

# Changes Versus Organization Staff

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*Panta rhei kai ouden menei* - everything flows, nothing stands still - this quote is attributed to the Greek philosopher Heraclitus. The ancient thinker regarded change as one of the elementary laws governing all nature, the driving force behind all life. He claimed that there is no development without it. Although so many centuries have passed since then, the thought of the wise man from Ephesus is still relevant today.

**Abstract:** the article presents selected problems accompanying change management, with particular emphasis on possible behaviours on the part of staff. By emphasizing the possible reactions of employees to changes in the organization, possible ways of overcoming barriers that may appear in the process of change were emphasized. The role that should be played by the manager, who during the shift must be a leader and a leader who inspires staff, is highlighted.

**Keywords:** human capital management, change management, the process of changes.

## 1. INTRODUCTION

Each organization, if it wants to function efficiently and effectively, must adapt to the requirements of the environment and make appropriate changes. These changes are necessary for the development of the organization, they require adaptation of its elements and adaptation to the environment. For these reasons, for example, the issue of changes is extremely important for every organization, as the operating conditions are constantly changing. As a consequence, new elements of organizational structures are created, new ties between the elements of the structure, and a new process of division of labour arises. It is important that the product or service should be offered at the level expected by the recipient (client). Failure to meet this condition may lead to a victory for the competition, and it is our organization that is supposed to be successful.

Changes are extremely difficult to design and implement, because they require not only a target vision of the organization, but also a systemic, multi-faceted approach, taking into account the financial, information, material and human resources. They also require knowledge of the process and principles of implementing changes and their conditions. Hence, there is a need to undertake research on the rational, theoretically justified methodology of changes and to conduct research on the determinants, regularities and effects of changes. The theory of organization and management provides general solutions in this area, but based on this theory, it is necessary to indicate the specificity of changes in the structures of individual organizations and to present ways of overcoming barriers appearing in a given environment. This is also the main reason that there

is no one universal method of making changes, there are no perfect recipes. It must be different in each case. However, it has been observed that change works best where managers enable employees to understand them and define a clear plan of joint action.

Changes as a phenomenon are a natural process present in the life of every human being, both at work and in personal life. The fear of them most often results from previous - negative experiences. That is why many people fear change even before they come into contact with it. According to Colin A. Carnall, 40% of positive change depends on the employees<sup>1</sup>.

Each organization, if it wants to function efficiently and effectively, must adapt to the requirements of the environment in order to be able to continue its activities in the conditions of dynamic and difficult to predict reality<sup>2</sup>. The changes are also a kind of response to the actions of the competition. Efficient and effective change - its preparation and implementation - requires the authors and contractors to know the methodology of the procedure. Usually, much attention is paid to the draft of changes, but the remaining elements of the process of change in the literature, and in practice in particular, are sometimes treated as marginal. Many people believe that a good idea supported by experience will bring success. Meanwhile, even a correct design of changes requires careful development of implementation activities and efficient implementation. Otherwise, the changes may not bring the expected effects or may delay them significantly.

The environment in which organizations operate imposes difficult conditions for running a business and achieving a competitive advantage. The ubiquitous globalization processes, hyper-competition, virtualization, and technological development make it a challenge for the organization to introduce changes in such a way that the organization maintains organizational efficiency in the short term, and development opportunities in the long term. Modern companies, in order to achieve their natural goal of durability, must undertake changes that are often burdened with question marks.

Changes are among the phenomena that are permanently inscribed in the scenario of the functioning of the present world. Current trends suggest that the frequency of changes, their speed and scope will increase significantly. In order to face the third decade of the 21st century and the requirements of the Industrial Revolution 4.0, one must understand the constancy of changes and accept the accompanying uncertainty. This in turn requires learning new rules and a new way of thinking. The „old rules” are not enough to understand the processes of rapidly changing reality. Under these conditions, in order to be successful, one must be innovative, open to changes and quickly able to take advantage of favourable circumstances. The postulate that organizations develop their ability to adapt quickly, be innovative and flexible must be permanently included in the strategy of each company<sup>3</sup>. At the same time, you need to be perfectly oriented not only on present phenomena, but above all, on those that may take place in the future. Currently, there is a need for a multidimensional perception of the organization's ability to change, perceiving the company's environment and staff<sup>4</sup>.

Today, the issue of changes is one of the most important elements of management science. Over the years, many ideas for changes in organizations have been developed. Management theorists and practitioners are constantly proposing new approaches to this issue. Despite the rich achievements in the field of literature

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<sup>1</sup> Carnall C. A., *Managing change in organizations*, Prentice Hall, New York 1990, p. 145.

<sup>2</sup> Osbert-Pociecha G., *Zdolność do zmian jako siła sprawcza elastyczności organizacji*, Wydawnictwo Uniwersytetu Ekonomicznego, Wrocław 2011, p. 7.

<sup>3</sup> Heckmann N., Steger T., Dowling M., *Organizational Capacity for Change, Change Experience, and Change Project Performance*, „Journal of Business Research”, 69 (2016)/2, p. 778.

<sup>4</sup> Osbert-Pociecha G., *Zdolność do zmian jako siła sprawcza elastyczności organizacji...* op. cit., p. 78.

describing the essence of changes and methods of their implementation, they are still perceived by many more in terms of threats than opportunities.

