

In search of knowledge and skills in the area of business models as social innovation in enterprise

W poszukiwaniu umiejętności i wiedzy
– modele biznesowe jako innowacja społeczna
w przedsiębiorstwie

Key words: business model, entrepreneurial education, organisation management, social innovation.

Słowa kluczowe: model biznesowy, edukacja przedsiębiorcza, zarządzanie organizacją, innowacja społeczna.

Streszczenie: Szacuje się, że odsetek osób, które są zainteresowane samozatrudnieniem, jest wciąż w Europie niższy niż w Stanach Zjednoczonych i Chinach (European Commission, 2013) i tylko 50% europejskich firm o charakterze *start-up* jest w stanie się utrzymać przez pierwsze pięć lat. Powszechnym powodem tego stanu, oprócz niewystarczających funduszy, jest brak dobrze opracowanego modelu biznesowego bądź stosowanie tego samego modelu zbyt długo, co powoduje brak możliwości dostosowania się do zmian wynikających z globalizacji rynku. Niestety niewielu przedsiębiorców potrafi opracować model biznesowy i nie przywiązuje zbyt dużej wagi do tego etapu tworzenia firmy. Celem artykułu jest przedstawienie wyników badań w wybranych krajach europejskich na temat niezbędnych umiejętności i wiedzy, które są kluczowe przy opracowaniu innowacyjnego modelu biznesowego w firmie.

Introduction. An important element of business launch is a business model, which particularly in the modern times of fast paced technological, economic, market and social changes is a pre-requisite for the success of an enterprise. Unfortunately, not many entrepreneurs-to-be realise the power of business models and seem not to pay enough attention to this stage of company creation. According to EUROSTAT Business Demography Statistics data 83.04% of newly established enterprises has survived the first year. After three year survival the rate is much lower – 53.78%. Data provided by CRIBIS Credit Management show that the main problem of the bankruptcy of new enterprises is the lack of specific business models and plans, not the lack of funds, subsidies or high taxes. CRIBIS also shows that the third year is the most critical for

those companies – 24 and 36 month (CRIBIS, 2018). Therefore the aim of this paper is to present the results of case study analysis and the survey questionnaire in selected European countries on which skills and knowledge are needed in order to be familiarised with the topic of innovative business models in enterprise.

Literature review. World literature on business models since the 1970s presents different interpretations, classifications and components of business models as management tools (classic, general or addressed to various industries and types of enterprises, as well as innovative business models). In the initial phase, business modeling was mainly related to information systems (e-shops, e-orders), which in turn, triggered criticism of management representatives pointing to gaps and weaknesses of the concept. However, in subsequent years, the publications highlight the advantages of using business models also in the strategic aspects of enterprises (Obłój, 2002; Thompson & Strickland, 2003; Afuah & Tucci 2003; Shafer, Linder & Smith, 2005; Gołębiowski et al., 2008; Chesbrough & Rosenbloom, 2002; Brzóska, 2009; Nogalski, 2009; Zott & Amir, 2013) allowing their market competitiveness to be increased in relation to not the product or service itself, but through innovation at the level of the business model, based on the key competence of the company.

In recent years, interest in business models has also been growing in Poland, especially considering the successfully implemented innovative business models in global companies such as Apple, Google, Wal-Mart, Facebook and low-cost airlines. Nevertheless, in practice of Polish enterprises, business models term is not well understood, and if so, the attachment to the current model makes it impossible to introduce innovations in it as tools for the strategic reorientation of the company (Mieszajkina, 2016). This state of affairs testifies to still insufficient awareness of the importance of business models, the need to deepen knowledge and experience in this problem area. The data from the last PARP report (Skowrońska & Tarnawa, 2018) on the condition of the small and medium enterprises sector in Poland confirms that in Polish companies the strategies of introducing new technologies or organizational changes are placed in the last places (organizational innovations are implemented by 9.5% and marketing by 9.2% of enterprises; for comparison, organizational innovations were introduced by 7.6% of service enterprises, and marketing innovations – 7.2%). Compared to the previous study, the results improved by only a few points.

