Witold Kowal

Synthetic Organizational Evaluation

Emotional, Behavioural and Financial Effects of Marketing Activities in Effectiveness and Efficiency Evaluation

Publishing House of Wrocław University of Economics

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Introduction

In their broadest definition, economic sciences, which include economics and management, study the behaviour of market participants. As it is this behaviour that ultimately creates economic results, it makes eminent scientific sense to understand it. Yet despite multiple studies in this field we cannot predict all economic phenomena, which is evidenced by recurrent crises (affecting both the overall economy and individual firms). It appears that human behaviour in an economic context has, as of yet, been insufficiently researched. Economic choices are accompanied by mental states which are increasingly often addressed by economic theory. Our poor ability to predict economic phenomena might stem from the fact that human mental states have not been adequately described. In the existing body of theory, human economic behaviour is viewed as automatic, with linear relationships between stimulus and reaction, while in fact human responses are underpinned by subjective interpretations (judgements). The distinguishing trait of humans is that we judge our environment, including the organizations we are part of, their results, and the activities occurring within them. It has been generally recognized that categories based on the concepts of efficiency and effectiveness are the principal criteria of evaluation (judgement) in economic sciences. The interpretation of effectiveness and efficiency is often subjective, as it is made in the context of the utility of various theoretical concepts, of diverse ways of perceiving a firm's goals. The problems indicated above are not new to economic sciences. A subjective approach was the distinctive feature of the so-called 'psychological' (Austrian) school of economics. The interpretation of the concepts of effectiveness and efficiency has a long tradition too. It may be reasonable to approach the problem of the economic evaluation of a firm (including effectiveness and efficiency assessment) from a slightly different perspective.

In contemporary economic publications, authors increasingly often refer to the existing body of theory using the word *crisis*. The word is used in the context of economics as a science that is constantly developing and divides knowledge into 'old' and 'new'. Every now and then we hear about old and new economics, of old and new marketing. Equally often we accept an a priori belief that the

'new' is better. The current development of the various schools of economics, management concepts, and marketing concepts can be excellently illustrated by T.S. Kuhn's (1966) description of science development. From this perspective, the important problem appears to be whether the present development of economic sciences can be viewed as a 'scientific revolution' or whether we are witnessing ever more numerous examples of 'puzzles' (T.S. Kuhn, 2009, p. 25). A scientific revolution involves a paradigm shift, while a proliferation of 'puzzles' is testament to the insufficient sharpness of the prevailing paradigms. The observable multidimensional development of economics and management sciences is cumulative. The multitude of economics schools, management concepts, and marketing concepts reveal, or perhaps add, new areas of research interest. It appears that as science grows cumulatively, understanding the essence of key theoretical problems becomes more complicated.

It is a cliché to say that the development of different schools of economics and marketing concepts has an impact on business. As theoretical concepts abound, they are used selectively and, very often, inconsistently (from a theoretical point of view). When investigating the application of theoretical concepts in business practice, we can observe a certain eclecticism that manifests itself in the combining of different concepts. This results, among other things, from the fact that the utility of multiple theoretical concepts is assessed subjectively.

This publication focuses on the problem of organizational evaluation which is associated with the categories of effectiveness and efficiency. The analysis of the development of these concepts in economics and management reveals the phenomenon of the cumulative development of science. The author believes that this problem is quite important to fully understanding the essence of organizational evaluation. The cumulative development of interpretations of the concepts of effectiveness and efficiency engenders the need to complement them with various adjectives, which leads to the multiplication of the effectiveness and efficiency-based categories. It seems that the cumulative development of these concepts also has a negative effect on their consistency and, as a result, obscures the essence of economic assessments.

In economic sciences, the concepts of effectiveness and efficiency are interpreted from various perspectives, which poses another problem to the consistency of their interpretation. Efficiency is the focus of interest in microeconomics and management, while effectiveness is associated with management sciences. Both concepts are employed to evaluate firms, processes, activities, and transactions. This multi-layer 'pyramid' is very rarely systematized. T. Kotarbiński (1955), the forerunner of the Polish School of Praxeology, topped this pyramid with the category of *sprawność*. (In this publication, in the context

of organizations, I use the English term ‘synthetic organizational evaluation’, or SOE, as the Polish term *sprawność* has no unambiguous English equivalent.) The category combines all aspects of the evaluation of human activity and provides the basis for the ordering of the interpretations of other categories (including efficiency and effectiveness). In effect, the term *sprawność* refers to an overall assessment, while other categories refer to a variety of complementary evaluations such as effectiveness and efficiency.

Theoretically, effectiveness and efficiency are two complementary categories. The concepts represent two alternative criteria of economic evaluation – for example the goals of a firm and its operating costs. In the literature, both concepts are often interpreted as complementary. If we accept this point of view, the problem arises of what should be the yardstick for an overall evaluation. Then, the importance of one of the other category must be discussed. The literature also offers examples of separate interpretations of efficiency and effectiveness. The evaluation of an organization is often dominated by, or even limited to, the assessment of efficiency or effectiveness.

Another rationale for discussing the essence of effectiveness and efficiency evaluation is the problem of organizational coordination. The literature identifies two such mechanisms: coordination through the price mechanism and coordination through the entrepreneur (coordination through management). Organizational evaluations, which include a firm’s effectiveness and efficiency, are mainly associated with the management-based coordination mechanism, and are required by the firm’s managers. The interpretation of effectiveness or efficiency is the most synthetic (generalized) message that conveys an assessment of the activities, transactions, and processes taking place within organizations, and even an assessment of the organizations themselves.

The problem of the variability of organizational evaluations was examined in a research project called ‘Emotional, Behavioral and Financial Effects in the Evaluation of Efficiency of the Business Organisation’ (2012/05/B/HS4/02414), financed by the National Science Centre in Kraków. The study assumed that the results of a firm (the effects of its activities) provide a basis for interpreting its effectiveness and efficiency. From a theoretical perspective, it is reasonable to propose that organizational evaluation criteria should be universal and complementary. Unfortunately the literature is replete with examples of variable theoretical concepts, discussions of organizational goals, and discussions of the importance and interrelationships of various results (effects) of a firm’s activities. The knowledge accumulated in the process contributes to the variability of (variation in) economic evaluations. The aim of the study was to determine the role of a number of different marketing and financial effects in evaluating a firm.

It was decided to test the problem both theoretically and empirically. The rationale behind the choice of effects was the fact that marketing and financial effects are directly linked to the two coordination mechanisms mentioned above. Marketing results reflect the effects of a firm's market activities, while financial results are related, among other things, to the firm's goals (i.e. effects that are key to coordination by management). The study assumed that an organizational perspective is the most apt to capture the essence of economic evaluation. The problem of economic goals and operating costs is mostly reflected at the level of the organization, while other effects are the means used to attain economic goals.

The perception of the importance of marketing and financial effects to organizational evaluation was tested on three groups of respondents: top managers, marketing managers, and employees who buy the firm's shares. The sample was defined to reflect the various perspectives on organizational coordination.

This publication is the outcome of the study. It has three parts. Chapter 1 discusses the interpretations of the categories associated with organizational evaluations, and addresses the key concepts of effectiveness and efficiency. An extensive body of theory is presented. In it, one can identify examples of complementary interpretation, where the concepts of effectiveness and efficiency are defined simultaneously and represent alternative aspects of economic evaluations. Another interpretative direction is the 'separate' approach, in which the essence of economic evaluations is defined based on one of the concepts, that is effectiveness or efficiency. The final outcome of this chapter is a synthesis of the problem of economic evaluations in the context of a firm.

Chapter 2 presents an overview of the problems associated with the creation of a firm's results. The focus of interest are the results represented by the marketing and financial effects. The starting point for the interpretation of the extent and variability of these effects are organizational goals and marketing concepts. Both issues are interrelated. A firm's goals are typically interpreted as financial effects. Marketing concepts describe how these goals are achieved through market activities. The variability of marketing concepts testifies to the absence of unanimity on how a firm's goals should be achieved, which multiplies the number of theoretically possible solutions. The entire problem is directly related to the problem of economic evaluations.

Chapter 3 seeks to empirically verify some problems related to organizational evaluations. The study sought to identify variability in the perception of the influence of a number of different marketing and financial effects on organizational

evaluation, depending on preferences for various forms of SOE (*sprawność*), position within an organization, and strategic (conceptual) preferences. This part of the publication presents the observed variability in organizational evaluations. The respondents were the above-mentioned groups of employees of firms in the consumables industry. The study was quantitative. In order to measure the respondents' perceptions, interval and rank-order scales were adopted. The extent of the statistical methods used to analyze the results of the study was determined by the choice of measurement scales.

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Chapter 1

Effectiveness and efficiency as criteria of economic evaluations

The terms efficiency and effectiveness have been variously interpreted across the literature. The interpretation of both concepts has a long tradition and has been done in the context of a number of different economic and management problems. As a result of disparate interpretations, the categories of effectiveness and efficiency have lost their internal consistency. For some time they have been qualified by adjectives used to 'support' the interpretation of the multiplying categories associated with economic evaluations. Examples of such pairings like management effectiveness, managerial effectiveness, organizational effectiveness, allocative efficiency, movement efficiency, and technical efficiency, can be found in numerous interpretations in the fields of economics and management. The multiplication of categories has led to an inconsistency between these concepts which affects the clarity of the economic evaluations. This undermines the explanatory power of science, the value of scientific statements (propositions). The inconsistency between efficiency and effectiveness as economic evaluations might be due to the weakness of economic theory, as this theory is used to organize scientific concepts (161, p. 310). For this reason the theoretical context becomes a significant factor in the analysis of the interpretation of efficiency and effectiveness.

The author's review of the literature, whose results are presented further on, has revealed that there are two types of approaches to the interpretation of the concepts of efficiency and effectiveness:

- Efficiency and effectiveness are interpreted in parallel in order to present the complementarity of the evaluations associated with these concepts.
- The concepts of efficiency and effectiveness are interpreted separately (selectively), in which case they refer to single aspects of economic evaluations.

The complementary interpretations of efficiency and effectiveness are mainly to be found in management sciences. The second type of approaches to the interpretation of these concepts, found in the economic literature, are 'separate' approaches in which efficiency and effectiveness are interpreted separately, as independent categories representing individual aspects (problems) of evaluation in economics and management sciences. Economics primarily focuses on the study of efficiency, while management science studies effectiveness through 'separate' (selective) approaches.

The above types of approaches to the interpretation of effectiveness and efficiency have been adopted as the primary starting point for organizing the body of theory focused on evaluations in the fields of economics and management. Underpinning the study is the assumption that effectiveness and efficiency evaluations are complementary, that they represent complementary aspects of the assessments made in economic sciences. The Polish School of Praxeology proposed the category of *sprawność*, which offers the most general evaluation of human activity, and includes categories representing complementary aspects of human activity assessment. (In this publication, in the context of organizations, I use the English term 'synthetic organizational evaluation', or SOE, as the Polish term *sprawność* has no unambiguous English equivalent.) A complementary approach, therefore, provides a good starting point to understand the essence of the evaluations associated with concepts such as efficiency and effectiveness. The multitude of categories based on the concepts of efficiency and effectiveness found in the literature and their resulting multiple interpretations seem to obscure the essence of economic evaluations. The cumulative nature of knowledge thus created is very rarely analyzed, which makes it even more difficult to establish the essence of economic evaluations. Therefore the identification of the essence of efficiency and effectiveness must be based on the analysis of both the complementary and individual (selective) approaches to interpreting these categories.

1.1. Complementary approach to the interpretation of efficiency and effectiveness

Management science provides many examples of complementary interpretations of the concepts of efficiency and effectiveness. These interpretations are particularly important in identifying the specific characters of both categories that result from their interrelations. The literature provides two approaches to complementary interpretations of both concepts:

- Efficiency and effectiveness are presented as evaluations made in the context of measurements of an organization's performance (results) or activities.
- Efficiency and effectiveness are presented as managerial tasks performed within a firm.

The first of these approaches is clearly observable in interpretations of a firm's results. The distinctiveness of efficiency and effectiveness can mostly be seen in the different sets of effects that form the basis for these criteria of evaluations. The second approach is typical of the extensive body of popular management literature exemplified by P. Drucker, who addresses the most general organization management tasks linked to efficiency and effectiveness. The basis for this interpretation of efficiency and effectiveness does not have to be the results, but rather the behaviour associated with managerial choices. These two approaches are very often intertwined with each other.

The first attempt to define both concepts in a complementary constellation can be credited to C.I. Barnard (1938). However, the development of the interpretation of efficiency and effectiveness started in earnest only after 1945.

C.I. Barnard (1938), a business practitioner, interpreted the concepts of efficiency and effectiveness when addressing the problems associated with cooperative behaviour within an organization. His theoretical contribution was preceded only by the School of Scientific Management, which focused on employee work practices and the interpretation of efficiency, more specifically movement efficiency. C.I. Barnard was very critical in his assessment of the achievements of nineteenth-century economics, especially the idea of *homo economicus* which ignored the social aspect of human behaviour within an organization. For C.I. Barnard, the starting point for defining efficiency and effectiveness was the analysis of the essence of cooperation and organization, which in consequence led him to define executive functions in the context of efficiency and effectiveness. Based on his analysis, and especially the relationships that determine the behaviour of people within an organization, Barnard equated the concept of effectiveness with the attainment of the identified goal of cooperation. The degree to which this goal is attained reflects the level of effectiveness. The author notes that the goals of cooperation are social and non-personal. The second concept, efficiency, is associated with the satisfaction of individual motives (14, pp. 55-57). According to C.I. Barnard, the efficiency of an organization is its ability to provide the stimuli needed to maintain the system's equilibrium (14, p. 93). This interpretation of efficiency should be viewed as very peculiar and untypical. The literature lacks other examples of this interpretative approach. On the other hand, C.I. Bernard's attempt, one of the first to interpret organizational evaluations within a complementary approach, should be appreciated.

Another trend in the interpretation of the concepts of effectiveness and efficiency can be found in the body of theory associated with T. Kotarbiński (1955), developed within the so-called Polish School of Praxeology. The above concepts became a part of a more general category, *sprawność*. T. Kotarbiński developed a comprehensive theory of effective action based on the philosophical assumptions of the theory of action and the theory of events, and he systematized the concepts associated with praxeology (174, p. 115). In presenting this body of theory, one should stress that T. Kotarbiński intended to create a new discipline, praxeology, which he described as a general methodology, an auxiliary science, and, above all, the science of efficient action, and the science of effective action (122, pp. 57, 83, 224). This view was shared by other exponents of the Polish School of Praxeology, also those who sought to interpret the principles of praxeology within the framework of other scientific disciplines (178, p. 180; 239, p. 60; 133, p. 33; 111, p. 13). T. Kotarbiński saw a connection between praxeology and other sciences, including work organization studies, organization and management science, and political economic efficiency (121, pp. 426-434). He himself saw praxeology as a separate and more general discipline. He regarded J. Zieleniewski and O. Lange as the initiators of the implementation of the principles of praxeology, in organization and management science and in political economics, respectively.

