewee in the conducted in-depth interview for the research is the founder, a representative of the company's management team, and the originator of the change in the business model to address the problems the company faced. The interviewee has five years of experience in the IT industry, particularly in Odoo ERP system implementations, works as a digital transformation consultant for companies, and is enthusiastic about new technologies and education. In addition to XYZ Company, the interviewee also owns a marketing agency as part of the XYZ brand. Therefore, they have extensive business experience.

Before conducting the interview, a scenario was prepared, including the following 7 questions.

- What is XYZ Company involved in?
- What problems did the company face?
- What prompted the change in the business model?
- What problems/needs did it address?
- What did the change in the business model entail, and how was it implemented?
- What is the relationship between the implemented modified model and the overall company strategy?
- What are the company's plans?

The description of the company and its environment in Section 5.2 was based on the conducted research and a review and analysis of trends. Section 5.3 primarily consists of the analysis of research results that depict the process of changing XYZ Company's business model. Section 5.4 presents the concluding remarks, including concepts related to business model modifications.

5.4. Description of the Company XYZ¹

Company XYZ was established as a sole proprietorship in 2020 and was transformed into a limited liability company on February 17, 2021. The commencement of its operations coincided with the deepening trend of digitalization of businesses in Poland, driven by the COVID-19 pandemic and the resulting restrictions (cf. European Commission, 2022, p. 6). From the very beginning, the company engaged in consulting services related to digital business transformation and the implementation of the Odoo ERP system, seeking a niche in this area. The company has operated remotely from the outset, functioning as a virtual company for an extended period. During this time, it collaborated with a team employed under

¹ The data comes from internal company materials.

various forms of agreements. For certain development tasks, such as creating new Odoo modules, the company utilized the services of foreign programmers (due to their availability and lower service costs compared to the Polish market).

Table 4. SWOT analysis of the business model of the company XYZ

Strengths	Weaknesses
<ul style="list-style-type: none"> • the use of the Odoo system, which ranks among the leading ERP systems globally • having a loyal customer base that utilizes post-sales services (e.g., system maintenance) • extensive knowledge and experience of the team • possession of well-documented internal processes and significant company know-how • a wide range of post-sales offerings • offering a niche product, Odoo ERP for NGOs 	<ul style="list-style-type: none"> • low popularity (currently) of the Odoo system in Poland • weak internal team integration due to exclusively remote work • having only one externally licensed system in the portfolio of implemented tools • a very lengthy and costly customer acquisition process • attracting clients from the SME sector with high demands and very limited budgets • a small, permanent team that allows for the execution of only 1-2 deployments simultaneously (larger projects require external resources) • post-sales services alone do not ensure the company's financial liquidity
Opportunities	Threats
<ul style="list-style-type: none"> • one of the few implementation companies of the Odoo system in Poland • actions taken by the company Odoo S.A. to promote their tool, which could lead to an increase in the popularity of Odoo ERP in Poland • the trend of digitization in businesses, driven by crises and simultaneously accelerated by funding for these purposes • the popularity of working in IT (the possibility of attracting new employees seeking experience) 	<ul style="list-style-type: none"> • potential increase in competition with the popularization of the Odoo tool in Poland, as well as potential promotion of Odoo S.A. partners (which company XYZ is currently not) • collaboration with the team, particularly programmers, on contracts for specific tasks, which they can easily terminate and begin working with the competition • team departure and the removal of company know-how • financial liquidity threats due to crises and the inability of clients to pay for the system

Source: own elaboration based on data from internal company materials.

The company's situation, including its strengths, weaknesses, opportunities, and threats encompassing the most critical internal and external aspects, is presented in a SWOT analysis (Tab. 4). Based on this analysis, it can be observed that XYZ Company is solidifying its presence in the ERP system market in Poland. It is taking actions aimed at filling niches (Odoo NGO) and focusing on internal development (processes and documentation) to enable future scalability. Additionally, the company entered the market at a favourable time for the development of ERP

implementation services. However, several weaknesses and threats are also identifiable. Among them is the potential lack of cohesion within the team, which may hinder future business expansion. Furthermore, if the company seeks to hire new employees, it must consider the costly recruitment process or the lengthy process of educating new employees. This is due to the shortage of specialists in Odoo ERP implementations in Poland. Financial liquidity is also a noticeable threat to the company. Company XYZ has only one main product (Odoo ERP). These observations were made in the company in 2021, leading to the decision to modify the business model in the second quarter of 2021.