Nowadays, it is not enough just to act according to certain proven principles that were effective in the past. The rule stating that certain decisions have certain effects, and that the most often predictable ones, is no longer enough. In the past, fair business was a guarantee of success, in accordance with the rules of management of the time, today those times are a thing of the past. Today, the relationship between the cause and effect of decisions is more complex. The management of companies is required to think long-term when acting, that is, to think ahead. The uncertainty of tomorrow plays an important role here. From all these considerations comes one very important conclusion which states that there is practically no alternative for contemporary organizations. If they want to stay on the market and strengthen their position, they must be able to use modern management methods, especially adapting to external conditions and surviving crisis situations. As a result of adherence to the principle of survival, only those organizations that demonstrate the greatest ability to transform and adapt while being the most flexible will remain on the market. However, they must boldly make changes; moreover, they must undergo a continuous process of various transformations.

When looking for ways to survive (stay on the market) and win in the fight against competition, you have to take various actions. In practical terms, they take the form of changes that are always made with the participation of people - staff of a given organization.

The foreground perception of employees results primarily from the fact that nowadays the real value of an enterprise is less dependent on material factors. The natural price of the company and its perception on the market are more and more often evidenced by the staff and the capital they have at their disposal.

## 2. STAFF – THE ORGANIZATION’S INTELLECTUAL CAPITAL

When looking for ways to survive and / or stay on the market and win the fight against competition, you must undertake a variety of activities. In practical terms, they take the form of changes that are always made with the participation of people - staff of a given company. In addition, the consequences of transformations, regardless of their end, always affect employees, and it is they who will most likely feel the consequences of changing the current state of affairs.

The foreground perception of employees results primarily from the fact that currently the real values of the organization are less dependent on material factors. The difference between the market value and the book value more and more often confirms the natural price of the company and its perception on the market. This difference is primarily an intangible resource, which is intellectual capital<sup>5</sup>, which becomes the navigational tool of the future<sup>6</sup>. Intellectual capital is sometimes called „*organizational wealth*” or „*organizational treasure*” and is seen as a driving force for the global economy of the future and at the same time a key to success in the 21st century<sup>7</sup>. It is not uncommon to say that intellectual capital is the source of the company’s competitive advantage. Therefore, the true value of an organization lies above all in the „strength” of the minds of its employees, which enables the company to function in conditions of change, and to use volatility as an opportunity

<sup>5</sup> Marcinkowska M., *Niematerialne źródła wartości przedsiębiorstwa*, [in:] *Współczesne źródła wartości przedsiębiorstwa*, ed. by Dobiegała-Korona B., Herman A., Difin, Warszawa 2006, p. 192.

<sup>6</sup> Baruk J., *Zarządzanie wiedzą i innowacjami*, Wydawnictwo Adam Marszałek, Toruń 2006, p. 200.

<sup>7</sup> Kaczmarek B., *Kapitał intelektualny (wiedza) a kreowanie wizji przedsiębiorstwa*, „Nierówności Społeczne a Wzrost Gospodarczy”, 7 (2005), pp. 319-329.

for its own development<sup>8</sup>. This corresponds to the thought of J.M. Bocheński, who states: „... *the enterprise, which is a human work, has its goal, and the economic systems to which the enterprise belongs can be understood only through the analysis of their goals*”<sup>9</sup>. These goals are subject to evolution, regardless of the level at which they are defined<sup>10</sup>. It should be understandable for everyone, because modern enterprises face the constantly changing and contradictory external environment and the requirements of flexibility in using their resources and „adapting” not only to the current market situation, but also to the upcoming or expected changes<sup>11</sup>.

Intellectual capital is inextricably linked with the personnel, which is of fundamental importance among the intangible resources of any organization. In terms of values, it is the knowledge, experience, abilities and innovation of individual employees that are indispensable for the efficient performance of tasks, organizational culture and customer relations<sup>12</sup>. Intellectual capital is the „hidden” asset of a company that includes both what is in the minds of the members of the organization and what remains in the company when they leave the organization. Therefore, these assets need to be looked after in every phase of the organisation’s life, and in particular when changes are made.

A fairly known paradigm takes the form of a provision that the basis of intellectual capital is knowledge useful for the organization. It takes on the characteristics of capital only when it can be processed and used for the good of the company. For this, however, it is necessary to skillfully manage this special resource of the company and strive to implement changes that will guarantee even greater success, and to achieve the synergy effect in the first place. The aforementioned flow is related to the traffic that takes place in the enterprise. This, in turn, allows us to state that we are dealing with a change - something that is becoming different than before<sup>13</sup>. In this case, however, we are dealing with a specific resource of each company. This imposes a number of additional responsibilities on managers. First of all, with regard to the flow of intellectual capital, one must be very careful and prudent. Every change related to people must be a well-thought-out, targeted and planned action, prepared and implemented in a rational manner. First of all, it is necessary to define the purpose (s) of the activities undertaken, which may not always be known to the members of the enterprise from the beginning. The purpose may often be revealed in the course of transformations. Practice clearly shows that the first solution is more beneficial. From the very beginning, employees know the answer to the question that bothers them, they know why it is done. The second solution is justifiable, especially in the situation of disagreement as to the purposefulness of new actions. Then the initial success can be safely used as an argument confirming the legitimacy of making transformations in the organization.

Changes in the organization, not only in terms of people (staff), should be planned, implemented in an orderly manner, in accordance with the agreed schedule and assumptions, anticipating future events. A planned change understood in this way prepares the organization for future conditions of functioning, and the knowledge and qualifications of employees will be used in a rational manner, ensuring the achievement of business

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<sup>8</sup> *Teoria i praktyka zarządzania. III Międzynarodowa Konferencja Naukowa. Materiały konferencyjne, Kraków, 28-29 września 2000*, ed. by Pajda R., Waszkielewicz W., Wydawnictwo Akademii Górniczo-Hutniczej, Kraków 2000, p. 1.