The key category in praxeology is that of *sprawność*, a concept that has no direct, unambiguous English equivalent. In English-language publications the Polish word *sprawność* has been variously translated as efficiency (178, p. 227), universal efficiency (74, p. 67), and even efficaciousness or efficacy (216, p. 15). The category of *sprawność* offers a general, universal, yet also synthetic, assessment of action, which can be associated with effectiveness and efficiency (economic efficiency). The number of criteria of *sprawność* was a point of debate among the theorists associated with the Polish School of Praxeology. In the literature, two directions of interpreting the number of *sprawność* criteria can be identified. The first was mapped charted by T. Kotarbiński (see 121, p. 117), who listed the following criteria: effectiveness, precision, accuracy, diligence, successfulness, pureness, efficiency (which manifests itself in two forms: productivity and saving), and simplicity. In these interpretations *sprawność* is a synonym of any positive assessment of action. The second approach narrowed down the number of *sprawność* criteria. One can identify interpretations based on three criteria, that is effectiveness, profitability and efficiency (240, p. 242; 110, p. 44), two criteria, that is effectiveness and profitability or efficiency (23, p. 106), and one criterion, for example e.g. economization (optimization) (145, p. 23) or effectiveness (131, p. 266). In many of his publications, T. Kotarbiński

limits himself to presenting two *sprawność* criteria: effectiveness and efficiency, with the latter identified in two forms: saving and productivity (122, pp. 173-174). The presence of the criteria of efficiency and effectiveness in each of the interpretations presented above demonstrates that these categories are the basic forms of praxeological *sprawność*.

The interpretations of the concepts of effectiveness and efficiency did not reveal significant divergences. Most definitions are based on T. Kotarbiński's proposition. Effectiveness is equated with an action that leads to a result intended as a goal (121, p. 104), while efficiency is identified with the relationship between the product and resource consumption (122, p. 173) or the relationship between acquisitions and losses (121, p. 111; 178 p. 61). Such a general and rather unique description of efficiency is the result of its interpretation within a separate discipline, praxeology. An interpretation of economic efficiency that is more appropriate to management science was proposed by J. Zieleniewski (1972).

As was the case with the definition of the category of *sprawność*, a number of types of effectiveness were defined. The work of praxeologists contains interpretations of *ex post* effectiveness, *ex ante* effectiveness, and methodological effectiveness. *Ex post* effectiveness refers to an evaluation made after an action is completed, *ex ante* effectiveness to an evaluation made when an action is about to commence. As we can see, both types of effectiveness refer to different moments of an action. In turn, methodological effectiveness occurs when an action would be effective to an expected degree if were not prevented by a force majeure event (239, p. 246-247).

For T. Kotarbiński there are two types of efficiency, that is saving and productivity (121, pp. 111-112). In the case of efficiency, one aims to reduce costs while maintaining a useful result. In the case of productivity, the objective is to increase the result (239, p. 228).

Effectiveness is a key criterion in the interpretation of *sprawność*, but one of the general recommendations of praxeology is to maximize the efficiency of activity and minimize intervention (122, p. 208). It is very often the case that efficiency is put forth as the principle of constant striving to improve results in relation to input (174, p. 140).

The praxeological theory of evaluations, a theory developed within the framework of praxeology, should be regarded as a rather interesting proposition. Presented by T. Pszczołowski (1967), it was a synthesis of the praxeological theory related to the categories identified with the evaluation of the *sprawność* of action. The basis for the description of praxeological evaluations was the division into emotional and utilitarian evaluations proposed by L. Petrażycki. Emotional evaluations are based on ethics and aesthetics, and express an emotional attitude.

Utilitarian evaluations are based on the evaluation of utility or inutility, and are expressed by the sum total of 'utilities' (74, p. 106). It is the evaluations of the second type that form the essence of praxeology. Utilitarian evaluations are relativized in relation to the goal (176, pp. 20-22), and are based on measurements and standards. *Sprawność* is a general and synthetic measure in praxeology which includes an evaluation of both effectiveness and efficiency (74, p. 116). In praxeology, ex *ante* and ex *post* evaluations are made. *Ex ante* evaluations are based on probability theory, while ex *post* evaluations involve a comparison of the results with goals (176, p. 40; 74, p. 119). An ex *post* evaluation should be based on two models, the model of the goal and the model of the result. The model of the goal includes principal, indirect, and secondary goals. The model of the result has a similar structure (176, pp. 41-42). It is worth noting that this juxtaposition of goals and results (effects) orients ex *post* evaluations primarily towards effectiveness.

Other exponents of the Polish School of Praxeology transferred the concepts of effectiveness and efficiency to economics and management sciences. The interpretation of the key concepts remained virtually unchanged. The application of praxeology to organization and management science should be seen as more fruitful than its application in political economics. O. Lange perceived praxeology as a science concerned with rational action, thus opposing T. Kotarbiński, who saw praxeology as a science dealing with effective action; he also described it as an auxiliary science. Although he identified praxeological categories (goal, means, *sprawność*, effectiveness, productivity, economy, etc.), the only concepts of the Polish School of Praxeology that he used were the so-called praxeological principles. Interestingly, he saw operational research and programming science as components of praxeology, and treated cybernetics as its auxiliary science (134, pp. 164-168). This assignment resulted from the fact that the said sciences had an interest in the problem of rational action. Using the praxeological category of efficiency, he proposed the principle of economic rationality known as the principle of greatest effect and the principle of greatest efficiency, also known as the principle of minimum outlay of means or the principle of economy of means (134, p. 147). On this basis he justified the optimization of the use of means, which can involve maximizing the end (goal) or minimizing the means. It is quite surprising that the potential offered by praxeology was used to such a limited degree in economics in Poland. In contrast, the Austrian School of Economics was founded on the assumptions of praxeology.

Key to the body of theory of the Austrian School of Economics are the views of L. von Mises (1949), who was the first to apply praxeology to economics (188, p. 58), thus establishing a link between praxeology and economics. L. von Mises

saw economics as the most developed component of praxeology, and described praxeology as a universal science (157, p. 3). Even though it is difficult to identify the category of effectiveness in the body of work of the Austrian School, its assumptions indirectly refer to this problem. According to L. Von Mises, economics is a theoretical science concerned with the means that serve to attain the goals chosen by an acting person, and people are aware of choosing the means to attain their goals (188, p. 59). The attainment of goals by an individual is the most important criterion of the evaluation of the means used (157, p. 81). The assumption of intentional action is a precondition for explaining the behaviour of an individual (25, p. 135). According to L. von Mises, economics does not aim to show people the goals for their actions or to judge their goals (157, p. 8). In this respect he was very critical of classical economics. He asserted that human actions were always rational, as the ultimate goal of an action is to satisfy a certain need. He questioned the belief that human actions are irrational, and viewed automatic reactions of body organs to the stimuli or instinctive needs that cannot be controlled with an act of will as the antithesis of rational action (157, pp. 16-17). F. Hayek and L. Von Mises opposed materialistic monism and espoused methodological dualism (25, pp. 135-136). They argued that the existing state of knowledge did not allow researchers to reconcile the impact on human behaviour of the external world of physical phenomena and the inner world of human thought (157, pp. 14-15). Therefore L. von Mises questioned the usefulness of psychology as he believed that psychological events are not the focus of interest in economics.

Despite the fact that both the Austrian School of Economics and the Polish School of Praxeology were grounded in the same theoretical foundations, neither of them paid heed to the work of the other. The most important publications of the exponents of either school lack significant references to the theory of the other school. This was certainly due to ideological (political) factors, but there were other reasons too. For example O. Lange believed it was wrong to identify economics with praxeology, but saw this problem in a somewhat wider context. He criticized the subjectivist approach in economics (see 134, pp. 211-228).

As for links between praxeology on the one hand and organization and management science on the other hand, T. Kotarbiński himself stressed the similarity of the areas of interest in praxeology and the School of Scientific Management (122, p. 195). It was J. Zieleniewski who pioneered the adaptation of praxeology to management sciences (initially to organization studies). Compared to the existing praxeological theory, the extent of the changes to the interpretation of the categories was relatively small, it mainly involved the interpretation of efficiency and action results. His interpretation of action results

was based on economic measures, e.g. costs (239, p. 226). In this interpretation T. Kotarbiński used less defined categories: resources and losses. It is also worth noting that J. Zieleniewski (1972), assigned costs to so-called negatively evaluated action results (240, p. 245). In this sense, efficiency was based on the relationship between action results, of which one was evaluated positively (goal of the action) and the other negatively (cost of the action). Another adaptation was limiting *sprawność* to three evaluations: effectiveness, profitability and efficiency. Characteristically, he interpreted *sprawność* only in reference to actions. He did not describe this category from the perspective of an organization. The links between praxeology and organization and management science were discussed by W. Kieżun (1980), who viewed the latter as a discipline at a lower level of generality, which drew on the findings of three sciences: praxeology, general systems theory, and cybernetics (110, p. 11). The evaluation system proposed by W. Kieżun was adopted from praxeology and also referred to actions (110, p. 44).

In evaluating the body of theory developed by the Polish School of Praxeology regarding the interpretation of the concepts of effectiveness and efficiency, one should consider two problems associated with its dissemination in the fields of economics and management sciences:

- terminological problems,
- focus on action.

T. Kotarbiński formulated his concept of praxeology as a distinct discipline, but the application of praxeology to economics and management required a deeper modification of terminology. The interpretation of *sprawność* in English and in the context of international theory became an essential problem. W. Gasparski (1983), sought to resolve it by introducing the concepts of universal efficiency (*sprawność*) (74, pp. 69-70). Another problem was the interpretation in Polish of the concept of efficiency. T. Pszczołowski (1977), interpreted efficiency as positively evaluated action (177, p. 11) and questioned the interpretation of K. Piłejko (1976), who defined efficiency as the relationship between results and input (174, p. 199).

Another problem was the limitation of the interpretation of *sprawność* to human activity. The concept was transferred to management science in this limited meaning. The descriptions of effectiveness and efficiency did not apply to organizations. When in the 1970s and 1980s the interpretation of organizational effectiveness was developed, the theory of praxeology became less visible. M.J. Kostecki (1982), noted that the concept of organizational effectiveness does not play a significant role in the praxeological theory of an organization (120, p. 22). Admittedly, attempts were made to relate the concept of organizational effectiveness to the theory of praxeology (e.g. S.E. Seashore, 1966; J. Szaban,

1977), but there were terminological problems as it proved difficult to find a good English equivalent for *sprawność*.

It is impossible to describe a complementary interpretation of effectiveness and efficiency without taking into account the views of P. Drucker. The definitions of efficiency and effectiveness proposed by P. Drucker are among the most common interpretations found in the literature (especially in management publications). The source of his interpretation was a very old, short publication by H. Towne (1886), in which he described the skills and tasks of the engineer (219, p. 3). Based on it, P. Drucker developed a very original interpretation of the evaluations related to organization management. The increased interest in the problems of efficiency and effectiveness was the result of the changing role of a manager and an awareness of its complexity (182, p. 34). P. Drucker defined effectiveness as 'doing the right things', and efficiency as 'doing things right' (59, p. 44). It is also worth stressing that such an interpretation is not parametric (quantitative). As can be seen, this interpretation reflects the basic tasks of a manager. P. Drucker pointed to the relationship between the two evaluations (effectiveness and efficiency). To fulfil his or her tasks, a manager needs (1) ways of identifying effectiveness areas (for the possibly most important results) and (2) methods of focusing on them (see 58, p. 54). In Drucker's opinion, effectiveness is instrumental to success in business, and efficiency is a minimum condition for survival (59, p. 44). The interpretation of efficiency and effectiveness adopted by P. Drucker mostly involves the evaluation of behaviour. This task involves, in the case of effectiveness, the ability to choose directions of action, and in the case of efficiency, the ability to act. The essence of these concepts is the evaluation of business choices and the ways of realizing this business.

This spectacular interpretation has been presented by many other authors in the field of management (J.A.F. Stoner and C. Wankel, 1986, R. Schultheis and M. Sumner, 1989, R.W. Griffin, 1993, and others). It should be noted that it did much to help popularize the concepts of efficiency and effectiveness.

The problem of economic evaluations was framed differently by H. Koontz, C. O'Donnell, and H. Weihrich (1984). In their interpretation, effectiveness is the attainment of a sought end, the production of a desired effect. It should be noted that their definition did not directly include a goal, but a more general concept – a desired effect. As for the second concept, efficiency, the researchers defined it as the attainment of goals at the lowest cost (116, p. 657). In contrast to P. Drucker, they considered efficiency as a key problem of organizational management. According to them, goals are one of the aspects of a firm's evaluation.

In the literature, effectiveness and efficiency are often interpreted from diverse perspectives. For example T. Haimann, W.G. Scott and P.E. Connor (1985), discussed effectiveness in the context of an organization, taking the manager's role as the starting point, and efficiency starting from the interpretation of technical rationality. In their definitions they describe efficiency as the relationship between output and input, and effectiveness as the degree to which goals have been achieved (84, p. 11). According to them, effectiveness, understood as the degree to which an organization fulfils its goals, is the purpose of the executive function (84, p. 13). In this formulation they associate the classic presentation of effectiveness with the problem of organizational fulfilment, which they consider 'the basic managerial purpose'.

J. Jackson (1991), interpreted three concepts: economy, efficiency and effectiveness, placing them in the context of the need to supply information (reporting). He defined effectiveness as the extent to which programmes are achieving what they are intended to do, and efficiency as the best possible productivity. In his proposal of an effectiveness framework he distinguished one more concept, the effectiveness of an organization, which he considered a complex (multi-criteria) measure comprising 12 attributes (97, pp. 17-18).

Another point of reference for the interpretation of effectiveness and efficiency is the problem of performance considered from the perspective of an organization, a business model or a system. It should be noted, however, that in this case the complementary interpretation of effectiveness and efficiency is quite rare, as the problem of performance is usually associated with the category of organizational effectiveness.

D. Katz and R.L. Kahn (1966), were probably the first to define effectiveness and efficiency based on the open systems theory, linking it primarily with an organization. The distinctive feature of this interpretation is that it establishes a relationship between both categories. The researchers defined organizational effectiveness as a multi-criteria evaluation that includes components such as efficiency and productivity (106, pp. 232-234). They distinguished a number of different forms of efficiency and effectiveness, i.e. potential and actual efficiency, economic and technical efficiency, organizational effectiveness and political effectiveness. The most important form is organizational efficiency, which was defined within the framework of the systems theory as the ratio of energy inputs to energy outputs. Input was equated with human and material energy, and output with the product (106, p. 264). The most important evaluation, organizational effectiveness, was equated with maximizing an organizational revenue. Effectiveness can be realized through economic and technical means (i.e. efficiency improvement) and by extra-economic and political means

(e.g. transactions with the organization's environment). This multiplicity of forms might hinder the reception of the essence of D. Katz and R.L. Kahn's interpretation. The essence of the evaluations should be seen first and foremost at organizational level, where efficiency is the relationship between input and output, and effectiveness is the result.

