
Typology of Activities and their Impact on Business Management – Polish Perspective

Submitted 06/10/21, 1st revision 27/10/21, 2nd revision 18/11/21, accepted 13/12/21

Daria Kuklewska¹

Abstract:

Purpose: This article aims to present the activities undertaken in the enterprise and their impact on the management of the entity.

Design/Methodology/Approach: The descriptive approach was used. Literature review was conducted – including only Polish literature to present the approach typical in Polish studies. The relationships between the style of management, the type of activities and the way of doing business have been described.

Findings: A manager, often called a leader, is responsible for the course of decisions and actions. The content contains the rules that should be followed when working with the team. It defines the style that the company will follow in carrying out the previously adopted mission and set goals. The dependence of the environment on the functioning of an organizational unit and management decisions was presented.

Practical Implications: The findings of the paper can be used as a comparative material, to recognize differences between Polish approach and the approach used in other countries. It can also be useful for managers developing their skills and improving their performance as it offers some practical guidelines.

Originality/Value: Paper is theoretical, but the findings are valuable from both theoretical and practical point of view (for academics analyzing management processes and managers role, and for managers defining their role in the company).

Keywords: Management, efficiency, effectiveness, synergy effect, management styles, classification of activities.

JEL Classification: M2, D61.

Paper Type: Research article.

¹Poznan University of Technology, Faculty of Engineering Management, Institute of Logistics
Daria.kuklewska@put.poznan.pl;

1. Introduction

The concept of management raises a lot of controversy in the literature. It is most often perceived as an orderly, efficient set of managerial activities. Without the right decisions, well-established goals, mission, and vision, it will be difficult for a company to gain a leadership position in the market and overcome the inconvenience of its immediate and distant surroundings. Enterprises are open systems that must be managed wisely in order to meet and balance internal needs. To adapt them to the conditions prevailing in the environment in which the economic activity operates.

The company's internal needs and external conditions are dynamically changing; therefore, decision-makers and managers must also change and adapt the philosophy, structure, strategy and culture. Without adjusting to market conditions, it is impossible to achieve the desired results. Adjustment means meeting the goals set by society as well. It is recommended to modify the system and operating strategy, and not to recreate the existing situation, to duplicate the success already achieved. Undoubtedly, the success of any company directly depends on the quality of management. From the concept implemented by managers to their potential of knowledge, skills, and techniques. In order to be able to function and be successful, each enterprise must respond to changes in the environment.

2. Management and Manager's Role

The science of management is a multi-threaded and complex science. In the literature, there is often an attempt to unambiguously define the definition of management. One of them treats management as a multi-stage decision-making and action system. It allows you to achieve the set goals. In other words, it is the control of processes, resources that the company has at its disposal and their optimal connection, use to achieve the best possible effect, taking into account the prevailing operating conditions (Penc, 2005). In order to understand the idea of business management, it is necessary to define key concepts such as efficiency and effectiveness.

Productivity, also known as labor productivity, is perceived as the value or volume of production produced at a given time by an employee. Effectiveness, in turn, is the result of actions taken at a specific time in relation to the incurred expenditure (resources) related to the achievement of this effect. Efficiency in management also functions as a measure of effectiveness understood as the degree of achievement of the intended goal (Rutkowska, 2013). When organizing several activities in the enterprise, which are to lead to the set goals, the manager generally has 4 groups of resources at his disposal, human, financial, information and material.

In the long run, management should be characterized by effectiveness, i.e., the owner of the organization generates profit, employees are satisfied with the work they do and the salary they receive. Nowadays and with market problems, the effectiveness of management is often defined as striving to survive the company and keep it in good financial condition. Without a lot of effort and commitment to undertaken, often complex operations and tasks, the company cannot develop and meet the needs of consumers. The foundation of actions that allow to achieve success is the creation of an activity plan in

the enterprise (Peszko, 2002). Defining the goals, resources, methods of the team's work and the selection of its composition, as well as ways of motivating. Management as a whole of processes and activities that affect the effective implementation of goals allows for the identification of four basic types of activities, planning (setting short-term and long-term goals and optimal ways to achieve them), organizing (grouping activities and resources), leading (managing a team of people in a motivating way) and controlling (observing the progress of work and emerging barriers).