<sup>9</sup> Bocheński J. M., *Uwagi filozoficzne o przedsiębiorstwie przemysłowym*, [in:] *Rozwój przedsiębiorstwa. Problemy teorii i dylematy praktyki*, ed. by Fabiańska K., Rokita J., Wydawnictwo Akademii Ekonomicznej, Kraków 1991, p. 118.

<sup>10</sup> Cf. Leszczyński Z., *Pojęcie przedsiębiorstwa – jego istota, cele i formy*, [in:] *Zarządzanie przedsiębiorstwem*, ed. by Strużycki M., Wydawnictwo Difin, Warszawa 2002, p. 108.

<sup>11</sup> Edvinsson L., Malone M. S., *Kapitał intelektualny. Poznaj prawdziwą wartość swojego przedsiębiorstwa odnajdując ukryte korzenie*, Wydawnictwo Naukowe PWN, Warszawa 2001, p. 18.

<sup>12</sup> Cf. *Rozwój kapitału intelektualnego współczesnej organizacji*, ed. by Szalkowski A., Wydawnictwo Akademii Ekonomicznej, Kraków 2005, p. 29.

<sup>13</sup> *Słownik języka Polskiego*, Wydawnictwo Naukowe PWN, Warszawa 1981, vol. III, p. 1038.

successes<sup>14</sup>. This type of action is also a way to increase the company's efficiency. The sources of its achievements lie mainly in the competences of employees. Since knowledge and qualifications are one of the pillars of competitive advantage, it is in the interest of each organization to strive for the most effective use of what it has at its disposal - the intellectual capital of its staff. The changes carried out in this area should result in: improving the knowledge transfer system within the company and increasing its usefulness, increasing the speed of information exchange in the organization. Thanks to this - as confirmed by the results of a number of studies - such action will lead to the creation of a competitive advantage based on intellectual capital, it also enables the company to gain and maintain high efficiency in the long term. It is a guarantor of innovation and productivity<sup>15</sup>.

Such high demands on changes result from several reasons. For the sake of my speech, I will present only two. Firstly, it is the employees, having a high level of competence, who decide on the use of the remaining resources of the company (material, financial and information). Secondly, the skilful use of the company's intellectual capital influences its position on the market, its effectiveness, and the position of today and in the future. These premises are very important, they once again support the rationality of any transfer related to the knowledge and qualifications of employees. In this case, each erroneous decision has a much heavier weight in terms of species than decisions concerning other areas of the company's operation. The loss of intellectual capital cannot be quickly compensated by other activities. So a lot depends on how the changes will be carried out. It is also important to avoid simultaneous changes and their frequency was not too high because it negatively affects the functioning of the organization<sup>16</sup>.

In the realities of the modern global economy, competitiveness becomes one of the most important determinants and perspectives for assessing the functioning of the company on the market, and is also perceived as a determinant of development<sup>17</sup>. Competition between enterprises is an inherent feature of the market economy. Depending on the industry or sector, it can take place on many levels and manifest in various methods and forms of activity, as well as have a different intensity. From the point of view of practice, it is important to recognize and understand what conditions and factors affect the company's competitiveness. The formulated research problem requires a comprehensive approach - taking into account the aspects and specificity of the conducted activity, as well as the impact of changes and transformations taking place in the environment.

Nowadays, no one doubts the need to make changes anymore. Their introduction is a condition for the survival of enterprises in an increasingly turbulent environment in which, as P. Drucker noted, *only change is permanent*. However, the transition (...) from the hitherto unequivocally different state is immanent and may become for the company's management *a long dark night of the innovator (...) during which enthusiasm, scepticism, fireworks and bands are noticeable*<sup>18</sup>. In the context of the discussed issues, it is reasonable to present what Drucker quite often emphasized: *„... the only unchanging thing accompanying any organization is change, and the most effective way of dealing with it is its deliberate creation”*<sup>19</sup>.

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<sup>14</sup> Cf. Klimek J., *Spółeczna odpowiedzialność biznesu w Polsce*, Wydawnictwo Adam Marszałek, Toruń 2012, pp. 166-167; Kuc B. R., Moczydłowska J., *Zachowania organizacyjne*, Wydawnictwo Difin, Warszawa 2009, pp. 252-257.

<sup>15</sup> More: Nowacki R., (ed.), *Innowacyjność w zarządzaniu a konkurencyjność przedsiębiorstwa*, Wydawnictwo Difin, Warszawa 2010.

<sup>16</sup> Penc J., *Zarządzanie dla przyszłości*, Wydawnictwo Profesjonalnej Szkoły Biznesu, Kraków 1998, pp. 278-279.

<sup>17</sup> <http://www.e-mentor.edu.pl/arttykul/index/numer/37/id/784>, access on 1.05.2021.

<sup>18</sup> Clarke L., *Zarządzanie zmianą*, Wydawnictwo Gebethner & Ska, Warszawa 1997, p. 223.

<sup>19</sup> Chrościcki Z., *Zarządzanie firmą*, Wydawnictwo C. H. Beck, Warszawa 1999, pp. 3-4.

### 3. CARRYING OUT CHANGES

In recent months, many employers have faced the need to make radical changes to their companies. Despite the wide range of various conditions, the results of a number of studies allow the conclusion that changes are best achieved where managers enable employees to understand them and define a clear plan of joint actions<sup>20</sup>. At the same time, change management in an enterprise is not another management fashion, but is one of the fundamental factors significantly affecting the efficient functioning of any company, but it is also a way to achieve the set goals. The proper conduct of transformation consists in thorough and far-reaching activities that directly affect the ability to survive and develop, taking into account current and anticipated conditions. This requires a far-sighted approach to change management, perceiving it as an opportunity for success, not as a threat and attempt to undermine the company's stability. When analysing the possibility (legitimacy) of the change, the company should be perceived as a system - you have to remember about all the company's resources, including intellectual capital.