C. Ostroff and N. Schmitt (1993), also discuss organizational effectiveness and efficiency. The starting point for their interpretation is the measurement of organizational performance. According to the authors, the concepts of efficiency and effectiveness are the domain of results. Their interpretation is based on the systems approach according to which efficiency is the relationship between input and output, and effectiveness is the absolute level of either input acquisition or outcome attainment (169, p. 1345). Their analysis of the existing body of research is primarily based on the literature on organizational effectiveness.

Another example of the interpretation of effectiveness and efficiency in the context of an organization is the research by P.S. Davis and T.L. Pett (2002). According to them, efficiency is the relationship between output and input, while effectiveness reflects the organization's resource-getting ability (the resources are connected with the organization's development) (50, pp. 87-88). Just like C. Ostroff and N. Schmitt (1993), P.S. Davis and T.L. Pett locate their concepts within the problematic of organizational performance.

When describing strategic profit performance, H. Simons (2000), formulated categories of results evaluations. As interpreted by him, effectiveness reflects the extent to which an activity achieves the desired outcomes, and efficiency the level of resources that were consumed to achieve a certain level of output (205, p. 110). The formulated variables are further concretized following the analysis of strategic profitability which is the total of profit (loss) from competitive effectiveness and profit (loss) from operating efficiencies (205, p. 114). Competitive effectiveness is directly associated with sales and is based on market share and price premium measurements. In turn, operating efficiencies are directly linked with operating costs. H. Simons also uses the terms production efficiency and efficiency variance. Production efficiency refers to the use of raw materials, while efficiency variance describes the actual and expected (planned) results (205, pp. 122-129).

E.H. Shaw (2009), gives an extensive presentation of the body of theory concerning evaluations which he refers to as the general systems performance theory. The primary point of reference for his interpretation is the systems theory and the I-O model (input-output model) used to describe a feedback mechanism. His systems performance model is described by input (resource costs), processes, output (actual results) and a feedback mechanism that constitutes performance

evaluations (203, p. 853). Based on the body of theory on the basic concepts associated with evaluations, he describes the general theory of systems performance criteria that includes evaluations such as efficiency, cost, productivity, effectiveness and cost-effectiveness (203, p. 851). He interprets them using the Gs-I-O model, and formulates axioms, theorems and laws for his general theory of systems performance criteria. His interpretation of effectiveness is typical, he defines it as the relationship between the goal and the actual result. According to E.H. Shaw, the concept of efficiency is a general category, close in meaning to other evaluations: costs, productivity, effectiveness, and cost-efficiency (203, p. 854). He maintains that the four above-mentioned evaluations (concepts) were seen as equivalent to efficiency and reflect the evolution that has taken place in its interpretation. Efficiency is therefore a synthetic systems evaluation (equivalent to the Polish term *sprawność*). Undoubtedly, E.H. Shaw presented a very coherent concept of the interpretation of evaluations, but he resorted to a number of simplifications. Firstly, he equated the concept of efficiency with other criteria, particularly effectiveness. It should be noted that in many publications both categories (efficiency and effectiveness) are interpreted separately. Secondly, he identified costs with input. Hence in the systems interpretation, costs precede processes. This simplification can be very frequently encountered in the interpretations of efficiency. It is worth noting that for Polish praxeologists, costs represented an unavoidable action result, so they are a component of output.

In the work of contemporary Polish researchers the complementary interpretation of the two concepts is rarely discussed. There are a number of different trends in the interpretation of effectiveness and efficiency, notably an attempt to combine international theory with the work of the Polish School of Praxeology, e.g. M. Bielski (1996), P. Cabała (2007), and A. Szpaderski (2006).

M. Bielski (1996), develops the interpretation of the Polish equivalents of effectiveness and efficiency, especially in the context of the goal-based approach. He believes that the term effectiveness corresponds to the Polish terms *efektywność* i *skuteczność*, and the category of efficiency is equivalent to *wydajność* and *oszczędność*. This interpretation is generally in keeping with the ones revealed in the existing literature. In turn, the interpretation of effectiveness according to the systems theory expresses an ability to overcome uncertainty coming from the environment and to shape the environmental conditions to make them favourable to an organization (23, pp. 108-109). The point of reference for his interpretation is an organization.

A. Szpaderski (2005 and 2006), sought to capture the relationships between the praxeological concept of *sprawność* on the one hand and effectiveness and efficiency on the other hand. The author analyzes the relationship between the

Polish terms and their English equivalents. In his opinion the English term 'effectiveness' is a lexical equivalent of the Polish *skuteczność* (216, p. 15). The author stresses that there is no decisive connection between the concepts of efficiency and effectiveness, although both are action-result oriented. The fundamental difference between these concepts comes down to the fact that effectiveness involves the attainment of an intended goal while efficiency is about achieving positive results which do not have to be intentional in terms of a set action goal (215, pp. 43-44).

In the same vein, P. Cabała (2007), revises the theory of the Polish School of Praxeology in the area of the interpretation of the concepts of effectiveness, efficiency and *sprawność*. The starting point for his interpretation is provided by the research presented in the English-language literature. According to P. Cabała, efficiency – understood as the relationship of output to input – is the most synthetic measure of action and, in reference to it, he proposes a revision of the concepts of *sprawność* and effectiveness. He defines these concepts in an analogous manner to P. Drucker. As interpreted by him, effectiveness is associated with the evaluation of the goal in the context of the conditions in which the doer acts (what to do?), and *sprawność* as an evaluation of the mode of action (how to do?) (31, pp. 45-46). In these interpretations one can observe a combination of praxeological efficiency (an equivalent of efficiency) and P. Drucker's interpretative approach which accounts for the behavioural aspect of actions. P. Cabała links the above-mentioned interpretation of evaluations with the views of the Austrian School of Economics (L. von Mises) and cybernetics. His interpretations concern the actions of individuals.

Attempts to interpret the concepts of effectiveness and efficiency in a complementary manner can also be found in the marketing literature. They are, however, based on P. Drucker's approach (e.g. J.N. Sheth and R.S. Sisod 1995, D. Adcock, 2000), and, in Poland, a praxeological approach is in evidence (e.g. W. Wrzoska, 2005, J. Wiktor, 2009, L. Garbarski, 2012).

The complementary interpretations of the categories of effectiveness and efficiency seem to be quite diverse in their scope of definition. In most cases, evaluation is associated with results. The sole exception, although frequently repeated, is P. Drucker's behavioural approach, in which choices concerning action goals and modes are evaluated. In the results-based approach, one evaluates an action result or an organization's results judged from the perspective of the goal or costs (input). Effectiveness is most often associated with an evaluation based on the goal of an organization or action, but the goal is often treated in a unique way. Efficiency is typically interpreted as having two senses – the input/output relationship or the results/costs relationship. It is very important to indicate

the relationship between the chosen categories. No consensus has been reached here. Some authors view effectiveness as the most important evaluation, others opt for efficiency.

Another interpretation problem is the focus of evaluation – it can be an organization, a system, an action or a manager. There seems to be no clear differentiation, but that might not be necessary in the context of the essence of economic evaluations.

1.2. Efficiency as the focus of interest of economic sciences

The category of efficiency, considered in isolation, with no complementary reference to the concept of effectiveness, also poses multiple interpretation problems. It is worth noting that the evaluation of efficiency is a specific focus of interest of economics. Thus it is also worth addressing these interpretations, which should enable one to capture the essence of the problem of efficiency evaluations across the entire discipline. The literature abounds in categories that have been developed from the concept of efficiency, which allow one to identify evaluations concerning:

- the state of the market, especially its competitive structure,
- employee or organizational behaviour,
- comparisons of outputs and inputs.

It is also worth remembering that in the previously analyzed complementary approaches to organizational evaluations, efficiency was also equated with a general evaluation of a system or organization, i.e. it was the equivalent of the Polish concept of *sprawność*.

When studying the literature, one can see that efficiency became the focus of interest much earlier than effectiveness. Even more important might be the fact that the interpretation of this concept played a special role in the development of both economics and management. In both disciplines the interpretation of this concept determined the focus of research at the early periods of their development. The concept of efficiency also became the focus of interest of operational (operations) research, where subsequent, individual categories were distinguished based on the concept of efficiency (e.g. technical efficiency).

In economics, efficiency became an important subject of interest at the turn of the 20th century, with the first use of the term credited to V. Pareto. His analysis yielded the so-called Pareto optimality. The importance of efficiency in economics is indicated by the fact that it was included in the list of the five most important economic goals associated with getting the most out of productive effort (230,

p. 7). The economic literature provides many adjectival variations of the interpretation of efficiency, including allocative efficiency, economic efficiency, exchange efficiency, production efficiency, technological efficiency, static efficiency, dynamic efficiency, X-inefficiency, transaction (contract) efficiency, and agency efficiency. These categories often include or complement one another. They are presented in the literature with varying intensity. One of the most frequent is the concept of allocative efficiency, which has been associated in economics with the studies of competition mechanisms. Equally popular (as allocative efficiency) is the category of economic efficiency. The other concepts are examples of more individualized interpretations. Another quite characteristic feature of most of the above-mentioned interpretations is that they are based on marginal analysis, a very original interpretation method typical of economics.

The term efficiency is equated with the lack of wastefulness, the use of economic resources to maximize the possible satisfaction level (192, pp. 27-28), the net benefit from their use (95, p. 451), the relationship between output and input (92, p. 714; 195, p. 198), or as a criterion for the evaluation of the performance of those who use resources (95, p. 451). The examples given above seem to be fairly coincident, as they define efficiency as the relationship between resources (input) and results (typically, both resources and results are specifically named). It is also worth noting that compared to praxeology, efficiency and its equivalent, *ekonomiczność* (economic efficiency), are not interpreted as being identical in meaning. The definition of efficiency as the maximization of output refers to one form of economic efficiency, i.e. productivity. For praxeology this is only one of the possibilities that can be adopted based on the analysis of output and input.

Another problem is establishing the relationships between the various forms of efficiency. There are few such interpretations, for example P. Wonnacott and R. Wonnacott (1990), who described economic efficiency as the attainment of better results on a production effort. They distinguished two forms of it: technological efficiency and allocative efficiency (230, p. 10).

The oldest of these categories is allocative efficiency. This evaluation criterion is associated with seeing the market as the (coordinator) regulator of economic behaviours. In this system, price is the main regulator (207, p. 68). This form of efficiency is most frequently utilized as a measure of gains (results), net benefit (95, p. 451; 70, p. 342) or utility, satisfaction (192, p. 401). In each of these cases, the economic effect is interpreted as the maximum level of result (net benefit, utility, satisfaction) relative to other results that cannot deteriorate. Therefore allocative efficiency reflects a state that can be achieved in economics from the point of view of the manufacturer and purchaser. For this reason it is

equally often referred to as Pareto's optimum (192, p. 633) or exchange efficiency (52, p. 127). This kind of references to optimum and exchange, place a stronger emphasis on the above-mentioned maximization of benefits (results) by exchange participants. At the same time they allow one to determine the level of saturation of economic activity, which must be viewed as a particularly significant effect of economic evaluations.

Also K.J. Arrow (1974), also equates efficiency with situations and systems (e.g. social organizations). Efficiency is associated with individual judgements passed in the context of the values held by individuals. This form of efficiency can be attained through exchange and an appropriate evaluation system. The interpretation is linked to the problem of individual and social rationality and the problem of an organization's choices which is determined by two forces – values and opportunities (9, p. 10-13). An organization ensures the realization of benefits resulting from cooperation and performance of social tasks. In this interpretation, a postulate was therefore formulated to interpret the evaluation of efficiency in a broader context, i.e. in reference to systems, to a social organization.

The literature also contains examples where allocative efficiency is interpreted in a manner closer to what efficiency is commonly associated with. For example P. Wonnacott and R. Wonnacott (1990), define it not only as the best combination of output (goods), but also of input equated with low costs. The primary role in the realization of this form of efficiency is played by price (230, p. 11).

Often interpreted in economics is the concept of production efficiency, or technological efficiency. The literature offers at least two approaches to its interpretation. The first approach treats it in an analogous manner to Pareto's efficiency as a set of actions that marks an end in the production of goods, limited by technology and resources (117, p. 460; 118, p. 84) or a state in which one cannot increase production of one good without decreasing output of another good (192, p. 28; 95, p. 604). Production (technological or technical) efficiency is also viewed as the relationship between output and the available resources and technologies (52, p. 483; 230, pp. 10-11). In this case, the interpretation of this category refers to comparisons of output and input, and in financial terms, the relationship between profit and costs.

Neo-classical economics has taken a particular interest in the problem of efficiency in the context of:

- various market structures and forms,
- time.

Of the basic market structures, e.g. monopoly, perfect competition, monopolistic competition, and oligopoly, only the state of perfect competition leads to allocative efficiency (192, p. 202). This postulate follows from the fact

that one can indicate the point where profit is maximized and the point where the value of resources used to manufacture a production unit is equal to the market value of this unit for purchasers only in the case of perfect competition (70, p. 342; 82, pp. 64-65). In a situation like this, it is not possible to increase the net benefit from the exchange (95, p. 452). In turn, profit maximization occurs when marginal cost is equal to marginal revenue, and marginal revenue equals the price (230, p. 440). It is worth noting that in these interpretations the state of efficiency is described using variables such as revenue (price) and costs, which reflects the most common approach to this category.

Efficiency is limited in markets that have features of monopoly, monopoly competition and oligopoly. In these conditions, lack of efficiency is due to the relationship between the price and costs. In a monopoly the profit is maximized at the same point as in perfect competition, i.e. when marginal cost equals marginal revenue, but the price is set at a higher level than in perfect competition, which ensures a monopolistic profit (82, pp. 72-73). Allocative inefficiency results from the difference between production levels which are marked by the point of intersection of the marginal consumer cost curve and the marginal consumer benefit curve and of the marginal monopolist benefit curve and the marginal monopolist cost curve (230, p. 481). In monopolistic competition, lower efficiency is due to the price exceeding the marginal cost (even long-term) and the product not being produced at the minimum point of the long-term average cost curve (70, p. 419). Another factor that influences efficiency in conditions of monopolistic competition is demand flexibility (82, p. 84). From the perspective of the focus of this work, i.e. marketing effects, interpretations that show that advertising and other product awareness activities influence costs and consumer choices might be very interesting (70, pp. 433-434). Ultimately they also influence allocative efficiency or inefficiency.