Taking into account the importance of the issue of business models, in order to skillfully adapt them to practice in enterprise, it is necessary to relate them with practical applications of Polish enterprises, in which, unfortunately, the issues of this social innovation is still niche and marginal topics.

Research methodology. The research was performed while executing ERASMUS+ project titled *'Understanding and Developing Business Models (ProBM)'* in the years 2016–2018 in Poland, Slovenia, Italy, the Czech Republic and Greece (the organisations

from these countries formed the project partnership). The map where the research was done is presented in Figure 1.



Fig. 1. Map of places where the research was performed

Source: <http://www.uniaieuropejska.info.pl/mapa-europy> [access on 20.05.2019].

There were two objectives of the research:

- O1 – to interview the entrepreneurs at local level, on which kinds of business models they used (case study analysis);
- O2 – to interview individual people interested in the subject of business models, which skills and knowledge are needed in order to be familiarised with the topic of this social innovation (survey questionnaire).

The age of the participants was diversified. It can be observed that the research included many young people (18–24 years old). However, people around 30–40 also took part in the research. Regarding the professional status of the participants, the majority of the respondents were employed in enterprises. In relation to the educational level of the participants, the most frequent category in Greece, Italy, and the Czech Republic was tertiary education (adequately 74%, 83% and 35%). In Poland and Slovenia, the educational level mainly included secondary vocational and general secondary levels.

The research questions (RQs) were linked to the adequate objectives:

RQ1 – What kinds of business models do you use in your company (O1)?

RQ2 – What benefits are bought from the use of this social innovation (O1)?

RQ3 – What skills and knowledge are necessary in order to be familiarised with innovative business models topic (O2)?

RQ1 and RQ2 were responded with the use of case study analysis (face-to-face interviews with the entrepreneurs). The partners selected the companies at local level in partner countries, which were strongly interested in introducing social innovation in the form of business model (pre-asking before conducting the research). The target group of the research included 20 companies in total from aforementioned European countries.

RQ3 was directed to individual people from local level as well, who were interested in gaining competences and knowledge on what should be taken into account in the process of designing innovative business model in the company. The authorial questionnaire was distributed through the target group with the help of the project partners in aforementioned countries. 145 individual people were engaged in the research, who were interested in business models topic, and who enabled the authors to get the response on RQ3.

Findings. As far as it concerns RQ1, the respondents identified the following business models:

- the client-trust model (focusing on achieving trust from the client due to offering services of high quality);
- the affiliate model (focusing on partnership with other institutions);
- the direct sales model (focusing on contacting clients directly);
- the add-on model (focusing on adding a product to the product with basic price);
- the premium model (focusing on most luxury brands and services);
- the low-cost model (focusing on making services at low costs as possible).

As it can be seen, the representants of the companies identified very different models. However, many of them stated they did not use any specific model and this was very important information, because it turns out that among entrepreneurs the knowledge on business models is very skimpy. However, they were able to indicate, which elements are crucial for the company to survive. Most of the surveyed companies have focused on relations with clients and communication channels. Other crucial elements were the following: kinds of income, key partners, key resources, and proposition of values. In all the companies, no specific innovative business model was applied. What is more worrying, in one company the staff was not even aware that something like a business model exists. It shows that knowledge about business models is still very lacking.

RQ2 concerned the benefits, which can be taken from the use of business models. The respondents listed the benefits included in Table 1.

Table 1. Benefits from the use of business models in companies

1	Financial sustainability
2	Unique reputation in the marketplace
3	The increased control & consistency
4	Improved operational efficiencies
5	Plan for growth
6	Improved communication process

Source: own elaboration.

The results of the case study analysis showed that the entrepreneurs had very little knowledge on business models aspect. They admitted that it is needed to increase knowledge and skills in this area. Therefore, the second research was performed and it was directed to individual people, who were asked, which competences and knowledge were needed in order to be familiar with innovative business models topic (Walaszczyk et al., 2018).