Change is a long-term process that requires proper preparation, assertiveness and the ability to understand the mechanisms governing the changes in order to carry them out effectively and with full focus on the environment as well as established goals and assumptions. For a change to be effective, it must be well planned. It must have a clearly defined beginning and end. The shorter the process of implementing the change, the greater the chance of success. Change is a complicated and time-consuming process, so it is worth dividing it into smaller stages and monitoring the implementation of each of them. **People are not afraid of the changes themselves, but of the uncertainties they bring.** Therefore, it is always reasonable to inform employees about the change and its consequences as much in advance as possible. Rumour is the biggest enemy of change - it is difficult to relate to it because it often does not reach people responsible for changes but circulates among employees.

The above remark corresponds to the force-field theory, proposed already in the 1940s by the psychologist Kurt Lewin. According to this theory, each behavioural reaction (specific behaviour, e.g., of an employee in a team or a group in an organization) is the result of the action of two types of forces: driving and inhibiting. The driving force can lead to an increase in efficiency, but in some cases, it may cause an increase in braking forces. For example, the emphasis on performance often causes reactions of reluctance, resistance to high standards, and a decline in managerial authority.

The principle of coexistence of inhibitory and driving forces applies to the process of change: any pressure to change behaviour is accompanied by natural forces aimed at maintaining the status quo and resisting the introduction of new patterns of behaviour. Realizing this fact is the basis for planning an effective program of breaking the established patterns of conduct.

Most people tend to use driving forces to bring about change. They try to „win” by putting pressure on those who oppose them. However, according to Lewin's model, the stronger the pressure, the greater the resistance, which maintains the status quo. Therefore, a more effective way to overcome resistance is to focus on eliminating, or at least reducing, the fears and objections of the resisting party. Employees' resistance may not only cause unexpected difficulties, but also effectively block the undertaking. In order not to lead to this type of situation, it is first of all necessary to know the stimuli of such behaviour and to properly minimize the risk of their occurrence.

Therefore, every phenomenon has two poles. This is also the case with changes. For many people, regardless of the rank in the organizational structure, transformations have a negative effect. Therefore, one should carefully

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<sup>20</sup> Chrościcki Z., *Zarządzanie firmą...* op. cit, p. 12.

characterize the phenomenon of changes and the circumstances of their occurrence, i.e. indicate the reasons for introducing changes in the enterprise and present possible reactions and behavior of employees during the change process and ways of overcoming any barriers that may arise.

Currently, we observe more and more often that organizations accept and understand the need to make changes. They also notice that the most important role in the transformation process is played by the company's mission and strategy as well as its leader. In any case, the person responsible for carrying out modifications in the organization should, above all, be assertive, communicative and empathetic towards subordinates, inspire the trust of colleagues and be perceived by them as honest and honest<sup>21</sup>.

In recent times, many ideas about changes in organizations have been developed. Based on the published assumptions, it is necessary to indicate the specificity of changes in the structures and resources of individual organizations and to present ways of overcoming barriers appearing in a given environment. The analysis of the submitted proposals allows us to conclude that there is no one universal method of implementing changes, there are no perfect recipes for the transformation process in the enterprise. It is different in each case, because we are always dealing with a different enterprise that operates in specific (unique) conditions. In each company, we meet original and unique staff and what they present themselves with; each enterprise has its own unique resources.

In this situation, management theorists and practitioners constantly propose new approaches to this issue of changes in the enterprise. Today, however, it is not enough to follow certain proven principles that have worked in the past. The rule stating that certain decisions have certain effects, and that the most often predictable ones, is no longer enough. Currently, the relationship between the cause and effect of decisions is more complex. Company executives are required to think long-term when they act - to have an idea of what may happen in the future. The uncertainty of tomorrow plays an important role here. This leads to one very important conclusion that there is practically no alternative for modern enterprises. If they want to stay on the market and strengthen their position, they must be able to use modern management methods, especially adapting to external conditions and surviving crisis situations. As a result of adherence to the principle of survival, only those companies that demonstrate the greatest ability to transform and adapt and are most flexible will remain in the market. However, they must boldly make changes; moreover, they must undergo a continuous process of various transformations. Only enterprises skilfully using all resources, especially intellectual capital, will be able to claim that they operate effectively. This corresponds to the very pictorial definition of T.A.'s intellectual capital. Stewart, which says: *it is the sum of everything that everyone in the company knows and what determines the competitive advantage*<sup>22</sup>.

#### 4. CHANGES IN THE ORGANIZATION'S LIFE

Globalization and the accompanying internationalization are now a permanent element of processes related to the functioning of the organization. Today, no one argues with the statement that if an organization wants to operate efficiently and effectively, it must adapt to the conditions of its operation, which clearly results from the various consequences of pandemic times<sup>23</sup>. Changes are necessary for the development of

<sup>21</sup> <https://hrstandard.pl/2012/07/04/jak-efektywnie-przeprowadzic-proces-zmian-w-firmie/>, access on 1.05.2021.