Static efficiency and dynamic efficiency are equated with value (or benefit) for humans. Static efficiency refers to a firm's resources at a given time (the equivalent of Pareto's efficiency). Dynamic efficiency accounts for the changes in time relative to limited initial resources and possible innovative trials (52, pp. 47-49). Potential innovative processes that influence efficiency in its dynamic interpretation can concern new technologies, new organization forms, and new products (52, p. 27).

Economics has also addressed the problem of inefficiency, known in the literature as X-inefficiency. The concept has been interpreted in a certain 'opposition' to the interpretative limitations of allocative efficiency. H. Leibenstein (1966), who formulated this concept, observed that microeconomics focuses excessively on allocative efficiency, which is based on price, excluding other

types of efficiency (135, p. 392). He locates the defined X-inefficiency mostly within a system of broadly conceived motivation (135, pp. 406-407) and effort minimization by employees and management (82, pp. 286-287). In this context, X-inefficiency is interpreted as the impossibility to maximize output derived from a specific combination of inputs (see 70, p. 400). He applies this problem to certain competitive situations (e.g. a monopoly) and types of business entities (primarily state institutions, public institutions).

The problem of efficiency, especially in the area of allocation and production, found its place in a later theory, particularly in the Harvard School of Economics and the Chicago School of Economics. At the time these schools were engaged in a fierce polemic. This research and polemic gave rise to a number theoretical concepts that were connected, to a greater or lesser extent, with economic efficiency, for example the concepts of workable competition, active competition, the theory of entry barriers, the contestable markets theory, and the structure–conduct–performance approach (99, pp. 28-71). This list could also include the theory of transaction. Of the above theoretical concepts, it is the structure–conduct–performance approach (also known as the Cowling–Waterson model) and the theory of transaction costs that seems to be of particular importance to the interpretation of efficiency. The barrier theory and the contestable markets theory concern the problem of freedom or limitations to entry that have a monopoly-like effect. Barriers to entry lead to inefficiency, both allocation and production inefficiency. On the other hand, the threat of potential entry of competitors where there are no entry barriers decreases inefficiency.

The structure–conduct–performance approach is based on E. Mason's (1957) reflection that the structural approach to competition is insufficient as it does not account for the behavioural aspect of firms active in the market (99, p. 31). This can be observed in earlier evaluations where a relationship was established between efficiency and the four basic market structures (perfect competition, monopoly, monopolistic competition, and oligopoly). The aim of the structure–conduct–performance approach is to explain a firm's results and the differences in firms' efficiency (181, p. 12). Earlier analyses of efficiency assumed a direct relationship between the competitive structure and efficiency. Notably the Cowling–Waterson model contains an additional element to be evaluated, namely behaviour (strategy), which is a determinant of results. Earlier theoretical concepts assumed an automatic relationship between market structure and results. Thus inefficiency was ascribed to any firm operating in a given market structure. The Cowling–Waterson model demonstrates the behavioural aspect of efficiency, based on the decision-making process, in particular the strategic choices of a firm. These choices might lead to inefficiency.

The theory of transaction costs introduces another important issue to the interpretation of efficiency at firm level. On the one hand, it addresses the problem of the purpose of a firm's existence, which has been associated with the problems of coordinating a firm's production resources (also known as coordination through management, and earlier, coordination through the entrepreneur). On the other hand, a new, different perspective of research and interpretation of a firm's efficiency has been distinguished, not based on market structure, but on the internal structure of a firm, related to the costs of its operation (181, p. 39). This problem is particularly significant, as it assumes that a firm's efficiency results from transaction costs. R.H. Coase (1937), observed that a firm's operation is justified by the coordination and management of its resources. On a firm's scale, production allocation can occur through coordination (regulation) systems, i.e. coordination through the price mechanism and coordination through the entrepreneur (41, pp. 387-389). Each of these coordination systems generates costs called transaction costs, or marketing costs, and costs of organizing, management costs. Transaction costs (marketing costs) are based on a price mechanism (market-based mechanism) as the basis for making decisions. The goal of a firm is to reduce the costs of coordination by price, as coordination by price is not free, as assumed before. In turn, management costs (organizing costs) limit a firm's size. A firm's efficiency as a production coordinator decreases after a certain size is exceeded. The optimum limit of the size of management--coordinated operations is at a point where the cost of organizing additional firm transactions equals the costs of conducting operations externally by a market mechanism or the costs of organizing this transaction in another firm (41, p. 404; 82, p. 213). This final conclusion seems to be quite interesting as it argues that a firm's efficiency is the product of its production coordination mechanism and size.

The literature also uses the terms transaction efficiency, contract efficiency, and agency efficiency. A. Noga (2011), presents transaction efficiency as the difference between transaction benefits and transaction costs, and agency efficiency as the difference between agency benefits and agency costs. The relationship between these forms of efficiency is the so-called autonomous goal of a firm. Establishing, operating and developing a firm makes sense when the agency efficiency is higher than transaction efficiency. If it is, establishing a firm leads to agency benefits (the financial difference achieved by management compared to market coordination) and transaction cost elimination (164, pp. 68-70). This use of transaction and agency efficiency enables one to justify the value chain and choices between insourcing and outsourcing. An increase in transaction efficiency relative to agency efficiency justifies – at least theoretically – the use of outsourcing.

O.E. Williamson (1985), also uses transaction costs to explain the problem of efficiency. According to him, transaction costs determine the choice of the coordination (regulation) system. It is worth noting here that in traditional economic theory, prices were the primary source of information for an organization (9, pp. 13-15). O.E. Williamson focuses on transactions that are the basic unit of analysis (228, p. 15). He proposes replacing the concept of the firm as a production function with the concept of management structures. The problem of a business organization is then contracting, which is evaluated in terms of transaction cost savings. O.E. Williamson, as part of the so-called comparative institutional evaluation, formulated efficiency evaluations divided into three groups (228, pp. 230-231):

- product stream: transport expenses, inventory and interface leak,
- assignment attributes: assignment to a work position, leadership, contracting,
- stimulus attributes: work intensity, equipment use, reaction ability, local innovations, system reactivity.

Overall efficiency evaluation is based on the relative evaluation of significance and the evaluation of each of the eleven efficiency criteria.

In the context of economic interpretations of efficiency, it is also worth mentioning the so-called technical efficiency. This category refers to production efficiency evaluations associated with operational research and is currently the focus of extensive research (especially the so-called DEA method) which is yielding multiple publications (see A. Ćwiąkała-Małys, W. Nowak, 2009). The basic terminology for this category of efficiency was formulated by M.J. Farrell (1957), who developed an interesting classification of a number of efficiency categories. The interpretation of this category, and particularly the description of the DEA method, was further developed by researchers including A. Charnes, W.W. Cooper, and E. Rhodes (1978). Extensive studies followed, producing a number of further categories based on the concept of efficiency, i.e. efficient production function, overall efficiency, technical efficiency, price efficiency (equated with allocative efficiency), structural efficiency and relative efficiency. As can be noticed, the interpretation of so-called technical efficiency resulted in the multiplication of efficiency categories, illustrating new, specific contexts of the assessment of a firm, or actually of decision making units (DMU). The term DMU is interpreted very flexibly and refers to an object that is subject to efficiency assessment (55, p. 23).

To reflect the essence of M.J. Farrell's interpretation it seems reasonable to present his interpretation of an efficient production function. As can be noticed, an efficient production function is a method designed to compare a firm's performance with a postulated standard which can be a function specified by

engineers or an empirical function based on the results observed in practice (67, p. 255). This leads M.J. Farrell to conclude that efficiency evaluation is relative – its point of reference can be provided by the set of firms based on which the function is estimated (67, p. 260). According to him, the evaluation of (technical) efficiency is relative and is based on comparisons of the performance to the number of firms that provided the benchmark. W.W. Cooper, L.M. Seiford, and J. Zhu (2004), define relative efficiency as the evaluation of the efficiency of the decision-making units (DMU) made compared to other DMUs (44, p. 3).

M.J. Farrell defines the overall efficiency of a firm as an assessment based on technical efficiency and price efficiency. The first category, technical efficiency, is the evaluation of the relationship between a firm's outputs and inputs compared to other firms (67, p. 259). It is therefore a relative evaluation whose interpretation depends on the set of firms that provides the point of reference for the interpretation of a firm's efficiency. The second category, price efficiency, is related to a firm's adaptation to a particular set of prices (67, p. 261). For this reason it is equated with allocative efficiency. The analysis of technical efficiency leads to the determination of so-called frontier efficiency. Frontier efficiency is represented by the curve of production efficiency taking the value of 1, which means that the relationship between output and input is similar to the relationship between the output and input of the best companies that form the basis for efficiency evaluation. This curve (the so-called best practice frontier) represents the best possibilities of production efficiency. The cases where companies (decision making units) attain efficiency levels below this curve reflect their technical inefficiency. Therefore, as can be seen, technical efficiency enables one to set certain outermost (limit) efficiency ranges. It should be stressed, however, that these limit values are determined by the output of other companies or decision making units.

Still another category associated with technical efficiency is so-called structural efficiency, i.e. the comparison of the industry's performance with the production function efficiency derived from the industry's best firms (67, p. 262). Structural efficiency is therefore another category of efficiency that represents a relative context of a firm's evaluations.

As a result of further development of this trend in the interpretation of efficiency and economic efficiency, a number of efficiency measurement methods were developed. These methods were classified, which enabled researchers to distinguish a further criterion of division of efficiency, illustrating the nature of research into this kind of evaluations. The classification presented by A. Ćwiąkała-Małys and W. Nowak (2009), includes two groups of efficiency measurement methods (48, p. 198):

- non-parametric methods, including the DEA, and FDH methods,
- parametric methods, including the SFA, DFA, and TFA methods.

The way of specifying a technology against which efficiency is evaluated has become the basis for this division of efficiency measurement methods. Non--parametric methods do not require a functional relationship between inputs and outputs, the model structure is not assumed *a priori* but is adjusted to the data, and the efficiency measurement itself consists in an empirical estimation of the envelope of the set of production possibilities, determined by the units that have the best relationship of production output to input. Parametric methods assume an appropriate form of production function, and the efficiency curve determines the cost function that is estimated using econometric tools. In this case, inefficiency is the factor that explains the differences between the observable level of costs and the level of costs predicted based on the estimated cost function (48, pp. 199 and 233-234). Each of the groups of methods presented above, as well as the efficiency measurement methods themselves, might become the subject of further analysis. However, from the viewpoint of the problem of unambiguous interpretations of the concepts associated with organizational evaluations, it is important to indicate a single basis for interpreting the concepts presented above. Both technical efficiency and the parametric methods associated with the evaluation of efficiency focus on similar effects as the basis for measuring and evaluating efficiency. In each of the above cases, outputs/costs play a key role as the basis for efficiency evaluation.

The problem of efficiency played a significant role in the inception of management science. It became the focus of interest of its earliest strand, the so-called Scientific Management or Industrial Engineering, whose main exponents included F.W. Taylor, F.W. Gilbreth, H.C. Emerson, and K. Adamiecki (1927). The first three of these researchers participated in the efficiency movement (203, p. 854), mainly associated with work organization subordinated to the idea of optimal work intensity (239, p. 101). The characteristic feature of the research was the focus on basic physical actions in the production process, which was reflected in research into work time and work methods (143, p. 30). Efficiency was, at least in the early period, identified more with productivity than with actual efficiency, as it involved the comparison of the actual state with a standard (2, pp. 236-237). The characteristic feature of that period was the very diversified research based on measurements and measurement tools that were quite untypical at that time. And thus F.W. Taylor (1903), as part of his concept of functional management, proposed to introduce the managerial division of labour, research into the manner and time of work performance, and training in how to perform work in an exemplary manner (110, pp. 72-73; 146, p. 24; 17,

pp. 48-50). H.L. Gantt proposed to undertake work studies and standardising, and developed the so-called Gantt charts which can be used to present a plan (tasks) and its progress in time (146, pp. 28-31; 17, p. 50). S.E. Thompson began studying the standardization of work time for main construction works and created the so-called chronometric cassettes that were used to measure work time. F.B. Gilbreth also focused his research on work process and work time, specifically on the duration of work movements. Based on numerous studies, he formulated the first principle of the efficiency of work movements and identified 18 typical elementary micromovements called therbligs (146, pp. 47-50; 17, p. 50). H. Ford found fame by setting up the first assembly line which helped maximize the division of work and mechanize the workplace. From a market perspective, this resulted in product standardization and mass production (146, pp. 62-63).

Some of the above-mentioned examples of studies conducted in the field of management indicate that they were mostly using inductive methods based on observation. The focus of interest, which was chiefly practical, was on workplace activities and the time of their completion. In the domain of theory, it is worth mentioning the work of H. Emerson (1908), who defined the concept of efficiency in the framework of management science. He formulated twelve efficiency principles that are behavioural in character as they constitute a set of guidelines formulated, among other things, in terms of goal, discipline, action models, and standards, as well as rewards for productivity (110, pp. 74-75). On the other hand, H. Emerson viewed efficiency as a quantitative measure which presents the relationship between output and a model (standard) (146, pp. 125-131).

In evaluating the achievements of Scientific Management, it should be noted that it interpreted efficiency evaluations as focused on activity. Also characteristic of this school was an interest in efficiency from a behavioural perspective. When efficiency was interpreted as results-based, the benchmark was time or standards. It is worth reminding ourselves here that in economics the benchmark was provided by costs.

Some Polish researchers produced more complex interpretations of economic evaluations based on the concept of efficiency. In P. Blaik (2001) and R. Matwiejczuk (2000), efficiency is interpreted as the relationship between three (or even four) variables, goals, effects and inputs (147, p. 27). This combination of variables allows one to identify three forms of efficiency and the resulting evaluation criteria (see 147, p. 31). In a different publication, P. Blaik (2001), interpreted efficiency as the relationship between four variables: effects, goals, inputs and costs (24, p. 345). The indicated combination of variables enables one to identify four evaluation criteria (24, p. 348):

- the criterion of purpose and usefulness of effects (the goals–effects relationship),
- the criterion of the realistic nature of goals and the accuracy of the selection of inputs (the goals–inputs relationship),
- the criterion of the reasonability of consumption and inputs transformation (the inputs–costs relationship),
- the criterion of efficiency and cost equivalence (the costs–effects relationship).

As we can see, this interpretation treats efficiency as a synonym of the praxeological category of *sprawność*. The criteria presented above are equivalent to efficiency and effectiveness. A new dimension of evaluation is undoubtedly the relationship between goals and inputs. This evaluation comes closest to what P. Drucker defined as efficiency. It is also worth noting that costs and inputs are separated. The new evaluation criterion, the inputs–costs relationship, has no equivalent in other publications and refers to variables that are quite often seen as identical.