5.5. The New Business Model of the Company XYZ

Decisions within the company's management regarding the modification of the business model stemmed primarily from three internal and external challenges:

- 1) challenges in customer acquisition and a lengthy sales process,
- 2) limited availability of implementation specialists in the market,
- 3) the risk of financial liquidity disruption, largely resulting from the first two factors.

In response to these challenges, the company decided to initiate a project (which later evolved into a separate business line) that extended beyond its existing industry. This new project aimed to address issues while being consistent with the company's main business model. The project entailed creating a course called the "Odoo Academy," designed to educate individuals in the IT industry, particularly in ERP systems, over a 3-month period. The project had commercial characteristics, and it also had an internal objective to address financial liquidity problems arising from project backlogs. Notably, in 2021, no similar courses on ERP implementations were available in Poland, which introduced an element of risk for the introduction of this premium service. Consequently, the company adopted a flexible sales model, in which the project's execution depended on sales results, as emphasized by the informant:

We started with a sales trial. If it turned out that we couldn't "acquire" anyone, it wouldn't make sense to carry out the project. The conditions (for sales) varied. We tried everything from starting with a higher price to a lower price, from free practices to paid practices, and so on. Eventually, we sold the targeted number of packages required to execute the project.

The project was implemented from July to September 2021 and achieved the expected results, enhancing both financial liquidity during that period and successfully training 9 ERP system implementation specialists, 5 of whom were subsequently employed by XYZ Company. The potential that the project had was quickly recognized, and immediately after the first edition of the Odoo Academy, the decision was made to make it a permanent part of the business model. The project, which was initially a prototype, has now evolved into a recurring event intended to expand the entire educational ecosystem built around ERP system topics.

The company's intended business model was expected to consist of two main business lines. It's worth noting that the company added a B2C component to the services it provided in its primary business line. These business lines are as follows.

- **Line I:** ERP system implementations, including post-sales services such as team training, module creation, and system maintenance.
- **Line II:** specialized training for ERP system implementation specialists, including upselling additional specialization courses (Project Manager, Python Developer, Manual Tester), brokering recruitment to partner companies, and offering body leasing services (renting a specific specialist by the hour for external projects).

Incorporating an entirely new business line into the business model partially introduced the company to a new industry – education. This change entails a shift in various processes, including marketing, sales, legal matters, as well as communication and post-sales relationship maintenance. Sales would occur in a B2C context, which is a novelty for the company. The modification of the business model also exposes XYZ Company to new external factors.

The outlined target business model for XYZ Company has not been fully implemented yet. This transition is scheduled to occur in early 2024. Currently, the company is in the process of organizing the second edition of the Odoo Academy which has undergone changes and will no longer be an additional project but will become the second business line in the company's business model. In future, if the Odoo Academy brand solidifies itself after several editions, the business line based on training ERP system implementation specialists will be transformed into a separate entity. Additionally, the company plans to expand its new business line to offer more services in both B2B and B2C formats. However, these plans are part of the company's future development. To summarize the described process and the company's plans, the informant concludes, "the project was born out of necessity, transformed into a business line, and will eventually evolve into a separate business entity."

5.6. Research Conclusions

The presented case study in this article is undoubtedly unique due to several influencing factors. Nevertheless, it would be a mistake to assume that the conclusions drawn from the conducted research are not applicable to other enterprises undergoing a similar process. In dynamically changing conditions, leveraging the experiences of other businesses can serve as a source of inspiration and be a key to success. The next two sections outline the principal findings resulting from the research, which include the factors facilitating business model modification and the concept of strategy complementarity with the business model.

Factors Facilitating Business Model Innovation

The transformation of the model primarily involves internal changes within the organization. It is worth noting that the efficiency of the modification process can largely result from prior efforts in building an organizational culture and structure, as emphasized by the informant. There are certainly factors that can facilitate this modification. Based on the process conducted in company XYZ, 6 facilitating factors have been identified and are presented in Tab. 5.