Key elements of business models and proposed skills and knowledge are presented in Table 2. The respondents' task was to assess if they think a skill / knowledge is: very important, important, not important or unnecessary.

Table 2. Proposition of skills and knowledge in the area of business models

Key element 1:		
KEY PARTNERS		
No.	SKILLS	KNOWLEDGE
1	To make networking and strategic alliance	Networking and strategic alliance
2	To solve problems in a partnership	Problem solving
3	To speak in public	Public-speaking
4	To manage in terms of key partners with the use of rules of competitiveness and cooperation	Competitiveness and cooperation issues
Key element 2:		
KEY RESOURCES		
No.	SKILLS	KNOWLEDGE
1	To identify the main resources (physical, intellectual, human, financial) of a company	Main resources of a company
2	To manage resources	Resources management
Key element 3:		
STRUCTURE OF COSTS		
No.	SKILLS	KNOWLEDGE
1	To assess the situation of a company in a financial aspect	Financial situation of a company
2	To estimate the costs of a company	Estimation of costs of a company
3	To indicate the categories of costs	Categories of costs
4	To distinguish between fixed costs and variable costs	Fixed costs and variable costs
5	To minimise loss through taking strategic decisions	Strategic decisions related to financial aspects
Key element 4:		
RELATION WITH CLIENTS / COMMUNICATION CHANNELS		
No.	SKILLS	KNOWLEDGE
1	To communicate effectively	Effective communication
2	To motivate the clients for joint cooperation	Motivation for joint cooperation
3	To solve problems with the clients	Problem solving
4	To communicate with clients through different channels	Communication channels
5	To manage time effectively	Time management

6	To develop the strategy concerning the cooperation with the clients	Cooperation strategy
7	To accept the client's ideas if needed	Consideration clients' ideas
Key element 5:		
REVENUE STREAMS / VALUE PROPOSITION		
No.	SKILLS	KNOWLEDGE
1	To differentiate different sources of revenue	Sources of revenue
2	To indicate goods offered	Goods / services offered for sale
3	To choose pricing mechanism	Pricing mechanisms
4	To use appropriate pricing mechanism	
5	To calculate advertising, brokerage, licensing, landing, renting leasing, usage fees	Calculation of advertising, brokerage, licensing, landing, renting leasing, usage fees

Source: own elaboration.

Poland. As far as it concerns relations with *clients* and the *communication channels*, the most important skill was to communicate effectively (67%). In general, all proposed skills and knowledge seemed to be very important or important for the participants.

Another aspect concerned *cost structure*. The crucial was to estimate the costs of the company (67%), to minimise costs through taking strategic decisions (56%) and the assessment of the situation of a company in the financial aspect was very important (67%).

Regarding *key resources*, the interviewees stated that the resource management was more important skill (77%) than the identification of key resources (37%). The last key element concerned *revenue stream* and *value propositions*. The participants stated that all of the following indicated skills and knowledge were very important: to differentiate sources of revenue – 48%, to indicate goods offered – 48%, to choose pricing mechanism – 44%, to use appropriate pricing mechanism – 52%, and to calculate different forms of propositions – 55%. On the other hand, several participants stated that those skills and knowledge were not necessary – 11% of all proposed skills and knowledge.

Italy. Regarding *key partners*, more than 50% of the respondents considered making networks and strategic alliances (62%) and problem solving (83%) as very important; while they thought speaking in public (67%) and using rules of competitiveness and cooperation (55%) were less important than the previous ones.

Regarding *key resources*, the questionnaire showed that the respondents perceived this topic as relevant, indeed almost all of them answered that the identification of the main resources and their respective management was a very important aspect, which a company had to keep under consideration.