Based on the review and interpretation of the concept of efficiency, one can observe that the prevailing interpretations concern exchange, actions, and transactions, as well as decision making units or firms. Among the interpretations of efficiency, the economic ones are of vital importance. The common feature of most interpretations is the comparison of output to costs. The interpretation of output is not very specific, as it deals with very generally formulated utilities. The primary focus of interest is on costs. Initially they are limited to production costs. Over time they take on a broader scope, as exemplified by transaction costs. Another characteristic of the economic expositions of efficiency is the use of marginal analysis. This very original efficiency-specific method of economic analyses has not found a broader application in management and business practice. The economic interpretations of efficiency have led to the formulation of interpretation scopes – described by different kinds of optimal states and frontier curves – which form the basis for efficiency evaluations.

1.3. Development of the interpretation of organizational effectiveness

Effectiveness, seen as a single economic evaluation, has been variously interpreted by management science. The interpretations were made from multiple perspectives mostly associated with the problem of judging actions and organizations. The literature contains the following categories developed based on the concept of effectiveness:

- organizational effectiveness,
- management effectiveness,
- managerial effectiveness,
- marketing effectiveness.

Of the above, organizational effectiveness has been studied most extensively. From the perspective of the focus of this publication, to the above interpretations we must add marketing effectiveness, which is the focus of the evaluations made as part of one of the functions of an organization, i.e. marketing. This strand of research is developed in Chapter 2.

Typically, the concepts presented above have been interpreted separately, even though their interrelations were indicated, e.g. between management effectiveness and organizational effectiveness. Situations like this reflect the problem of the multi-faceted character of the interpretation of effectiveness. The interpretation is connected with so-called individual effectiveness which was utilized by, among others, R.M. Kanter and D. Brinkerhoff (1981). This multi--faceted interpretation undoubtedly demonstrates a certain complementarity of the effectiveness-related concepts. The diverse interpretations of effectiveness are puzzling and must raise objections to the internal consistency of this concept.

Organizational effectiveness became the focus of interest relatively early. Its first definitions were formulated in the 1950s. This is important inasmuch as until that point organizational evaluations had been addressed only sporadically. Based on our review of the interpretations of the concepts of efficiency and effectiveness, it can be seen that earlier the focus was on actions. The bulk of research on organizational effectiveness was conducted in the 1970s and 80s. Also characteristic of this category is the abundance of its interpretations, which has reduced its internal consistency. The contradictions in the theory of organizational effectiveness were noted a long time ago (see 106, p. 264; 179, p. 123; 86, p. 245). Organizational effectiveness became the focus of many summarizing studies: M. Steers (1975), J.P. Campbell (1977), J.B. Cunningham (1977), R.M. Kanter and D. Brinkerhoff (1981), K.S. Cameron (1983 and 1986), A.Y. Lewin, J.W. Minton (1986), J.-F. Henri (2004), and others. Its interpretation is an example of cumulative scientific development, and it seems that the analysis of the entire body of theory concerning organizational effectiveness requires a certain synthesis.

Firstly, it should be noted that the category of organizational effectiveness was the focus of numerous interpretations not only in the area of management but also in other fields such as sociology (e.g. B.S. Georgopoulos and A.S. Tannenbaum, 1957, E. Yuchtman, S.E. Seashore, 1967, J. Ghorpade, 1970, J.L. Price, 1972, J.J. Molnar, D.L. Rogers, 1976). This is a very important circumstance for the

synthesis of the interpretations. In evaluating the entire body of the interpretations of the category of organizational effectiveness, one can indicate the main lines of discussion and polemical areas which include:

- the essence of the evaluations of organizational effectiveness, yielding a number of models/approaches used in interpreting this category,
- the number of criteria reflecting organizational effectiveness – one-criterion and multi-criteria evaluations can be distinguished,
- the relationship between the category of organizational effectiveness and performance measurement, which seem to play a complementary role within the overall subject of organizational management.

The first two of these trends came under criticism at an early period of interpreting organizational effectiveness. For many earlier and later interpretations of organizational effectiveness, the point of reference was the goal model, seen as the earliest example of the interpretation of organizational effectiveness. Almost from the beginning the evaluation of organizational effectiveness was associated with performance measurement, and it was only later that the relationship gained a much greater significance. In recent years a number of separate publications on performance have appeared. Importantly, single--criterion goal models have become the point of reference for subsequent interpretative models and the multi-criteria approach.

A.Y. Lewin and J.W. Minton (1986), found the research roots of organizational effectiveness in management schools, which allowed them to define the so-called typical effectiveness attributes. The basis for describing the research history and identification of the typical effectiveness attributes was provided by management orientations such as Scientific Management, Principles of Management, Human Relations, Decision and Information Management, Socio--technical, Strategic Management and Design, Human Resourcesment, and Contingency Theory (see 136, pp. 516-517). Although most of these schools can be assigned a certain context of examining the essence of effectiveness (or, in some cases, the essence of efficiency), it should be recognized that it is a gross simplification to reduce the entire body of theory to a single category (organizational effectiveness). In this interpretation, effectiveness becomes a synthetic evaluation of an organization, an equivalent of the Polish-language category of *sprawność*.

The number of identifiable models (approaches) to organizational effectiveness is quite diversified. The ones described most often include (see 45, p. 472; 36, p. 542; 93, p. 99): the rational goal model, the goal model, the rational model, the rational system model, the systems resource model, the managerial process model, the organizational development model, the bargaining model, the

structural functional model, the functional model, the internal processes model, the strategic constituencies model, the competing values model, the legitimacy model, the fault-driven model, the high-performing model, the ineffectiveness model, the natural system model, the open system model, the participant--satisfaction model, and the structural contingency model. Such a large number of interpretations is the best example of the conceptual 'richness' associated with this category, but it does not help to describe the essence of organizational evaluations.

Attempts to introduce order in the interpretations of organizational effectiveness indicated above are extremely rare. J.B. Cunningham (1977), divided some of the models (approaches) listed above into three groups (45, p. 464):

- models evaluating the performance of the organizational structure (the rational goal model and the systems resource model),
- models evaluating the performance of the organization's human resources (the managerial process model and the organizational development model),
- models evaluating the impact of organizational functions or activities (the negotiation model, the structural functional model, and the functional model).

The first of the above groups is most often identified with organizational effectiveness. Most publications present the two models included in this group, i.e. the goal model and the systems model (65, pp. 257-262; 76, pp. 31-32; 107, p. 272-276; 86, pp. 248-254; 158, pp. 401-415). The models are sometimes referred to as general or alternative (35, pp. 19 and 35). The models included in the other groups, that is human resource evaluation models and organizational function or activity evaluation models, are described relatively rarely (45, pp. 464-472; 35, p. 276; 93, pp. 93-123).

Another attempt at introducing order into the interpretations of organizational effectiveness can be found in R.M. Kanter and D. Brinkerhoff (1981), who distinguish three groups of interpretations associating organizational effectiveness with (103, p. 322):

- goal attainment or task effectiveness, including output, results, efficiency, etc.,
- the appropriate organizational structure and process, including organizational characteristics, member satisfaction, motivation, communications links, internal conflict resolution, absence of strain between subgroups, etc.,
- environmental adaptation, including flexibility in the face of change, resource acquisition, longer-term adaptation, and survival, etc.

The first group includes the goal model-related theory. However one must not forget the long tradition of research criticizing this approach, which stresses that an organization is a complex set of multiple units and hence it is problematic

to specify its goals. In this context, researchers address the problem of the subunits of an organization (their goals) and so-called immediate effectiveness, i.e. the set of standards in place in an organization and their measurement (103, pp. 327--329). In the second exposition, organizational effectiveness is seen as a function of organizational structure and processes. This approach examines multiple complex criteria for organizational assessment. Many researchers have no doubt that structure determines an organization's results. The third type of organizational effectiveness is based on the assumption that the survival of an organization is the ultimate criterion for its evaluation (103, p. 334). In this context, the essence of effectiveness is the organization's adaptation to its environment.

Another example of the classification of interpretations of organizational effectiveness was proposed by G.H. Gaertner and S. Ramnarayan (1983). According to them, effectiveness is the state of relations within and among the relevant constituencies of an organization. In their exposition, effectiveness is not a state but a process which is characteristic of relations and not results (71, p. 97). The researchers' classification of approaches to organizational effectiveness is based on two criteria (71, p. 98):

- the intended use of concepts, where they distinguished general and organization-specific approaches,
- the focus of definition, where they defined an outcomes-based approach and a processes/structure-based approach.

Their classification is two-dimensional. Of special interest is the last criterion, which in its general assumptions draws on the ideas of J.B. Cunningham (1977). As a result, four approaches (models) have been identified (71, pp. 98-100):

- general output measures,
- organization-specific output measures,
- general measures,
- organization-specific views.

Within this 'space', they made a classification of a number of different interpretations of effectiveness, some which had not been presented in other publications. They classified the most common models in the literature, namely the goal attainment approach and the systems theory-based approach, into different groups. The goal attainment approach was included in the group of approaches referred to as 'organization-specific output measures', and the systems theory approach was included in the group of 'general measures'. According to the researchers, the group of approaches classified as 'organization--specific output measures' is distinguished by the fact that by setting specific goals, the organization seeks to optimize potentially contradictory organizational factors. In turn, it is characteristic of the systems theory that it uses abstract theoretical concepts which are unlikely to find practical application (71, p. 99).

All of the presented classifications of organizational effectiveness models quite clearly distinguish results-based approaches (with the goal model being the main model in this approach). In this interpretative trend, the other, rather non--distinctive models based on diverse criteria form a sort of 'backdrop'. Considering the focus of this publication (that is results-based forms of organizational evaluations), it is reasonable to provide a brief description of this kind of organizational effectiveness models. In the classifications presented above, this approach is represented by goal models and systems resource models.

In the literature, the goal interpretation, also known as the goal approach or the goal model, is regarded as the traditional interpretation of organizational effectiveness. It was clearly described only in the context of the development of new interpretations of organizational effectiveness. Varying roots and forerunners of this approach are provided in the literature. J. Ghorpade (1970), traces the roots of the goal model to M. Weber's bureaucratic structures, F. Taylor's methods of scientific management, and administrative management theories (76, p. 32). R.M. Steers (1975), points to a publication by R.L. Thorndik (1949), who was the first to notice a tendency to measure effectiveness (211, p. 546). The interpretation that is most commonly found in the literature is the interpretation of A. Etzioni (1964), who describes organizational effectiveness as the degree to which an organization realizes its goal (see 175, p. 3; 85, p. 536). Although this approach to the evaluation of organizational effectiveness is typified by simplicity and comprehensiveness, the point of reference for this interpretation of effectiveness, the organization's goal, very quickly became the focus of debate. It is worth noting, however, that the nature of an organization is an important starting point for these models. For example, in neoclassical economics, an organization is defined by its goal (82, p. 159). In the praxeological definition of an organization the goal plays a similar role. From these perspectives – economic and praxeological – the goal model seems to be significant despite all the reservations. A distinguishing feature of both perspectives was that they defined a firm by the production function only, which now seems insufficient. Obviously other organizational effectiveness models are important. They offer a different perspective on organizational evaluation which may be dominated by a sociological or systems interpretation. It is reasonable, however, to raise the question of the hierarchy of all organizational effectiveness models. From the perspective of economic assessment it seems reasonable to concentrate on an organization's results as the basis for such evaluations (the organization's goal is then an ordering element).

A description of the problems of goal variability and the use of the goal model can be found, among other sources, in E. Yuchtman and S.E. Seashore (1967), and R.H. Hall (1980). Among other things, they point to the problem of multiple

goals, their variability in time and from the point of view of organization members and various groups of stakeholders, their relationship with external and internal events, and the fact that they are the product of culture.

Many types of the goal model can be found in the literature. E. Yuchtman and S.E. Seashore (1967), indicate that there are two possible approaches to the problem of the goal as the basis for interpreting effectiveness. The first approach, which they call the goal approach, focuses on the formal charter of an organization or some category of its personnel (typically top management), which are viewed as the most valid sources of information on the organization's goals. In the second approach, referred to as the functional approach, goals are derived (238, p. 895). This is a 'normative' approach, as the researcher determines what goals an organization should have according to the logic of the adopted point of view, a system superior to the organization. This is a weakness of the functional model as it does not consider the organization as a point of reference.

M. Keeley (1978), derived two other models from the goal model: the official--goal model and the operative-goal model (107, p. 273). This division is based the classification of organizational goals proposed by C. Perrow (1961), who identified two types of goals: official goals and operative goals (172, pp. 854-855). According to M. Keeley, the official-goal model is characterized by a focus on the ultimate goal of an organization, which very often is non-operative. The operative-goal model often complements the official-goal model, and states what an organization actually tries to do and measures effectiveness in accordance with operational results (107, p. 273).

In the 1960s and 1970s the systems approach became popular in the social sciences, which affected the interpretation of organizational effectiveness. The approach described above was criticized in the context of the interpretations of the so-called systems models. However, after examining these interpretations, one can notice that the goal is not a problem indifferent to systems. As in the case of firms, the goal is an element that determines the system as well (22, p. 32; 162, p. 12). In many cases the interpretation of organizational effectiveness seems to be a discussion about the goal of an organization, considered from a system perspective.

The literature describes at least three system-based models: the systems resource model, the natural system model and the open system model. The general assumption of most of these approaches is that organizational effectiveness reflects the ability of an organization to exploit its environment and obtain rare and valuable resources (175, p. 3). This interpretation is linked with the nature of open systems in which we should include firms, which are oriented towards a constant exchange with the environment (22, pp. 70-72). A description of

other forms of the systems model is given in W.R. Scott (1977), who presents three models: the rational system model, the natural system model, and the open system model. The first two models are interpreted in the context of goals (the first is actually a goal model). The natural system model sees an organization as a social unit able to attain a specific goal but at the same time engaged in other activities required to maintain the unit itself (199, p. 73). In turn the open system model views an organization as highly interdependent with its environment and engaged in the development of the system (199, p. 74).

The most common and, at the same time, the most distinct interpretation is the systems resource model developed by E. Yuchtman and S.E. Seashore (1967). The model assumes that an organization achieves the highest degree of effectiveness when it maximizes its bargaining position and optimizes resource procurement (238, p. 902). One of the most important premises of this approach is that it is impossible to formulate a valid concept of organizational effectiveness without accounting for the relationship between the organization and its environment. The researchers believe that the environment simply forces certain actions on the organization. An organization should be formally seen not as a phenomenon incidental to individual behaviour or societal functioning, but as an entity appropriate for analysis at its own level. It is also worth noting that, according to the researchers, organizational effectiveness is possible only when there is some competition for valuable and rare goods. This competition produces a hierarchical diversity among organizations which is a measure used to evaluate them (238, pp. 897-901). A very important point of reference for E. Yuchtman and S.E. Seashore (1967), was the interpretation of Katz and Khan (1966), which was based on the same assumptions but proposed that an organization's revenue should be maximized, which E. Yuchtman and S.E. Seashore disagreed with (238, pp. 901-902).