Table 5. Factors facilitating business model modification in the company XYZ

Openness to change	Openness to change, as part of the organizational culture, is crucial in conducting the modification process. As emphasized by the informant: "You must build a good organizational culture and prepare employees for changes; then, such actions (modifications to the model) are not as complicated or long-lasting. It became somewhat <i>ad hoc</i> ."
Observation and proactive response to issues	Observations in the process of modifying the model were noted at multiple stages. Foremost, the most significant observation is the one that initiates all actions – the recognition of a problem. However, one should not abandon it even at later stages to strive for perfection.
Implementing changes in a way that is parallel to the operation of the original model	Implementing an additional business line in a way that does not disrupt the operation of the primary line could have been crucial for an organization undergoing change. Preserving a certain source of income in the company allows for 1) the ongoing functioning of the organization, 2) financing the introduced changes, and 3) the possibility of safely abandoning the idea in case of implementation problems.
Validating the modification idea with a pilot project	Conducting a pilot project in 2021 allowed the company to draw conclusions and make changes to the ultimate plan of business model modification. Along with testing their idea, the company significantly mitigated the risks associated with the modification.
Implementing changes on a small scale (in relation to the entire model) or adding a new element with low dependencies that can operate independently	This factor corresponds with factors 3 and 4. Implementing changes on a small scale or as a separate business line helps reduce risk. In the event of failure, the company can disconnect the line from the model and eliminate it without significant interference with the overall organization. This also provides the opportunity to later detach the established line and create a separate business entity (as in the case of Company XYZ's plans).
Consistency of implemented modifications with the company's strategy	The implementation of modifications in the business model is much more efficient when they are consistent with the company's strategy and long-term goals. In the case of Company XYZ, the Odoo Academy allows for the acquisition of specialists and the development of the market. This aligns with the company's initial intent – aiding in the digital transformation of SMEs using the Odoo ERP system.

Source: Self-composition based on conducted research.

The Concept of Business Model Complementarity to Business Strategy

As one of the significant facilitating factors in modifying the business model within the company, the alignment of introduced modifications with the company's strategy was mentioned. The inconsistency in understanding the relationship among theorists leads to further exploration of the optimal position of the business model in relation to the strategy, as highlighted in Section 3. It is essential to note that the disagreement in observing this relationship also results from a lack of unified perspectives. Thus, Drzewiecki, arguing for the superiority of the business model over strategy, presents it from the perspective of the time of establishment and development of the enterprise. On the other hand, Wierzbiński looks at the matter from the perspective of organizational structure, which leads to his voice in favour of the superiority of strategy. However, it seems that these two concepts are not mutually exclusive. The concept in which the model serves as a means of testing business ideas (as presented by Drzewiecki) has its merits. On the other hand, after the testing phase, there may be a moment when the model is absorbed into a more comprehensive strategy that encompasses the ideas behind the creation of the enterprise and the insights derived from the tests. At this point, ambition, one of the most critical factors behind a strategy and its long-term goals, should not be forgotten. So, how can long-term goals be achieved? According to Wierzbiński's concept, they can be achieved through one or more business models (depending on the organizational structure), striving for the holistic implementation of the company's strategy. This creates a relationship, as presented in Fig. 2.