<sup>22</sup> T.A. Stewart, *Intellectual Capital*. London: 1997, p. IX, cited in: Strojny M., *Metody i narzędzia pomiaru kapitału intelektualnego w organizacji*, [in:] *Pomiar i rozwój kapitału ludzkiego przedsiębiorstwa*, ed. by Dobija D., Polska Fundacja Promocji Kadr, Warszawa 2003, p. 102.

<sup>23</sup> On March 11, 2020, the WHO (World Health Organization) announced that it considers the coronavirus epidemic

any enterprise. They require adaptation of its elements and adaptation to the environment. As a result of the changes, new elements of organizational structures are created, new ties between the elements of the structure, a new process of division of labour is created and a new organizational culture is created, as well as employees employed in a given company change. In order to implement changes, not only the climate for transformation is necessary, but also the managers who can now be referred to as euro managers. In order to effectively make a change, you need to hijack the staff, you need to make them convinced of the legitimacy of this undertaking.

A reminder that the modern conditions for the functioning of an organization or the implementation of tasks are very complicated will not be something innovative. It is worth emphasizing, however, because many areas of human life and activity, similarly to modern organizations, have reached a high level of complexity. Therefore, every decision-maker (supervisor) has to solve sometimes very complex economic, technological and interpersonal problems. In such conditions, the activity of making decisions, including those related to making changes that directly and (or) indirectly affect people, becomes more and more difficult and responsible; they affect subordinates to a greater or lesser extent, regardless of what term they are given. Hence, the issues related to the effectiveness and efficiency of making decisions have become the basic research problems for scientists of many scientific disciplines, because efficient decision-making is the essence of all human activities. As a consequence of such a thesis, it is understandable that the solution of decision problems is of particular interest to: praxeology, decision theory, operations research, organization and management theory, psychology, sociology and military science, now social sciences. In any organization, including the military, subordinates will be the winners or „victims” of changing the existing state of affairs.

People (staff) is a kind of buckle that binds together a number of areas of activity of individual companies or institutions. It is people who decide on the actions taken, as well as skilfully use the available resources and their competences on the way to achieving the assumed goal. Sometimes it is very complex, for example during the implementation of a specific combat task. However, contractors should always be convinced that it is real to operate effectively in a specific organizational structure, and that it is subject to evolution is something „normal”.

Many organizations operate in the reality that surrounds us<sup>24</sup>. Each of them was created to achieve specific goals. It functions in a strictly defined environment and, regardless of its size, territorial distribution, specificity of activity, it fulfils a specific role. Individual organizations conduct various activities, not always aimed at earning money, which is clearly visible through the prism of organizations commonly referred to as „uniformed” and public institutions. One cannot ignore the fact that there are staff there for whom it is important that thanks to their professional activity they can develop and take on new challenges, be ready to act in difficult and unusual situations, which in today’s world is becoming an increasingly valuable value. This corresponds to the new challenges posed by the increasingly turbulent environment for the functioning of organizations, which must be able to modify their behaviour and rationally react to the changing environment<sup>25</sup>.

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(SARS-CoV-2) a pandemic, i.e., an epidemic of an infectious disease not on a regional but global scale. The problem of the virus has become so serious in recent weeks that national borders are closed, international supply chains are disrupted and the continuity of production.

<sup>24</sup> According to T. Kotarbiński, an organization is a kind of a whole due to the attitude towards it, its own elements, namely a whole whose all components contribute to the success of the whole (*Traktat o dobrej robocie*, Wrocław 1995, p. 68.).

<sup>25</sup> Cf. Moczydłowska J. M., *Potencjał kompetencyjny pracowników jako źródło zmian w strategii organizacji*, [in:] *Zmiany w strategiach zarządzania organizacjami*, ed. by Szablowski J., Białystok 2009, s. 315.

A number of people speak about what determines the success of a modern organization. They represent different environments. They generally unanimously emphasize that the present times are not only the age of the information age, computers or space travel. The world around us is also, and perhaps most importantly, the world of organizations. These people are probably right. It is enough to take a look to see that human activity is related to various organizations, which are ubiquitous, constitute the basis for the development of all processes. Each organization, if it wants to function effectively, must adapt to the requirements of the environment and make appropriate changes. Therefore, the dynamic development of science dealing with this issue is understandable. The science of managing or managing change is still alive and open - this is mainly due to the relatively short period of development and the exceptional complexity of the phenomenon that is the subject of its interest. The interdisciplinary nature of the studied phenomena often forces the use of specific solutions that can only be used in a specific organization.

**Changes are a necessary factor for the survival and development of any enterprise**, an element that should be constantly taken into account by the management. It is necessary to abandon the current state of affairs and move towards the desired goal, while accepting the transition state<sup>26</sup>. However, on the other hand, when determining the need for change, one should take into account the stage of the organization's development and not take action until all the efficiency growth reserves contained in the current solution have been used. In addition, it is important that the changes are empirically verifiable. This presupposes the necessity and the possibility of proving that something has changed significantly in relation to the previous state<sup>27</sup>.

The pace of transformation is quite important. It also affects the company and its staff. Observation of employee behaviour shows that many people do not see the need for changes and do not try to take advantage of the opportunities they bring. Often, they are simply either afraid, that is, they treat it as a threat, or they believe that the solutions they use are irreplaceable and still up-to-date, so they do not see the need to transform their company. In many cases, the management of companies does not see the need for a new division of competences so that they can be used effectively, for the praise of the staff and the company. He does not see the opportunities created by the new situation that can be used by the competition. These issues are clearly visible in the context of the current pandemic situation, where new solutions are constantly being sought for the survival and even development of the company.