In the context of the goal approach, it is valid to discuss the strategic--constituencies model. Its authors, T. Connolly, E.J. Conlon, and S.J. Deutsch (1980), described their proposal as a multiple-constituency model. According to them, organizational effectiveness comprises a number of many different formulations made for a specific organization, reflecting a set of criteria of various units and groups, referred to as a constituency (43, p. 212). The researchers see an organization as a subject in which the competition of diverse interest groups reveals itself. In effect, the organization will be evaluated from the perspective of the different expected effects (results) of these interest groups. This view stresses that organizations are instruments used to realize goals of a diversified constituency. In the context of the model mentioned above and other models, S. Cameron (1986), formulated a paradox called the Cameron paradox. He observed that

organizational effectiveness in this approach means that the organization must meet the most different constituency group expectations, even if the expectations are contradictory (34, p. 550).

Based on our review of the models, one can conclude that the criterion for the evaluation of effectiveness does not have to be homogeneous and concern a single result. An organization may be effective or ineffective in many aspects. Undoubtedly the criteria of organizational effectiveness may vary from the perspective of many different facts that we may consider (35, p. 18). This conclusion leads to another trend in the interpretation of organizational effectiveness, associated with the multi-criteria approach.

The idea of multiple criteria appeared very early in the history of the interpretation of organizational effectiveness (e.g. see M. Steers (1975), who believes it was Thorndike (1949), who first understood the essence of organizational effectiveness). The multiple criteria used in the evaluation of an organization undoubtedly demonstrate the lack of internal consistency of organizational effectiveness and the lack of consensus on the goals of an organization (firm). According to M. Steers, the single-criterion models are based on 'ultimate criteria', which, according to his observations, use the following evaluation criteria (211, pp. 546-547):

- overall performance, measured using employee or supervisory ratings,
- productivity, measured with actual output data,
- employee satisfaction, measured by self-report questionnaires,
- profit or rate of return, based on accounting data,
- withdrawal, based on archival turnover and absenteeism data.

The analysis of the above list shows the multiple interpretation of effectiveness relative to the goal model. On the other hand, the diverse range of associations with organizational effectiveness reduces the category to the role of general evaluation (close to the praxeological *sprawność*).

P. Chelladurai (1987), sees this aspect of interpretation as more complex. In his interpretation of organizational effectiveness he points to both the multidimensional nature of this category and the multiple perspectives of its interpretation. He arrives at this conclusion following an analysis of four key models of organizational effectiveness: the goal model, the systems resource model, the process model, and the multiple-constituency model. Of great importance to his observation is the analysis of the goal model, from which he derives the problem of the multi-faceted nature resulting from that fact that goals are complex. Therefore he sees effectiveness as a category based on the relationships between process and the attainment of results (38, pp. 41-42). On the other hand, the multiple perspectives on an organization's constituency leads to the diversification of evaluation criteria.

Some researchers consider B.S Georgopoulos and A.S Tannenbaum (1957), as the forerunners of the multi-criteria approach as they combined the idea of effectiveness with the terms productivity, flexibility, and absence of organizational strain (211, p. 547). It should be noted, however, that this set of criteria has not gained much popularity. Many similar models based on multiple criteria have been proposed, as presented by M. Steers (1975). He himself identified 14 recurring organizational evaluation criteria. He prepared his list based on an analysis of 17 theoretical models. The criteria that appeared more than two times included (211, pp. 547-549): adaptation-flexibility (the most frequent criterion), productivity, satisfaction, profitability, and resource procurement. It is also worth noting that the remaining criteria, presented rather sporadically (no more than two times in 17 models), included development and efficiency. The first of these criteria represent one of the forms of organizational goals (see Section 2.1), and the second criterion a type of organizational evaluation alternative to effectiveness.

J.P. Campbell (1977), identified 30 criteria for the evaluation of organizational effectiveness (35, pp. 36-39). His classification is one of the most often quoted in the literature. The proposed set includes very diverse criteria that represent varying degrees of generality. The most surprising thing in the sets of criteria proposed by M. Steers (1975) and J.P. Campbell (1977), is that in both cases the evaluation criteria for an organization's effectiveness include efficiency. This indicates that in these interpretations, organizational effectiveness is seen as an overall evaluation of an organization (*sprawność*). Perhaps the most elaborate model was presented by T.A. Mahoney (1967 and 1969). It included 114 criteria, later reduced to 24 dimensions (142, pp. 357-358). Such a large number of criteria poses application problems. J.P. Campbell pointed to the hierarchic structure of these criteria.

A more synthetic summation of the broad and multiple interpretation of organizational effectiveness was provided by R.E. Quinn and J. Rohrbaugh (1981), who created the so-called competing values model. In fact their concept can hardly be called a model as it offers a summary of J.P. Campbell's classification (1977). At first the researchers assumed that units evaluate the organization based on three underlying dimensions (180, p. 41): (1) internal focus *versus* external focus (e.g. individual satisfaction and organizational goal attainment), (2) a concern for flexibility *versus* a concern for control (e.g. innovation and adaptation versus predictability and stability), (3) a concern for the goal *versus* a concern for the means (e.g. efficient production of outputs versus planning and goal setting). These dimensions present contradictory values. By combining these dimensions, the researchers obtained four models of organizational effectiveness (180, p. 42): the rational goal model, the internal process model, the open system

model, and the human relations model. Each of the models was placed within a system of coordinates described by competitive values. The researchers described the goals and means for each model. In the rational goal model they identified productivity and outputs as the effectiveness evaluation criterion, while planning, goal setting, and evaluation were seen as the means. In the internal process model they identified stability and control as the effectiveness criterion, regarding information and communication as the means. In the open system model resource acquisition and growth were described as results, while flexibility and readiness were regarded as means (180, p. 42). The interpretation of organizational effectiveness proposed by R.E. Quinn and J. Rohrbaugh should be considered as a rather successful attempt to integrate many of the previous proposals. The researchers did not focus on creating a set of multiple criteria intended to represent organizational effectiveness, but rather on various mechanisms used in its interpretation.

The problem of interpreting organizational effectiveness can be approached from a still different perspective, namely a performance perspective. The literature provides many interpretations of the category of performance, such as business performance, organizational performance, firm performance, corporate performance, and strategic performance. As was the case with organizational effectiveness, it is difficult to pinpoint the exact moment when this category was first defined. According to M.W. Meyer and V. Gupta (1994), the roots of performance can be traced back to the 19th century, when interest in performance focused on financial measures. At the time, effectiveness was not discussed in the literature. Explicit examples of the interpretation of the concept of performance in the context of organizational effectiveness can be found as early as the turn of the 1980s (e.g. W.R. Scott, 1977, R.M. Kanter, D. Brinkerhoff, 1981). At the time, numerous publications equated performance with organizational effectiveness, (77, p. 4). A good example is R.M. Kanter and D. Brinkerhoff (1981), who use both concepts interchangeably. In turn W.R. Scott (1977), offers a description of organizational effectiveness indicators in the context of organizational performance evaluations (199, p. 75). A separate research tradition associated with the concept of performance started to crystallize in the mid-1980s, when researchers distinguished the main types of performance: financial performance and operational performance (see J. McGuire, T. Schneeweis, and J. Hill, 1986, N. Venkatraman, V. Ramanujam, 1986). This division is important as it reflects a breakthrough that shifted the focus of research.

Early on, performance measurement was equated with financial results. As already signalled, the 19th century saw the development of interest in performance measurements using financial indexes related to measuring output and costs. In

the 1920s, cost measures were supplemented with accounting-based return measures (155, pp. 317-322). Following the further development of finances and accounting, financial performance measures were divided into accounting-based indexes and market-based measures of performance. Accounting-based indexes include ROA, ROI, ROS, and ROE. Market-based measures include *stock* market returns and dividend (152, p. 127).

The extension of the area of interest to include the so-called operational performance had specific reasons. At least four of them can be identified in the literature:

- the need to operationalize the strategy of firms,
- the problem of a clear interpretation of organizational effectiveness,
- criticism of financial indexes as performance measures,
- new conditions in which firms operated, associated with, among other things, the IT revolution.

The first reason resulted from the development of strategic management. Performance is strategic as it concerns measurements and relationships between strategies and prices. The essence of business performance comes down to the question of the content of the strategic process (233, p. 802), as it proposes that multiple financial and operational measures be combined to evaluate and present the possibilities of attaining a firm's goals by expanding into other operational areas of the firm's activity (77, p. 15). The development of performance also reflects shifts in management theory. The classical theory of management stressed, among other things, action coordination and control. The authorities played a major role at the time. Following the development of management by objectives, performance measures, which are meant to reflect organizational rationality, replaced the authorities as the means of coordination and control (155, pp. 315-316). As a result, business performance became a category associated with the problem of operationalizing key concepts of strategic management (233, pp. 801-802).

The interpretations of organizational effectiveness in the 1980s yielded the assumption that effectiveness evaluations are based on multiple criteria and are 'constituency'-dependent. As a result, organizational evaluations lost their transparency, and it was assumed that it was impossible to evaluate an organization using a single, simple performance measure. It was accepted that performance measures should be multiple and disparate (155, pp. 312-314).

Another factor that contributed to the development of the interpretation of operational performance was the criticism of financial measures. It was noted that financial measures are outdated and harmful as they indicate the past, and are better suited to measure the consequences of past decisions than to indicate

future performance (60, p. 132). They reflect the values created and destroyed by 'executive decisions' in the recent past and do not indicate what actions should be taken to create future economic value (104, p. 40). These measures demonstrate what has already happened, and do so usually at the level of results that are the ultimate goal of an organization.

It should also be noted that information technology is playing an important role in revolutionizing performance measurements (60, p. 133). After the information revolution, when the basic principles of competition became outdated, excellent financial management and the ability to obtain and use intellectual assets became one of the strongest means of creating competitive advantage (104, p. 22). The development of performance measurements is very much in keeping with this strand of organization management.

The introduction of operational performance measures does not mean that they are interpreted independently. Operational level measures are considered in the context of financial performance measures. This is reflected in the classification of business performance measurements proposed by N. Venkatraman and V. Ramanujam (1986). The starting point for the proposed classification of the concepts (domains) of business performance reflects a strategic management perspective, as a subset of the overall concept of organizational effectiveness. The narrow concept of business performance uses simple financial metrics measuring the attainment of a firm's economic goals (the concept of financial performance). The expanded conceptualization of business performance stresses the (non-financial) operational performance metrics that supplement financial performance metrics. The broadest domain of business performance coincides with the category of organizational effectiveness (233, pp. 803-804). The above classification embodies the relationship between performance and effectiveness. The category of organizational effectiveness includes financial and operational performance, which are measurement concepts associated with measurements made mostly from a strategic management perspective.

Specific solutions in the area of financial and operational performance include the balanced scorecard (R.S. Kaplan and D.P. Norton, 1992) and *Tableau de Bord* (the dashboard). The most widely discussed solution, the balanced scorecard, reflects strategy performance effectiveness measures and illustrates how to use financial and operational performance measures. In addition to financial measures of past results, the scorecard includes measures designed to monitor factors that affect an organization's future results. In effect, the strategic scorecard expresses short-term effectiveness and value-creation factors that condition a firm's long-term financial and market success (104, p. 27). The measures included in the scorecard are grouped into four perspectives: the financial

perspective, the client perspective, the process perspective, and the development perspective, which are intended to ensure a balance between short-term and long-term goals. Such a set of effectiveness measures serves more to fine-tune the strategy and actions than to control behaviour and evaluate the effects of future actions. It is more a communication, information and learning system than a control system (104, pp. 41-42). These assumptions indicate the prognostic character of performance measures associated with the operationalization of a firm's strategy. Another feature of the scorecard is that the formulated set of metrics is hierarchic.

M.W. Meyer and V. Gupta (1994), identified the basic performance measurement models that include (155, pp. 353-356): the maximizing model, the political model, the constituency model, and the business model. The maximizing model, also known as the rational choice model, is based on the assumption that a firm's long-term value is maximized, which means that performance measurements include only one index that reflects the firm's long-term value. A good example of such an index is value for shareholders (A. Rappaport, 1986). In the political model, the interpretation of performance within an organization depends on the preference of the parent and dominant coalition. The assumptions of the constituency model are similar to its analogous model used in the interpretation of organizational effectiveness. The last model – the business model – is a heuristic tool and a description of the possible relationships between different performance measures, and it helps organize a firm's activities by identifying causal relationships between non-financial and financial performance measures (155, pp. 354-356). In the last two models, performance measurement is based on a larger number of measures.

Another important performance assessment mode was presented by N. Venkatraman and V. Ramanujam (1987), who proposed dividing evaluations into objective and perceptual. Objective evaluations are based on established systems such as internal accounting or external rating agencies. Perceptual evaluations are made by executives (234, p. 110). The classification of evaluations into objective and subjective reflects a problem that concerns both the category of operational performance and that of organizational effectiveness. Interpretations of both categories should be objective. This problem is related to the so-called paradox of performance, which posits that organizational control is maintained by not knowing what exactly performance is, as these measures are divergent. The paradox appears in the fact that new performance measures emerge that replace existing measures or correlate with them (155, p. 309). This problem also concerns evaluations related to organizational effectiveness.

In Poland, organizational effectiveness became the focus of a wider interest in the 1970s and 1980s. This category was interpreted by researchers such as S. Kownacki (1976), M.J. Kostecki (1980, 1982), and M. Bielski (1996, 2002). They related the new category to other categories associated with the tradition of interpreting *sprawność* (see 130, p. 60; 120, p. 22; 23, p. 55) and pointed to the multi-faceted nature of organizational effectiveness (119, p. 55). The most common conclusion of the studies was that this category had no unambiguous equivalent and no relevant research tradition within the Polish School of Praxeology.

In summing up the body of theory concerning the interpretation of organizational effectiveness, it seems appropriate to draw attention to a number of important characteristics. Firstly, the interpretation of organizational effectiveness involves a discussion on organizational performance evaluation. The point of reference here is not the costs of an organization's operation, but rather its goals or the goals of the social groups involved in an organization. A firm was seen as a sociological phenomenon (which was also reflected in many interpretations of organizational effectiveness), which distorted the evaluation of firms as economic organizations. Different social groups might expect a firm to achieve different goals, but should these goals constitute the essence of economic evaluations? If so, we must accept that organizational evaluations are subjective. The result is obvious – the category of organizational effectiveness will be internally inconsistent. Secondly, the adopted multiple criteria of organizational effectiveness are often associated with the acceptance of diverse criteria that might be mutually inconsistent, even contradictory. The criteria often represent various organizational assessment perspectives. This absence of alignment contributes to inconsistencies across various interpretations of organizational effectiveness. The multiplicity of organizational assessment criteria in the results--oriented approach directly leads to the problem of performance (financial and operational performance). The introduction of operational performance added a new dimension to organizational effectiveness assessment. On this basis (the introduction of organizational effectiveness), it is possible to view organizational evaluations as hierarchic relationships between effects representing different levels of a firm's results (see Section 2.1). In the early expositions of organizational effectiveness (goal models), organizational assessment was limited to the interpretation of results that represent a firm's principal goals. Nowadays, when so many theoretical concepts and business models are being developed, such a narrow interpretation of organizational evaluations is insufficient.