In the *structure of costs* area, a relevant consensus was expressed. More than 50% of the respondents considered it very important to assess the situation of a company and to minimise loss through strategic decisions. A significant consideration for the importance of *communication* has been shown, including both internal and external enterprise communication.

Almost all respondents felt that the aspects dealing with *revenue streams* and *value proposition* were quite important, i.e. they considered the indication of goods offered (62%) and the calculation of advertising, brokerage, licensing, landing, renting, leasing, and usage fees (55%) as very important; while sources of revenue and pricing mechanisms were considered important by most of respondents.

Slovenia. The analysis of the questionnaire has shown that most of the people questioned considered all the included skills and knowledge very important or important. A small percentage of the participants questioned found some of the skills and knowledge not important and not even one of the participants questioned found any of the skills or knowledge mentioned in the questionnaire unnecessary.

The analysis has shown that most of the people questioned considered all of the skills and knowledge in the field of *resources*, *costs*, *communication with clients*, *price mechanisms*, and *business models* in general to be very important.

Moreover, the people agreed that improving skills and knowledge in the field of business models, in the field of finances, communication, and resources would help in rising the employability of individuals, and would contribute a lot in improving situation on the labour market.

Greece. As it became clear from the analysis, the overwhelming majority of the participants filled in the questionnaire responded to all of the questions with ‘important’ and ‘very important’. A very low percentage (around 10–15%) in each question replied with ‘not important’ and ‘unnecessary’. It is clear that the majority of the responses considered important or very important elements for a company, the *key partners*, the *key resources*, the *structure of cost*, the *relation with clients* and *communication channels*, the *revenue streams* and *value proposition*, the improvement of business model for the success of a company, the use of appropriate methods and tools for the design of a successful business model, and knowledge of business models and the role of this project of business models.

After analysing these results, it was obvious that whoever wanted to get involved in the business market should firstly understand the meaning of the business model elements. Secondly, in order to succeed in a business (either as the owner or a member), it is necessary to achieve relevant skills to perform the elements of the business model.

The Czech Republic. From the obtained results, it is obvious that most of the skills and knowledge within the elements (key partners, key resources, cost structure, relations with clients / communication channels, revenue streams, and value proposition) of business models are considered as important or very important. Only a few aspects were considered as not important or unnecessary. This particularly relates to the following aspects: rules of competitiveness and cooperation (2 respondents considered them as not important), the motivation of clients for joint cooperation (2 respondents considered

them as not important and one person stated it was unnecessary), and the acceptance of clients' ideas is considered as not important by 2 respondents.

Discussion. As it can be shown from the research, in most of cases the respondents stated that the competences and knowledge, in the block related to *key partners*, seemed to be very important. All presented issues were assessed as very important or important. The example can be problem solving in the company or networking in strategic alliance (Figure 3).