Passively or cautiously proceeding companies run the risk of losing both on the part of customers and the competition. And yet the main goal of the change is the development of employees and enterprises affected by the transformations and increasing their operational efficiency. Therefore, the basic problem of today's managers is not so much running a company as changing it. Organizations must find themselves in a new reality, completely different from the one in which they functioned so far. By operating at their own risk and responsibility, enterprises have to make decisions about their livelihood and take steps to survive in an increasingly competitive environment. This constant volatility, both in the economic, political, social, technological and intellectual spheres, entails instability and causes companies to change their approach to many issues. Some of them are less complex and some are very delicate and sensitive, related to the staff and their competences.

One more fact must be emphasized. Currently, the changes are more and more radical and require more and more resources. Modern market conditions make virtually nothing certain and predictable, neither market

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<sup>26</sup> Moczydłowska J. M., *Potencjał kompetencyjny pracowników...* op. cit., p. 92.

<sup>27</sup> Masłyk-Musiał E., *Spółeczeństwo i organizacje*, Wydawnictwo Uniwersytetu Marii Curie-Skłodowskiej, Lublin 1999, p. 157.

expansion nor demand, nor the length of the production cycle, nor the speed of technological change, nor the nature of competition<sup>28</sup>.

In addition to the conditions already presented, there is a need to react quickly and be in constant readiness. Very often, managers are not satisfied with the already learned and acquired knowledge, because they have to rely on their intuition more and more often, because there is no time for in-depth analysis, thinking or using previous experiences and patterns of conduct. This pressure to act without thinking often terrifies the management of companies and makes them feel threatened. Then they prefer to follow the established patterns in which they have a false sense of security than to take a risk and try a new one. And yet, as Liz Clarke rightly points out: *you always have to be ready to make a 45-degree turn when you see a new, promising direction*<sup>29</sup>. Translated into the language of practice, this means that organizations that will be able to adapt to ever faster transformations and take advantage of the opportunities resulting from introducing changes will become market-leading companies in their industry. Their success will be associated with fundamental changes in the organization and philosophy of the company's operation. This is consistent with the opinion of T. Peters, who stated that: *success comes to those who like chaos, constant changes, and not to those who aim at their elimination*<sup>30</sup>. Even Winston L. Churchill emphasized the dangers of not recognizing the necessity of change, saying, *if you don't grasp the hand of a change, it will grab you by the throat over time*<sup>31</sup>.

Changes are necessary, however, as J. Penc points out<sup>32</sup>, the excess of simultaneous changes and too high frequency of changes negatively affect the efficiency of the organization. It also refers to the flow of intellectual capital in its entirety. It is also important - the management paradox - *that a positive change requires significant stabilization*<sup>33</sup>. This means that there is a need to stabilize the basic parts of the organization, including personnel. Otherwise, his knowledge and qualifications will not have the conditions to fully demonstrate his abilities; to adopt in a new situation, they will unnecessarily waste their competences and time. This corresponds to the thesis that **the process of change**, regardless of whether it is related to technical innovations, structural transformations, or transformations of behavioural patterns, **always concerns people**. It aims to help members of the organization cope better with the new reality.

Extremely important for a modern organization is the ability to change according to the needs of the market. Equally important, and perhaps even more important, is its ability to create these needs. Currently, organizations are forced to constantly look for new opportunities and systematically examine the areas of their own opportunities, as well as disturbances in the environment. The organization must be aware of the fact that it exists in an uncertain environment and in constant confrontation with intense competition. Therefore, it should meet customer expectations by making changes in advance, i.e., before the competition does. This is clearly and firmly emphasized by Ch. Handy, stating: *If we want the changes to be good for us, not for bad, then we have to take care of it ourselves. There is no point in waiting for some „them” to arrange the world for us*<sup>34</sup>.

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<sup>28</sup> Lisiecki M., *Klasyczne i nowe metody organizacji i zarządzania, teoria i praktyka*, Wydawnictwo Wyższej Szkoły Zarządzania i Prawa im. Heleny Chodkowskiej, Warszawa 2001, p. 289.

<sup>29</sup> Clarke L., *Zarządzanie zmianą...* op. cit., p. 4.

<sup>30</sup> Machaczka J., *Zarządzanie rozwojem organizacji*, Wydawnictwo Naukowe PWN, Warszawa-Kraków 1998, p. 23.

<sup>31</sup> *Zmiana warunkiem sukcesu. Integracja, globalizacja, regionalizacja – wyzwania dla przedsiębiorstw*, ed. by Skalik J., Wydawnictwo Difin, Warszawa 2002, p. 310.

<sup>32</sup> Penc J., *Zarządzanie dla przyszłości*, Wydawnictwo Profesjonalnej Szkoły Biznesu, Kraków 1998, pp. 278-279.

<sup>33</sup> Perechuda K., *Metody zarządzania przedsiębiorstwem*, Wydawnictwo Difin, Warszawa 1998, p. 9.

<sup>34</sup> Handy Ch., *Głód ducha*, Wydawnictwo Dolnośląskie, Wrocław 1999, p. 206.

**Change is no longer a means of survival** for companies in difficulty. Also, strong and profitable organizations today have to carry out various types of transformations in order to better meet the needs of customers and thus strengthen their position in the market. Such behaviour of the organization is forced by the rapidly changing environment. In a situation where, despite changes in the environment, the organization remains passive due to still good results, it may lead to a crisis in its own operations. However, making changes only in a crisis situation is not the best solution. It is usually associated with high costs both for individuals and the entire organization. Moreover, the strong time pressure usually accompanying a crisis additionally increases the risk of failure of the undertaken actions. Organizations must therefore carefully analyse the environment and their own internal situation in order to react effectively in time. If they do not notice the changes taking place and do not treat them as an opportunity for further development, they will lose customers and thus lose their *raison d'être*. Nowadays, change is no longer only a value in itself, and is becoming an important factor of economic development, more precisely - it becomes a productive resource that determines the success or failure of economic entities to the greatest extent<sup>35</sup>.