1.4. Other examples of the interpretation of effectiveness in management sciences

Section 1.3 mentioned four basic evaluation categories based on the concept of effectiveness. As can be seen, the interpretation of organizational effectiveness has proven to be the most productive line of research. In this context it is worth presenting other effectiveness-based evaluations.

The category of managerial effectiveness belongs more to the area of the already mentioned individual evaluations than that of organizational evaluations. Therefore it is valid to acknowledge this interpretative direction without providing an in-depth analysis of the shifts in theory. The interpretation originated in the 1960s and 1970s, with P. Drucker (1967), being considered the forerunner of this trend in the interpretation of effectiveness. Managerial effectiveness is interpreted as the optimized managerial style, competences, and behaviour. This problem was addressed by W.J. Reddin (1970), M.S. Kassem and M.A. Moursi (1971), J.J. Morse and F.R. Wagner (1978), A. Enshassi and R. Burgess (1991), and R. Rastogia and V. Dave (2004). As is usually the case, the interpretations of this category have been somewhat chaotic too. As R. Rastogi and V. Dave observe (2004), managerial effectiveness is researched from three perspectives (184, pp. 79-80):

1) traditional/conventional perspective, which stresses the ability to set and attain goals, as it is assumed by default that managerial effectiveness leads to organizational effectiveness,

2) organizational level competency based perspective, which suggests that there is a long-term future orientation that explains external and internal influences on an organization,

3) individual level competency based perspective, which aims to develop generalized transferable managerial skills that can be applied in various domestic and international circumstances.

The last approach prevails in the literature. It is worth noting that the interpretation of managerial effectiveness overlaps with other expositions, particularly those concerning organizational effectiveness. On the one hand, the duality of the interpretation of the notion of effectiveness is observed, and other the other hand, interrelations between the various categories are recognized. For example W.J. Reddin (1970), gave a dual description of effectiveness twice – as the attainment of results and as an organizational managerial style function (105, pp. 382-383) associated with managerial effectiveness. Another example is the interpretation of T. Haimann, W.G. Scott, and P.E. Connor (1985), who pointed to the link between organizational effectiveness and managerial effectiveness. According to these researchers, the first of these two evaluations should lead to

managerial effectiveness assessment (84, p. 610). This allows one to observe the overriding role of organizational effectiveness as an evaluation measure that should be regarded as the ultimate criterion of managerial effectiveness assessment.

Yet another category is management effectiveness. In fact it has not been awarded a particular distinctiveness in theoretical research. Management effectiveness is most frequently equated with goal attainment, as in G.T. Yarnada (1972), D.F. Harvey (1982), H. Koontz, C. O'Donnell and H. Weihrich (1984), J. Jackson (1991), and R.J. Pearce (2000). Another basis for the interpretation of this category is the body of research concerning organizational effectiveness. Management effectiveness has been often described as identical to or coincident with organizational effectiveness, which can be observed in T. Haimann, W.G. Scott and P.E. Connor (1985), J.A.F. Stoner and C. Wankel (1986), R.J. Aldag and T.M. Stearns (1987), K.M. Bartol and D.C. Martin (1991), and R.W. Griffin (1993). Such a convergence of interpretations can be explained by the interrelations between organization and management as scientific disciplines. Most of the interpretations of management effectiveness outlined above are complementary and were given in the context of a different evaluation, that is of efficiency.

The literature often emphasizes the dual nature of management. For example R.J. Aldag and T.M. Stearns (1987), demonstrated the multiplicity of meanings of management effectiveness based on the body of research on organizational effectiveness. Also T. Haimann, W.G. Scott, and P.E. Connor (1985), interpreted management effectiveness in the context of an organization, arriving at the conclusion that the principal goal of management is organizational effectiveness, or the degree to which the organisation achieves its goals (84, p. 13). Meanwhile, K.M. Bartol and D.C. Martin (1991), who presented the broadest interpretation of effectiveness, completing the category not only with result attainment evaluations but also with the choice of appropriate goals and their attainment (16, p. 20). R.J. Pearce (2000), approached the problem in a very similar manner, defining management effectiveness as the attainment of organizational goals by making and effectively implementing decisions (171, p. 191). As the above examples demonstrate, management effectiveness can be seen as identical to organizational effectiveness, which does not imply new measurement methods.

From the viewpoint of the research focus of this publication it is reasonable to address the interpretation of the category of effectiveness in the field of marketing as a firm function and as a management concept. Just as was the case with action and organizational evaluations, quite diversified approaches to the interpretation of the same term can be observed. The literature distinguishes

three approaches to the interpretation of marketing effectiveness, equating it with (129, p. 57):

- marketing orientation,
- production of specific effects, market results,
- goal attainment.

This interest in effectiveness in marketing stems not only from the needs of marketing but also from its place within an organization. As noted by W. Wrzosek (2005), the interest in marketing effectiveness is related to the evaluation of its utility as a firm's operational philosophy (232, p. 17). The approaches to the interpretation of marketing effectiveness mentioned above should be viewed in this context. The marketing orientation approach has an internal character that helps identify the theoretically 'ideal' orientation of a firm's activities. The results-oriented approach is associated with marketing utility as a means of realizing a firm's goals and is an example of strategy operationalization. In the most general terms, strategy operationalization involves demonstrating a relationship between an organization's key evaluations and marketing effects. This problem is significant in as much as marketing results are very diverse. It has become an important problem for marketing not only to measure these effects (results), but also to assess their utility for an organization.

In marketing, the so-called marketing orientation has become one of the most original areas of research. It provided the basis for distinguishing the so-called marketing effectiveness. P. Kotler (1977), equated this type of evaluation with the marketing orientation, i.e. specific behaviour, process characteristics in marketing management. He described marketing effectiveness in reference to another market orientation, defined as sales effectiveness. Marketing effectiveness, as described by P. Kotler, became an evaluation criterion based on an a priori assumption that market orientation reflects the firm's most effective and efficient market behaviour. Both categories – marketing effectiveness and sales effectiveness – are based on the description of different perspectives on the market activities of a firm (see 124, pp. 68-69). The biggest differences between sales orientation and marketing orientation concern the goal of business activity. In the marketing orientation it is profit, while in the sales orientation it is sales. Ultimately, marketing effectiveness depends on a combination of five elements (124, p. 72):

- customer philosophy,
- integrated marketing organization,
- adequate marketing information,
- strategic orientation,
- operational efficiency.

In this interpretation, marketing effectiveness is a general evaluation based on multiple assessment criteria. The interpretation of marketing effectiveness

proposed by P. Kotler can be found in other publications (including D. Norburn, S. Birley, and M. Dunn, 1988, R.W. Eckles, 1990, F. Bradley, 2003). The concept of marketing effectiveness should be regarded as quite original, but it must be noted that it does not refer to organizational goals. Its ideological assumption is that marketing is the most effective orientation of market activities. The ideological character of this evaluation stems from the fact that its interpretation is based on behavioural models (standards). However, due to the theoretical shift that has occurred in marketing in recent decades (see Section 2.2), it is difficult to define marketing effectiveness based on orientation. It is reasonable to propose more 'specific' methods of organizational evaluation.

Some publications identify effectiveness with the creation of specific effects (results). Within this interpretative trend, two approaches to this problem can be identified. At first the problem was associated with the general goal of marketing, that is competitive struggle. Effectiveness was a function of the firm's ability to fight competition. At a later period, effectiveness came to be identified with specific metrics that were financial and non-financial parameters. The second approach was reflected, among other things, in the category of marketing performance.

The literature also provides examples where effectiveness is equated with specific parameters, D.O. McKee, P.R. Varadarajan, and W.M. Pride, 1989, T. Ambler and F. Kokkinaki, 1997, R. Kłeczek, 2012). The proposed sets of effectiveness evaluation measures are diversified in terms of both the number of effects and the type of the metrics themselves. The authors of these interpretations usually base their evaluations on quite different sets of metrics. In this area of research, marketing effectiveness is moving closer to marketing performance. This research tradition has deep roots in marketing, although initially it did not aim to describe the category of marketing performance. One of the earliest publications on the relationships between marketing and performance (see C.H. Sevin, 1965) uses the term marketing productivity. In the early 1990s, research was undertaken on the relationship between marketing orientation and company performance (see J.C. Narver and S.F. Slater 1990, A. Diamantopoulos and S. Hart, 1993, G.E. Greenley, 1995). At the end of the 1990s, explicit descriptions of the category of marketing performance started to appear and attempts began to be made to indicate and classify the measures associated with this category (see B.H. Clark, 1999, N.A. Morgan, B.H. Clark, and R. Gooner, 2002, D.V. Vorhies, N.A. Morgan 2003, T. Ambler, F. Kokkinaki, and S. Puntoni, 2004). A quite extensive body of theory related to this category emerged. Section 2.2 offers a more detailed description of this problem.

1.5. Organizational efficiency and effectiveness – an attempt at a synthetic evaluation of the existing body of research

When summing up the body of theory concerning the interpretation of economic evaluations (of efficiency and effectiveness), it must be noted that the complexity of this problem results from the overlap of the conceptual insights of economics, management, and sociology. The overlap of these research areas has given rise to the multiplicity of the interpretations of efficiency and effectiveness, undertaken from such different perspectives. It is hard to deny the validity of most of the efficiency and effectiveness-based categories outlined above, but in order to understand the essence of economic evaluations, this 'richness' must be redefined.

At this point we must remind ourselves of the importance of scientific theories to the ordering of concepts. We should determine which theories are best suited for introducing order into the interpretations of the concepts of efficiency and effectiveness. Unquestionably we should draw on economic and management theory. Sociological research cannot provide a basis for firm evaluations as firms are economic organizations. This does not mean that we dismiss the sociological problems of organizations.

The already mentioned problem of production coordination (regulation) and resource allocation seems a good starting point in trying to understand the essence of organizational evaluations, one that links organizational evaluations across the fields of economics and management. Efficiency and effectiveness evaluations are mainly associated with coordination through management. On the other hand, a company's behaviour is regulated by the market mechanism (prices). We have presented many examples of the interpretation of efficiency and effectiveness within the framework of management. It is also worth noting that efficiency interpretations have become the basis for administrative regulations in economics. Also in economics, researchers have identified cases of inefficiency by analyzing the efficiency of various market structures (e.g. a monopoly) and assessing a firm's market behaviour (e.g. monopolistic practices).

Under the assumption presented above, it is reasonable to present the following conclusions of the discussed interpretations of efficiency and effectiveness:

1. From the analysis of the body of research, at least two approaches to the interpretation of effectiveness and efficiency can be distinguished: the first involves a complementary, parallel interpretation of these concepts, the second approach defines only one concept; in this approach the interpretation of

efficiency or effectiveness sometimes involves multiple criteria and the defined category is alternative to the complementary approach (e.g. organizational effectiveness).

2. In evaluating the overall body of theory, it should be noted that few publications provide complementary interpretations of efficiency and effectiveness. In the majority of cases efficiency and effectiveness are interpreted separately, which contributes to the fact that the terms are used interchangeably. In effect the body of theory concerning economic evaluations is rather disjointed and confusing, and the interchangeable use of the concepts makes it difficult to grasp the essence of the problem of economic evaluations.

3. Given the multiple meanings of the concepts of efficiency and effectiveness, it is reasonable to propose a complementary approach to their interpretation; economic evaluation is a general action of judging actions of the organization, performed against an established benchmark (e.g. goal or costs). The analyzed examples of the interpretation of efficiency and effectiveness indicate that these benchmarks are variously perceived – given this state of affairs it is even more reasonable to propose the complementary interpretative approach.

4. It is common practice to use adjectives to describe the categories of efficiency and effectiveness (as in marketing efficiency); as a result diverse forms of efficiency and effectiveness proliferate, and the use of an adjective often justifies a different interpretation of evaluations based on the concepts of efficiency and effectiveness.

5. To identify the essence of organizational evaluations it is important to determine the relationship between efficiency and effectiveness. This provides another argument in favour of the complementary approach to the interpretation of organizational evaluations. Yet another way of ordering evaluations is to formulate a synthetic organizational evaluation (SOE, or *sprawność* in the theory developed by the Polish School of Praxeology) which will treat both concepts as complementary aspects of an overall organizational assessment. The absence of a general organizational evaluation can be observed, e.g. in the interpretations of organizational effectiveness as a multi-criteria assessment (see Section 1.3) and in the classification of general systems performance (see Section 1.1). In these interpretations one of the categories is embedded in the other: in the first, efficiency is the criterion of effectiveness, in the second, the reverse is the case. If we adopt an overriding category, an overriding organizational evaluation, efficiency and effectiveness will be regarded as equivalent and complementary evaluations as its criteria.

6. The multi-criteria approach to organizational evaluation is an interesting alternative to the separate interpretation of effectiveness or efficiency. The

problem of multi-criteria assessments is the absence of a benchmark – in these interpretations the problem of evaluation very often coincides with the category of performance. The complementary approach (i.e. the simultaneous interpretation of efficiency and effectiveness), by the very fact of identifying the alternative nature of organizational evaluations, forces one to orientate these interpretations (to indicate benchmarks) – an organization's goal and costs provide such benchmarks in economics and management.

7. Efficiency and effectiveness can be interpreted at the single event level (activity, transaction, or process) or from the perspective of a certain community, i.e. an organization (company, function, or system). It is worth noting that the interpretation of SOE becomes more complicated if an evaluation is made at the organization level, this is because there are multiple approaches to understanding an organization – it can be viewed as a team of people (sociological interpretation) or a set of processes or activities (praxeological interpretation). Evaluations made from the perspective of an organization may not be identical to evaluations made from the perspective of an event; organizational evaluations include synergy effects and other factors that condition events (e.g. choices of goals, actions, processes);

8. It is worth noting that higher-order evaluations concern an organization (firm) conceived as a set of people (sociological interpretation), transactions (economic interpretation), or activities, processes (managerial interpretation). The total cumulation of these interpretations cannot provide a coherent basis for the interpretation of any concepts, including efficiency and effectiveness. It should be noted, however, that goals are the factor shared by all the interpretations of the organization listed above as social groups, transactions, and activities all have goals. Goals and results provide the best perspective for grasping the essence of organizational evaluations.