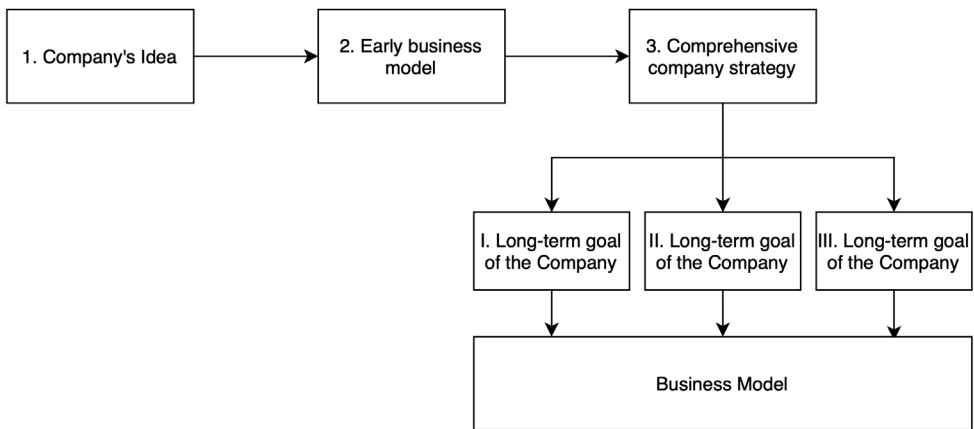


Fig. 2. The concept of Business Model complementarity to Business Strategy

Source: Self-composition based on conducted research and (Drzewiecki, 2011; Wierzbiński, 2015).

The presented concept starts with the idea which represents the motivation to create a new entity, such as a company. This idea should partially include a vision

(answering questions about where the organization would like to be in a few years), thus establishing a connection to the subsequent stage, which involves long-term goals. The second stage involves creating an early business model that allows for the initial assumptions on which the organization will be based to be tested. An effective tool for conducting these tests is the Business Model Canvas (discussed in Section 2) which provides a comprehensive view of the organization, including the required resources and areas. Based on the early, already tested business model, a more comprehensive business strategy should begin to take shape. This strategy should encompass specific long-term goals based on the earlier idea. The ultimate business model should serve as a tool for achieving these goals. However, this does not imply its inferiority to the strategy; instead, it highlights the complementarity of these two tools. As observed, the business model appears in this concept in two places: as an early and as a final model. Therefore, the strategy could not be formulated and subsequently implemented without it.

Following the in-depth interview with the informant and considering (1) the review of internal documents, (2) a comprehensive analysis of the business model modification process, and (3) the informant's comments on the above concept, a new, more comprehensive, and practical concept of the complementarity of the business strategy to the business model has been developed (Fig. 3).

Like the first concept, everything begins with the idea behind establishing a business. Importantly, although not depicted in the figure, the idea typically stems from a private need of the entrepreneur, as emphasized by the informant during the interview. The subsequent stage involves the creation of an early business model. This encompasses both "creative" elements, such as the concept, and "reproductive" elements, involving a market review. The informant stressed the importance of consistently generating new value without "distorting" their concept through the review of existing solutions. Such a review should be conducted only after the unit or team within the organization has formulated its own concept, to verify its assumptions and introduce any necessary adjustments. This process results in the creation of an early business model which should be tested. Alongside the early model, its testing and analysis, the organization should revisit the "idea" to establish the strategic framework. The verified model and formulated strategic assumptions should be transformed into a "comprehensive business strategy" with various long-term organizational goals. Based on these long-term goals and the insights drawn from model testing, a "mature business model" should be developed, comprising multiple business lines that fulfil various (and sometimes shared) long-term organizational goals.

This approach to building a strategy and business model primarily provides the organization with flexibility which is crucial for the future operation of the company. Flexibility becomes apparent when market conditions change, or certain model assumptions do not prove effective. The organization can then react by "replacing" one of the business lines, which would be challenging in the case of the business