In order to function and develop normally, a modern organization must adapt to the surrounding conditions on an ongoing basis. For this purpose, profound and multifaceted changes in its functioning are necessary. It should also be taken into account that changes in one area of the organization necessitate transformations in other areas of the organization. This is due to the need to maintain a balance within the organization and its surroundings. **The organization should therefore act like a chameleon** - a living organism that is so harmonious with the surrounding environment that it can adapt to it quickly - almost effortlessly. Striving to ensure the conditions of existence and development, a modern organization must be a flexible entity that can find itself in a dynamic environment and influence the processes taking place in it.

## 5. SUMMARY

The current operating conditions do not give organizations a chance to avoid changes. However, they have a choice: they can carry out changes voluntarily and deliberately, or they may be forced to implement them. It should be taken into account here that intentional changes carry a lower risk of failure and, as a rule, bring better results. It is different with regard to changes imposed under pressure and without preparation. In the latter case, the effect is often far from what was expected.

The staff has a significant influence on the way the change is carried out, its pace and final results. The effects will largely depend on the degree of staff participation in the transformation of the organization. The involvement of individuals and entire teams depends on many issues. The culture of the organization and the treatment of employees have a significant impact on what is taking place in the company.

The subjective treatment of an employee of a modern enterprise can be perceived in various ways. Among other things, it raises the need for a rational approach to issues related to the professionalism of the staff, but not only from the point of view of the employee. Since **people are a valuable capital** that needs to be invested in as well as in technologies. It is therefore understandable that at present the main challenge for company executives is to motivate their subordinates to be more entrepreneurial in acquiring, using and sharing knowledge. There is a belief in business spheres that only those organizations that employ professionals and actively manage the change process will survive on the market. Competition in business will bite the escaping person and absorb the standing one. In order to function in the modern world, in conditions of

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<sup>35</sup> Matejuk J., *Gospodarka i zarządzanie. Budowa konkurencyjności przedsiębiorstw w okresie transformacji*, Agencja Wydawnicza, Warszawa 2003, p. 276.

strong competition, everyone must improve their qualifications. Currently, the issues of employee development and skilful management of their intellectual capital should be perceived as an important problem in the functioning of any organization, as a response to the challenges of the present day.

Currently, the human factor has gained special importance and has become a source of competitive advantage in many enterprises. In order to keep up with the changing conditions in which companies operate, one must constantly adapt to the new conditions. The present times require decisive reactions to what is happening around us, in order to be successful, you need open minds that can effectively solve the so-called interdisciplinary problems. The present provides evidence that a competitive advantage is achieved by having better employees; companies will not achieve this without investing in the development of knowledge, skills and competences of employees. Therefore, it is indispensable to undertake educational measures aimed at increasing employees' competences. Then, the intangible resource mentioned at the beginning of the speech, which is intellectual capital, will be a strategic resource.

People stimulated to react to knowledge and to think systematically, will acquire creativity. In turn, people stimulated to react to market development and management strategy will have development capacity. Finally, people who are stimulated to respond to changes in organization and operation will acquire the ability to learn. Therefore, a feature of the modern approach to management, especially human resource management, is building a strategy based on the skills of human potential. At this point, it is worth emphasizing that the full use of the knowledge and abilities of the company's staff, shaping them and creating conditions for disclosure cannot be spontaneous and occasional, but requires a systemic approach and treatment as an appropriate process that requires constant control and regulation. Knowledge of employees and the company is a dynamic resource, it is constantly updated, and its carriers - the company's employees - are constantly developing and improving.

Creating an effective management system and a „new” perception of employees along with their competences is a complex and long-term process. It is impossible to achieve the desired state by means of fragmented, individual, unrelated actions, or as a result of one or more organizational decisions. When interacting with people, one must act with caution and without changing the rules (criteria) of conduct. Each organization must strive for the effective use of its resources, and human resources in particular. Only such a systemic approach will ensure that the changes will bring benefits, will favor the development of the organization, and the emerging barriers will be quickly overcome.

Intellectual capital is inextricably linked with the personnel, which is of fundamental importance among the intangible resources of any organization. In terms of values, it is the knowledge, experience, abilities and innovation of individual employees, indispensable for the efficient performance of tasks, organizational culture and customer relations. Intellectual capital is a company's „hidden” assets that are not fully captured on the company's balance sheet, and which include both what is in the minds of the members of the organization and what remains in the company when they leave the company. Therefore, these assets need to be looked after in every phase of the organisation's life, and in particular when changes are made.

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# The Analysis of the Impact of Business Process Outsourcing on the Profitability of Commercial Airline in the Conditions of a Global Pandemic

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**Abstract:** this article provides an economic assessment of the impact of the global pandemic COVID-19 on the economic efficiency of commercial airlines. The dominant role of airlines in the formation of flexible service supply chain and service travel chain has been identified, which increases their customer orientation and competitiveness in the air transportation market, as well as allows them to adapt more quickly to the changing logistics environment. It has been proven that the use of the outsourcing mechanism in combination with the diversification of services provided, allows, on the one hand, to create added consumer value for customers, and on the other - necessitates building complex integration relationships with business partners in service supply chains. Analysis of statistics and experience of leading airlines with different business models in the air transportation market has shown that outsourcing business processes in a global pandemic has allowed carriers to optimize costs according to the volume of work, respond flexibly to changes in consumer demand and better overcome negative impacts external logistics environment.