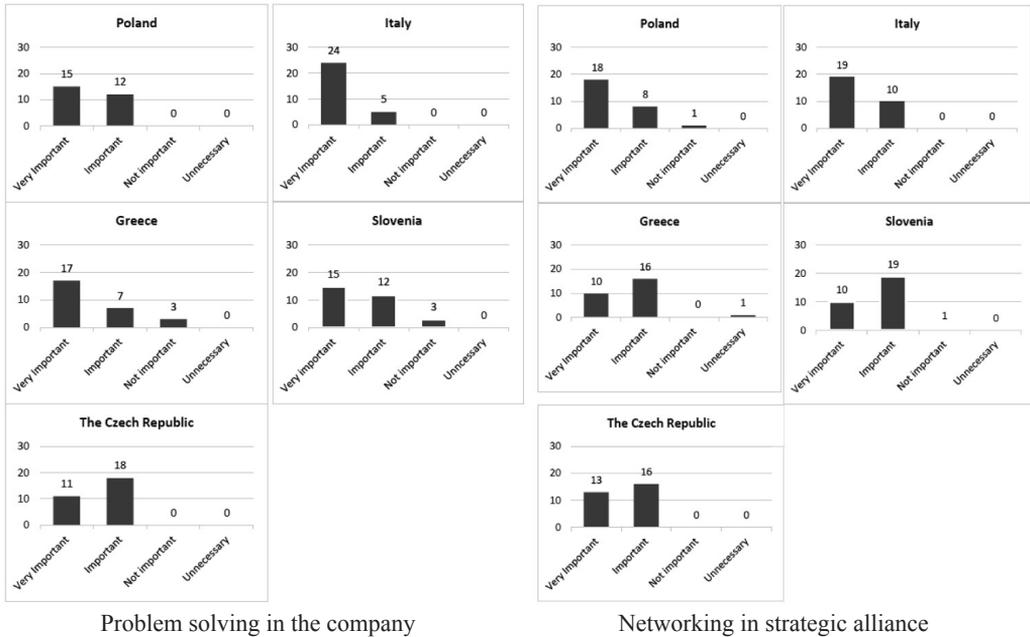


Fig. 3. Skills and knowledge perceived as very important or important

Source: own elaboration.

It shows that in the process of the development of a business model, it is indispensable to consider the partners we plan to cooperate with.

The block of *key resources* turned out to be very important for the participants. Both the identification of resources and the management of resources should be included in the process of the development or the improvement of a business model.

Analysing the *financial aspects*, it turned out that they are very necessary for the company. It is clear that without money, there is no chance to maintain business activity. It seems that the respondents are aware of the importance of financial knowledge and skills, and that is why they assessed those aspects at a high level.

Going to the *relations with clients / communication channels* block, it could be observed that the respondents perceived almost all the aspects as very important or important. What can be interesting is the fact that the respondents do not fully agree that

the consideration of the clients' ideas could be significant for the development of the company (Figure 4).

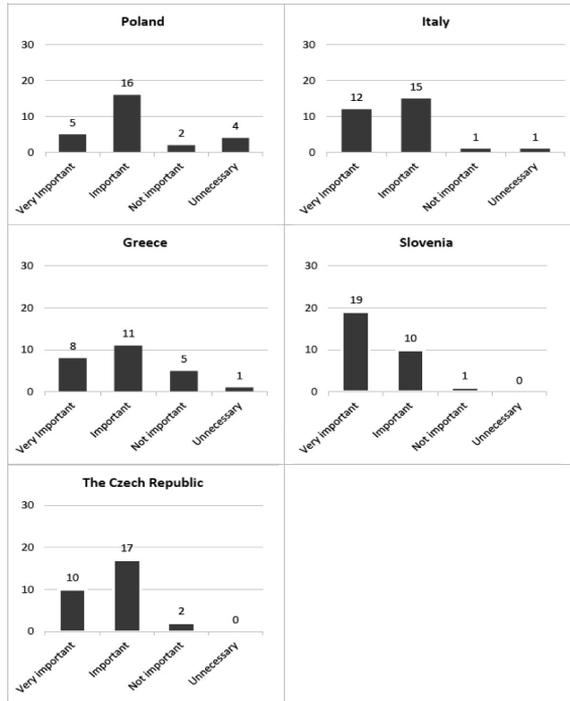


Fig. 4. Several skills perceived as not important

Source: own elaboration.

However, it seems that, nowadays, in order to meet the clients' needs, it is sometimes important to consider their needs and to modify the business model if it brings more profits.

Conclusions. As the results of the questionnaire shows, the overwhelming majority of the participants who filled in the questionnaire responded that many of the skills and knowledge were 'important' and 'very important'. A very low percentage replied with 'not important' and 'unnecessary'. It means that the topic of business models is very interesting and important for the target groups.

In addition, concerning age, educational level, and professional status, these are factors that did not play a notable role in the replies of the respondents.

After these results, it is obvious that whoever wants to get involved in the business market should first understand the meaning and the importance of the business model elements. Secondly, in order to succeed in a business (either as the owner or a member), it is necessary to obtain knowledge and skills in order to execute correctly the elements of the business model.

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