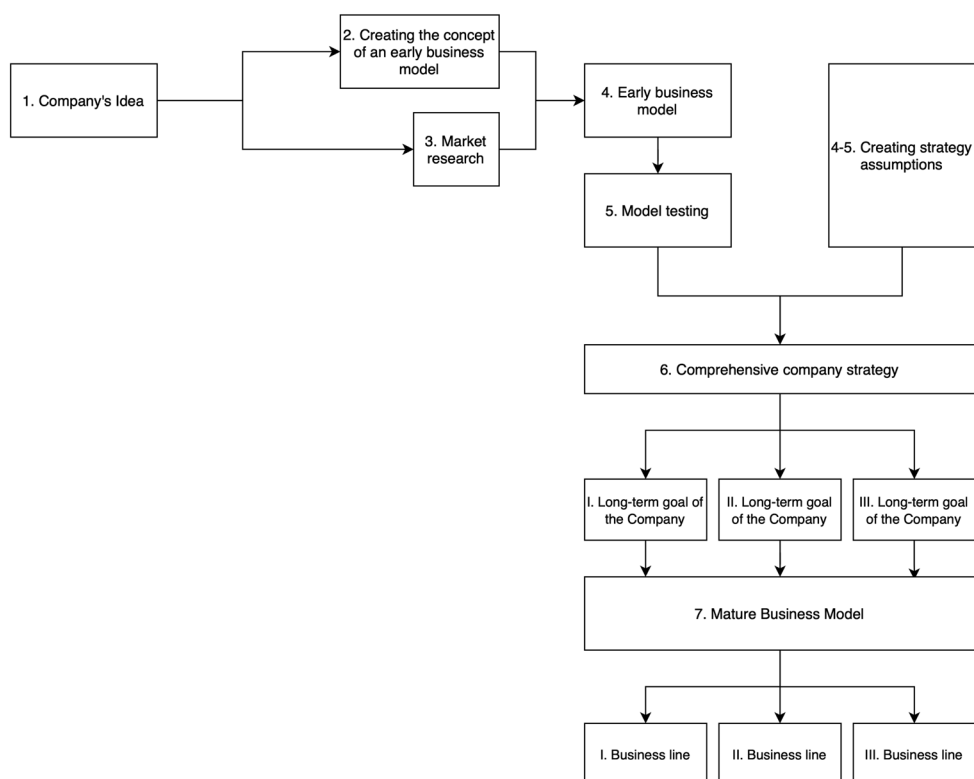


Fig. 3. The concept of business model complementarity to business strategy, complemented with informant's insights

Source: self-composition based on conducted research.

model's supremacy over the strategy. In the concept of complementarity between business strategy and business model, modifying the model offers the opportunity for adaptation while simultaneously pursuing long-term goals, and therefore, the company's strategy. Simultaneously, by testing the model before formulating a comprehensive strategy, the organization ensures stability and confidence in the chosen direction, with a high probability of being the correct one.

6. Conclusions

The case study presented in this article demonstrates the complexity of business model innovation, a process that can extend over several years. The described changes in XYZ Company not only shed light on the challenges an organization faces when implementing changes in its business model but also highlight that a company does not have to confine itself to a single industry to maintain consistency between

its strategy and a business model that extends beyond the organization's original "bubble," as was the case with XYZ which, while implementing ERP systems, ventured into the educational sector while preserving coherence.

The research results presented here also illustrate how to build an organization to minimize disruption when making these changes. The findings, captured in individual recommendations, open the door to broader research efforts that can validate the universality of the presented theses and their applicability to other organizations. The subject of business models and their modification is an extensive area in management theory with a shortage of research, as acknowledged in the introduction. Due to the wide scope of the topic and its dependence on numerous factors, it is evident that the subject remains far from exhausted. Many areas await further exploration, and the increasing instability in the business environment may fuel the growing demand for such research.

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Modyfikacja modelu biznesowego na przykładzie firmy z branży IT

Streszczenie: Celem artykułu jest eksploracja jednego z procesów modyfikacji modelu biznesowego w firmie XYZ, działającej w branży systemów ERP. Firma ta, chcąc rozwiązać wewnętrzne problemy, a także umocnić swoją pozycję na rynku, zdecydowała się na zmianę modelu biznesowego poprzez dodanie nowej linii biznesowej, która wprowadziła firmę w branżę edukacyjną. Aby osiągnąć cel artykułu, przeprowadzono analizę rynku wdrożeń systemów ERP oraz edukacji informatycznej. W ramach badań przeprowadzono indywidualny wywiad pogłębiony (IDI) oraz przegląd dokumentacji wewnętrznej firmy. Pozwoliło to na opracowanie czynników sprzyjających modyfikacji modeli biznesowych oraz koncepcji komplementarności wypracowanej na podstawie analizy literatury i wyników wywiadów pogłębionych.

Słowa kluczowe: model biznesu, linia biznesowa, modyfikacja modelu biznesowego, IT, strategia a model biznesowy, Business Model Innovation (BMI)