The composition of the team affects the efficiency of work and cannot be accidental. The leader (manager) plays a very important role in the team. Its task is to select employees correctly and fill them in appropriate positions so that the synergy effect is created. It is about increasing the benefits for the company thanks to the employees, their cooperation and commitment. The task of the team leader is to organize work for the team in such a way as to use the resources at hand and to produce the goods that the company offers to the maximum (Brzóska, 2007). The leader should base his actions on the following principles:

- the principle of rational management, the leader selects action methods that will allow to obtain the planned result,
- the principle of efficiency, is the pursuit of goals by appropriate means,
- the principle of rationality, i.e., skilful use of the principles of effective action,
- the best performance principle is to manage the available resources to maximize results,
- the principle of division of labor, the leader divides the scope of duties into smaller tasks and entrusts tasks to appropriate employees,
- the principle of harmony, consists in selecting the number of resources, appropriate methods that will help to reliably perform the tasks,
- the principle of work concentration, i.e., concentrating the same or similar activities in one specific organizational unit,
- the principle of job identification is related to the introduction of improvements in various areas of work in order to obtain better results,
- the principle of comprehensive operation is related to the analysis of individual stages of activities as elements of creating the entire final project,
- the principle of individualization, the leader divides the tasks and responsibilities of employees depending on their predispositions.

Efficiency and effectiveness cannot be equated. The assessment of effectiveness allows managers to observe more than just an evaluation of the activities undertaken by entities in terms of the degree of bringing the enterprise closer to achieving the previously set strategic and operational goals (Rutkowska, 2013). The role of the leader is to manage the enterprise in such a way that the teams operate consistently according to the established plan of activity. How a manager manages human capital is determined by the style of management. Most often it is talked about the autocratic, liberal, and democratic style. The first one is based on distrust of employees.

Decisions are made only by the team leader, and the opinions of subordinates are not considered. The liberal style is characterized by the free action of employees. The leader provides help and advice only when asked to do so. The lack of commitment of the

manager results in low work efficiency. A democratic style produces the greatest results in terms of efficiency. Employees have their opinion, make key decisions. Then the role of the manager is limited (Bielski, 2002).

Decision-makers who care about success, regardless of their individual motivation, try to create an effective enterprise. This means that they are looking for new opportunities, trying to produce new goods, and to organize new resources. Their assumption is to change the existing situation for the better. Creativity is the basis of their activities. Which gives you the opportunity to develop. It helps to create material wealth from intangible knowledge, introduce innovations, eliminate useless resources, products, and technologies.

2.1 Impact of the Environment on Company's Functioning

The environment is closely related to the enterprise. There is a strong interaction between them all the time. Due to the social role, it plays and economic activities, the enterprise requires efficient and effective management. Currently, enterprises operate in an environment that changes very dynamically and is characterized by a high degree of risk and uncertainty. At the same time, it reveals a large dependence of the economic entity on the environment in which it operates. It is the market that is increasingly responsible for the existence and development of the company.

Therefore, one of the main elements of creating a business management philosophy is considering market requirements. Use market strategies that respond to your marketing efforts. They must plan their production, coordinate, and integrate structures in such a way as to be able to quickly meet the needs of qualitative and quantitative consumers. Such conduct helps the company to maintain the trust of customers and to ensure the conditions for functioning and staying on the market with constantly growing competition. Uncertainty carries with it certain risks, but it also creates new opportunities.

However, it is always associated with a certain risk. It is difficult and complicated to make decisions under conditions of uncertainty. It requires the examination of alternative decisions, actions, and careful observation of the environment and the market. The manager makes decisions based on strategic planning, in-depth assessment of the environment as well as his own abilities. It focuses on development opportunities and threats. The condition of business activity is determined by a set of interacting factors. Not individual changes, elements of the environment (Obłój, 2001). Not all of them depend on the actions of the entrepreneur.

There are many that are beyond the control of man or the management of the individual. Internal factors are the leading factors that are responsible for the company's success. Belong to them:

- the choice of the location of the enterprise - this is a long-term decision that facilitates the existence of the business. Before making a choice, enterprises should answer a few questions, eg What are the company's development opportunities? Will there be constant access to the raw materials necessary for the production? Are there favorable

climatic conditions in this area? Will it be available to customers? Will there be qualified workers in the area ?;

- financial (credit) capacity of the enterprise - when the loan is taken, it will enable the borrower to repay the debt with interest;
- organization and management of the company - this is a very important factor, it can be part of the company's strategy. The essence of operation is to define the mission and goals that the company will want to implement.