**Keywords:** commercial airline, global pandemic, service supply chain, service travel chain, outsourcing, diversification.

## 1. INTRODUCTION

The global coronavirus pandemic (COVID-19) has had a devastating impact on the airline industry and forced airlines to operate in conditions of considerable uncertainty. According to the analysis of the International Air Transport Association (IATA), the total loss of the global aviation industry in 2020 amounted to about \$ 400 billion.

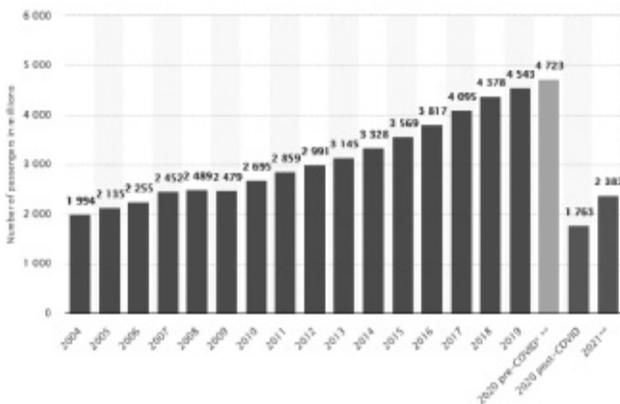
This unforeseen event dashed all expectations for the development of the air passenger market, which was to reach 4,723 million passengers according to IATA forecasts to the actual 1 763 million passengers in 2020. At the same time, the net losses of commercial airlines worldwide amounted to \$ 126.4 billion (Fig. 1).

It should be noted that in accordance with international trends, air traffic in Ukraine and Poland has also decreased (Fig. 2).

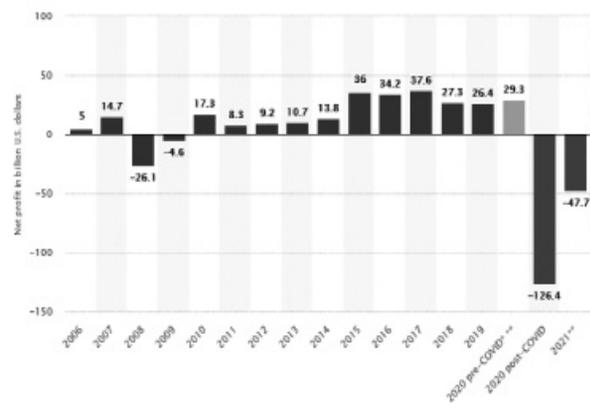
Thus, in Poland, according to the Civil Aviation Authority of Poland, there was a decline of 64.55% in the number of passengers carried in three quarters of 2020 compared to data for three quarters in 2019. The number of passengers carried fell by 64.99% in 2020, compared to data of 2019 in Ukraine according to the State Aviation Administration of Ukraine. It indicates the same impact of the pandemic on aviation markets of different states, and accordingly the same negative impact on different scheduled passenger airlines, regardless of their market share.

Certainly, after a sharp fall, a gradual recovery of passenger traffic by air will begin. This is evidenced by the first forecast of IATA on the growth of passenger traffic by 35.17% and the decrease in net loss of commercial airlines by 62.26% to \$ 47.7 billion in 2021.

Number of scheduled passengers boarded by the global airline industry from 2004 to 2021



Net profit of commercial airlines worldwide from 2006 to 2021



\* Forecast was released prior to the coronavirus outbreak, \*\* Forecast

Figure 1. Number of scheduled passengers carried and net profit of global airlines worldwide

Source: Statista<sup>1</sup>

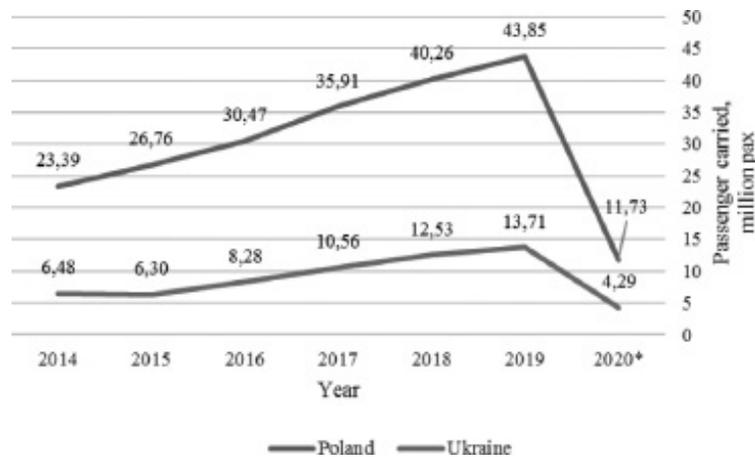


Figure 2. Dynamics of change in the number of passengers carried in Poland and Ukraine

\* data in the three quarters of 2020 (Poland)

Source: Civil Aviation Authority of Poland<sup>2</sup> and State Aviation Administration of Ukraine<sup>3</sup>

<sup>1</sup> Global No.1 Business Data Platform - <https://www.statista.com/>

<sup>2</sup> Statistics and Analysis of Air Transport Market by Civil Aviation Authority of Poland – <https://www.ulc.gov.pl/en/market-regulation/statistics-and-analysis-of-air-transport-market>

<sup>3</sup> Periodical information of State Aviation Administration of Ukraine – <https://avia.gov.ua/pro-nas/statistika/periodychna-informatsiya/>