It is easier to grasp the external factors that affect the success or failure of a business. They relate to the current market situation or legal aspects. This group of factors includes, among others:

- effectiveness of competing companies - striving for continuous development through: quality leadership, introducing new (often more attractive for customers) offers, trying to become a market leader, reducing costs;
- market size - the enterprise size is estimated on the basis of financial data and the number of people employed in the enterprise;
- type of market – the assessment covers the industry, sales method, number of suppliers, range of relationships, the state of satisfaction of needs, the degree of organization of activities;
- creating the company's strategy - undertaking such activities, the implementation of which will ensure the company's dominance on the market, regardless of the development of competing companies (Koźmiński A.K., 2004). Drucker (representative of the neoclassical trend in management, he mainly focused on observing economic practice) claims that changes in the environment affect the increase in expectations towards managers.

Running a more innovative enterprise requires management methods that will make it possible to take advantage of the opportunities that appear on the market and avoid threats. Managers' task is to conduct data analysis, acquire knowledge on an ongoing basis about the prevailing trends, development directions and consumer expectations. Drucker's motto was the statement that "enterprises operating on the local market in turbulent times must think in terms of the world economy" (Klimczuk-Kochańska, 2016).

2.2 Impact of Decisions on Corporate Management

Due to the types of activity, the pace of behavior of entrepreneurs and managers, three levels of management can be distinguished. Krupski put it this way:

Figure 1. *Management level versus activity*

Activity	Management level
• Reaction	• Operational
• Response	• Tactic
• Action	• Strategic

Source: *Own study.*

Strategic management cannot be individual. It is based on regulating behavior, shaping the entire process in order to obtain a permanent position on the market. The change process is confirmed with a specific mission and vision of the company. Strategic management as a process control concept consists of five phases:

- analysis of the starting position, setting the basic goals of the activity;
- formulation of a strategy and adoption of alternatives;
- development of a strategic plan taking into account opportunities and threats;
- selection of appropriate structures, staff and analysis of links between levels;
- implementation of the selected strategy after agreeing all the details and accepting the staff.

Strategic management determines the functioning of the enterprise in the long term. It is a collection of managerial decisions (Romanowska, 2017). Operational management is related to strategic management, as it is designed to specify and verify individual strategic concepts and plans. The main goal is the coordination and interaction of the processes of the selected strategy. The task of operational management is to advise and support decision makers. By providing relevant analyzes and information necessary to achieve goals, it improves the company's situation, increases efficiency, and promotes development. The main tasks of this type of management include:

- ensuring a transparent and accessible hierarchy of goals for all systems;
- definition of well-formulated goals that need to be clear to all concerned in order to be easily achieved and controlled;
- it allows to steer the process of setting goals on the basis of a political tender of decision-makers and various pressure groups;
- defining the rules and behavior of employees and management groups when developing goals.

Tactical management allows you to resolve conflicts between the strategy and its implementation. It is a response to the reaction of operational management, and an action of strategic management (Brzóška, 2007). Actions are also related to the understatement between individual goals and the goals of the entire enterprise. The conflicts most often concern the provision of conditions for the efficient implementation of goals. Tactical decisions are mainly related to the acquisition and development of organizational resources. The main task of decisions at the tactical level is to provide the enterprise with information, responsibility and acquired resources. This includes resources from a variety of groups².

There are three models of decision-making processes: rational, behavioral and "dual process". The first is related to considering rationality in terms of conditions and assumptions that must be met when deciding. These conditions make it possible to classify decisions into rational categories, define how a "rational" manager should act, and also how decision-making processes should be conducted in the enterprise. Behavioral decisions fall into two groups:

² *Human resources, material resources, financial resources, information resources.*

- limited rationality – the decision-maker follows the rules of full rationality, does not have to be "perfect" in the tasks, the rationality of actions is prevented by certain limitations: cognitive, motivational;
- heuristic – define a complete departure from full rationality, focus on real decision-making processes.

Decisions based on the "dual process" model combine a rational analysis-oriented approach with an approach in which intuition plays the main role (Malewska, 2014). Most managers follow the pace of events. They introduce changes by analyzing the reactions of competitors, new needs of buyers, technological progress and pay attention to unsatisfactory financial results. Penc (2005) claims that while in stable markets adapting to current events is sensible and brings results, in dynamic markets it is necessary to undertake development works on new products and services, diversify production, and occupy new markets (Penc, 2005). The company assesses the situation on an ongoing basis. It checks who is the real customer, examines its location, expectations, and what cooperation requirements it has to result in an increase in sales.

Everyone knows that high quality is the most effective and best asset to beat the competition. If the manager notices that the product does not arouse interest among consumers, he tries to recall it, take steps to modify it and convince the market again. Its aim is to release resources and allocate them to another product or service that will ensure greater profitability and increase competitiveness (Bielski, 2002). Enterprises should not only base their actions on current events.

Management with a view to the future makes it easier for managers to master certain areas of operation and difficulties in the market. It protects the company against frequent and burdensome changes. Thanks to this attitude, there is a chance to avoid wastage, complicated reorganization of the company and unnecessary activities and time associated with them (Penc, 2005). Same managers do not just respond to market signals. They adapt organizations to new conditions. They focus very much on their key skills, the goods they can use and the potential of employees.

As Penc (2005) puts it, "sensible managers think ahead." They create a vision of the company's development. They define a set of activities. Priorities that will allow you to be successful and achieve your goals. They create a certain, coherent concept of functioning that integrates goals and available resources. It helps to organize and distribute the company's resources. The key to speed of action is a good understanding of the markets and emerging opportunities (opportunities for action), the early identification of which determines the speed of response. Contemporary organizations must be open in the broad sense of the word (Penc, 2005, p. 19).

The use of openness allows you to effectively increase the ability to respond to changes that occur in the environment and affects the speed of action. The imperative of speed of action, a difficult market, globalization, and competition processes make the managers change and improve the philosophy of management, i.e., its essence and functions. (Penc, 2005, p. 20).

3. Summary

In practice, management is a complex process. It is influenced by the influence of many different factors creating the multidimensional structure of variables. This means that the set goals of the organization are intertwined with the pursuit of one's own goals and interests. Nowadays, there are breakthroughs in management theory and practice. The source is transformations, changes taking place in the internal and external environment.

The influence is influenced by new research directions of intellectual capital, which is the determinant of competitiveness and the source of building market value. There is no doubt that the discrepancies will continue to exist. The most important thing is that managers are more and more aware of the importance of analyzing the environment and adapting the type of decisions to them.

References:

- Bielski, M. 2002. Podstawy teorii organizacji i zarządzania. Warszawa: C.H. Beck.
- Brzóška, J. 2007. Modele strategiczne przedsiębiorstw energetycznych. Gliwice: Wydawnictwo Politechniki Śląskiej, 15-37.
- Gruszczyńska-Malec, G., Rutkowska, M. 2013. Strategie zarządzania wiedzą. Warszawa: Polskie Wydawnictwo Ekonomiczne.
- Koźmiński, A.K. 2004. Zarządzanie w warunkach niepewności. Podręcznik dla zaawansowanych, Warszawa: PWN.
- Krupski, R. 2004. Podstawy organizacji i zarządzania. Wydanie V. Wałbrzych: I-BIS.
- Malewska, K. 2014. Ewolucja modeli procesów podejmowania decyzji. Marketing i Rynek, (5), 127-135.
- Oblój, K. 2007. Strategia organizacji. W poszukiwaniu trwałej przewagi konkurencyjnej. Warszawa, PWE.
- Oblój, K. 2002. Tworzywo skutecznych strategii. Warszawa, PWE, 98.
- Penc, J. 2005. Role i umiejętności menadżerskie. Warszawa: Difin, 23-71.
- Peszko, A. 2002. Podstawy zarządzania organizacjami. Wydanie IV. Kraków: AGH.
- Rokita, J. 2005. Zarządzanie Strategiczne. Tworzenie i utrzymywanie przewagi konkurencyjnej. Warszawa, PWE.
- Romanowska, M. 2017. Planowanie strategiczne w przedsiębiorstwie. Warszawa: Polskie Wydawnictwo Ekonomiczne.
- Rutkowska, A. 2013. Teoretyczne aspekty efektywności – pojęcie i metody pomiarów, 439-453.
- Stankiewicz, M.J. 2002. Konkurencyjność przedsiębiorstwa. Budowanie konkurencyjności przedsiębiorstwa w warunkach globalizacji. Toruń.