9. Efficiency or effectiveness can be interpreted on the basis of results (effects) and individual behaviour or structural characteristics (market, organization, or process). In the latter case, structure characteristics are often identified with the potential behaviour of the subjects. From this perspective, it is reasonable to distinguish two approaches to the interpretation of organizational evaluations: the results-based approach and the behavioural approach. Both approaches represent a rather diverse research tradition. A combined description of all interpretations of efficiency and effectiveness makes it much more difficult to indicate the essence of economic evaluations and the direction of their development. It seems that over the whole period a shift can be observed from the behavioural approach to results-based interpretations.

10. The results-based approach offers the basis for formulating *ex-post* evaluations based on the actual results of a firm (or action); the behavioural approach favours *ex-ante* evaluations, but it does not enable one to formulate a final evaluation of efficiency or effectiveness. Both approaches complement each other. The behavioural approach compares behaviour (choices or actions) with the standards or theoretical concepts, while the results-based approach determines a numerical value. Because of its quantitative character, the results--based approach allows one to formulate more unambiguous and final evaluations of efficiency or effectiveness.

The above generalizations may provide a basis for a synthesis of the essence of the problem of organizational evaluations.

The above overview of the categories based on the concepts of efficiency and effectiveness allows us to distinguish two approaches to their interpretation: the results-based approach and the behavioural approach. The evaluation of organizational performance reflects, to the greatest degree, the essence of the problem of coordination through management. In adapting a multi-level system of organizational goals and effects (results and costs) as the basis for organizational evaluations, it should be observed that the essence of SOE is the interpretation of it results (see Figure 1.1).

Effectiveness is the relationship between the results and goals of an organization, while efficiency is the relationship between its results and costs (inputs). The combined interpretation of both forms of SOE allows one to explain the idea of organizational evaluation in the context of coordination by management. The activity of an organization manifests itself in its results. An organization that wants to create its results has two benchmarks; goals and costs. On the one hand, the organization sets itself goals, which provide the basis for its existence and regulate its activities. On the other hand, the members of the organization are aware of the operational costs that determine its existence. These two benchmarks – goals and costs – are the quintessence of the essence of results-based evaluations.

Considering the growing interest in performance, it is reasonable to propose an interpretation of effectiveness as the relationship between an organization's principal goals and their results (horizontal approach), and as the relationship between the organization's goals and other results that are identified with strategic and operational goals (vertical approach). Such broad-based effectiveness evaluations will allow us to combine effectiveness assessment with formulating and reviewing business strategies and models.

The behavioural approach to organizational evaluation involves the interpretation of organizational behaviour (activities, processes, and transactions) and of all the elements determining this behaviour. In this type of evaluations, the

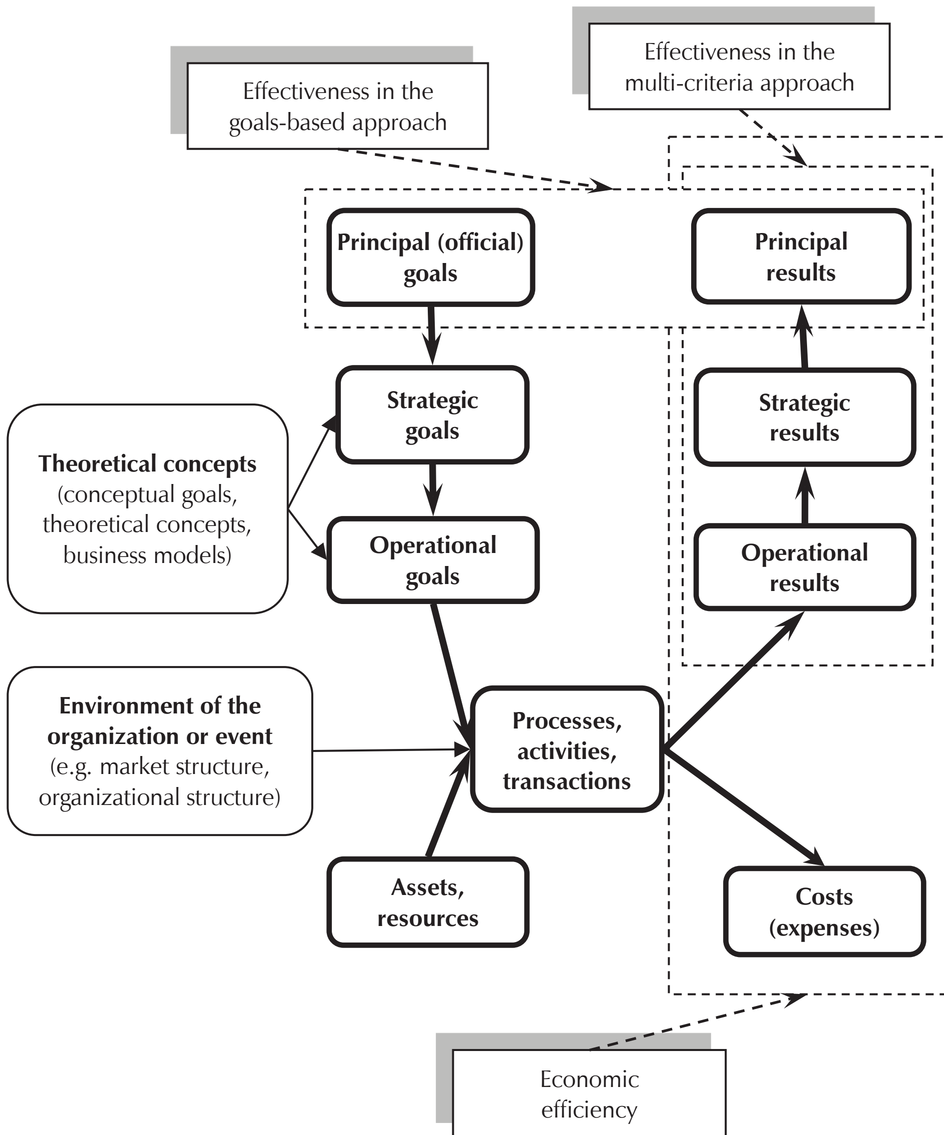

Fig. 1.1. Complementary interpretation of organizational efficiency and effectiveness – the results-based approach

Source: Author's own work.

dominant problem is the problem of the choices made within an organization concerning its goals and the activities and processes associated with these goals (see Figure 1.2).

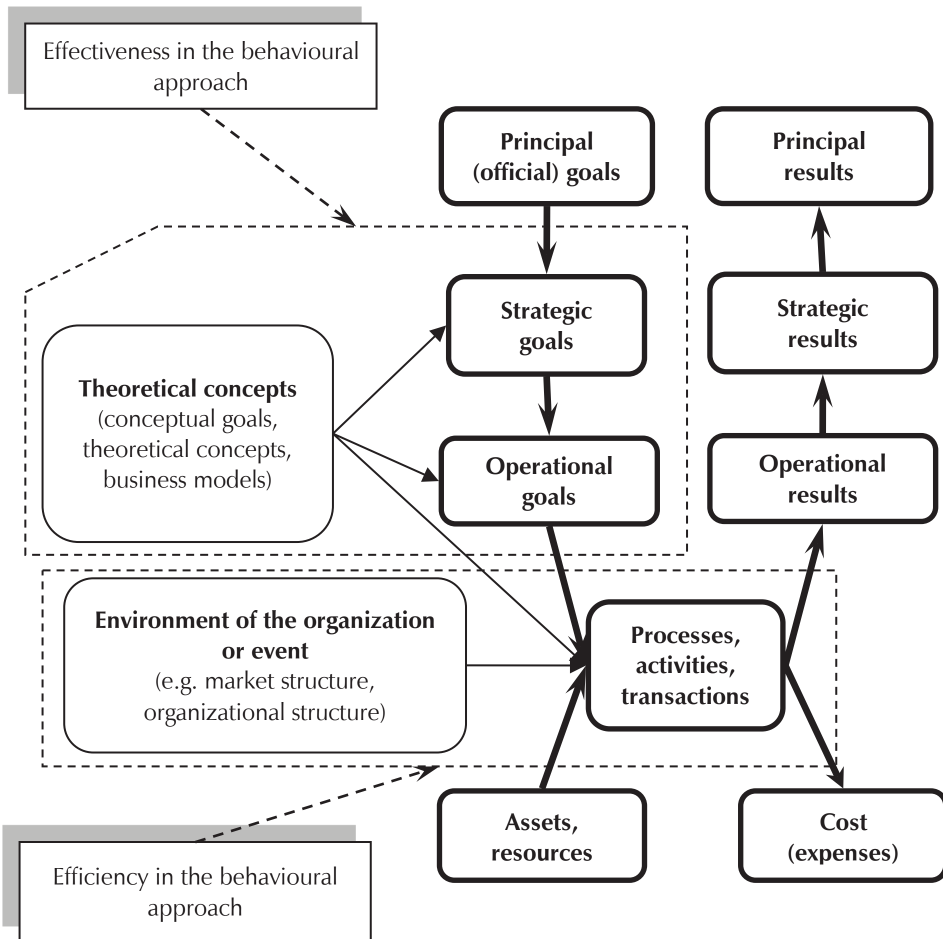

Fig. 1.2. Complementary interpretation of organizational efficiency and effectiveness – the behavioural approach

Source: Author's own work.

It is recognized in the literature that the factors determining the behaviour of a firm include market structure and theoretical concepts. In conducting an ex-*ante* evaluation, it is important to operationalize the task, that is to set operational goals and appropriate activities and processes. The evaluation of these choices (goals and activities) is a key problem for efficiency and effectiveness in the behavioural approach. Effectiveness involves the evaluation of the choice of strategic and operational goals, which are governed by theory. Organizational efficiency in the behavioural approach is associated with the evaluation of the

influence of market structure elements, organizational structure, and management style on an organization's behaviour.

A very interesting example of interpretation is provided by the category of technical efficiency, which, from the perspective of the adopted measurement method, represents the results-based approach, but its final interpretation is determined by structure, that is the choice of entities (firms) that provide a benchmark group for the evaluation of the relationship between outputs and inputs.

In conclusion, it is worth noting that each of the approaches presented above concerns entity behaviour. Both the results-based approach and the behavioural approach are designed to judge an organization and its activities (transactions). Ultimately, the evaluations inform the behaviour that is the essence of coordination through management. The fundamental problem in the interpretation of SOE (efficiency and effectiveness of an organization) is its point of reference which might be provided by results or theoretical concepts (or, alternatively, market structure or organizational structure). Of course, these approaches can be subject to value judgements in organizational evaluation. It seems that an organization's results (its goals and costs) provide markedly less ambiguous evaluation criteria. The multiplying theoretical concepts are riddled with controversy (e.g. 'ideological' controversy), which often makes organizational evaluation ambiguous. Both approaches should be seen as complementary modes of organizational evaluation. The only point to be considered is the order in which they should be applied.

Chapter 2

Marketing and financial effects of a business organization and an evaluation of organizational effectiveness and efficiency

As demonstrated by the literature review, organizational evaluation is a complex problem and its roots can be traced to the cumulative nature of the development of the theoretical frameworks of the subject. The large and still growing number of categories relating to the concepts of effectiveness and efficiency are among the reasons why organizational evaluation is such a complex task. Other reasons include the increasing number of possible measurements of a firm's outcomes. The research conducted for the purposes of the present paper focused on the results of a business organization linked to marketing and financial measures. The above choice is justified by the fact that an organization's level is where two coordination systems (coordination through market mechanism and through management) meet. The above offers a special space for economic evaluations. Market-related activities of business organizations are the domain of marketing. This section of the paper aims to analyse organizational evaluation in the context of the variability of marketing and financial outcomes. The emergence of new areas of measurements relating to market activity of organizations has resulted in a changing range of measurements of organizational performance, thus affecting the ability to evaluate organizational effectiveness and efficiency. Given the intensive development of marketing concepts and the changing performance measurement system, the problem of organizational evaluation has become an interesting object of research because the said evaluations are made against the backdrop of accumulating theoretical knowledge and redefinitions of theoretical

concepts. The problems constituting the subject of the present section have been addressed in an extensive set of publications discussing a wide variety of outcomes, measures and their metrics. The present research focused primarily on the outcomes associated with the marketing activity of a business organization and on the measures representing these outcomes. Literature studies made it possible to observe that the nature of these outcomes and their respective measures has been the dominant theme of theoretical discussions among marketing professionals. The emerging new marketing concepts have created new marketing outcomes and justify their relationship with the results constituting the principal goals of an organization. The above provides a changing background for results-based evaluations of organizational effectiveness and efficiency.

2.1. Variability of organizational goals

Organizational goals are the starting point for any discussion about marketing, in particular for the development of marketing concepts. Marketing as an organizational function should be focused on the organization's goal because this is where its utility for the organization lies.

The accomplishment of an organizational goal is directly linked with evaluations, which was noticed a long time ago by A. Etzioni (1960). In his interpretation, an organizational goal is used as yardstick with which to measure the organization's performance. A goal is thus a reference point for an organization's planned activities as well as for their *ex post* evaluation. However, A. Etzioni noticed that goals are products of culture and organizations are social systems (65, pp. 257-258). As social entities, organizations are multifunctional. As shown above in this paper, the above multifunctionality poses problems for organizational evaluations.

The literature on the subject includes a number of examples of classifications of organizational goals. Their detailed characteristics would exceed the limited size of this paper and would blur the essence of the relationship between organizational goals and organizational evaluations. Therefore the problem has been discussed only in a limited scope.

A. Noga (2011), presents what is probably the most general division of goals and he distinguishes (164, pp. 64-65):

- autonomous goals,
- general goals.

Goals of the first type – autonomous goals – are indispensable for explaining the existence in the economy of businesses as forms of organization. From

a historical perspective, that is from the point of view of the development of human economic activity, companies (enterprises) are forms of organizing human activity and enable the division of labour, which was noted already by A. Smith (1776). Autonomous goals are strictly theoretical and relate to the efficiency of a firm as a form of organization offering a surplus of benefits over costs in human economic activity (cf. 164, p. 68-110). This type of goals will not be a subject of any further theoretical analysis or empirical research in this paper. The reason is that corporate structures prevail as forms of organization of business activity and that a majority of theoretical research on the subject is devoted to business organizations. A discussion might be started on the outlook for firms as a form of organization of human activity. However at this time such discussion may be premature. From the point of view of the interpretation of economic evaluations, an organization is still the main point of reference for marketing research.

Organizational decision-making is associated primarily with the organization's principal goals. These goals are based on concrete parameters (profit, company value, etc.) and serve as an inspiration for developing organizational theory, management concepts and business models. Taking into account the theory of organizations, organizational goals may be split into (see 82, pp. 156-187):

- traditional goals, associated with the neoclassical organization theory,
- goals of managerial theories of the firm,
- goals connected with financial theories of the firm.

Profit is the oldest form of organizational goal and its interpretation dates back to A. Smith (1776). Smith's analysis of small and large industry and of money and price led to the conclusion that profit is a reward for the capital invested and for the supervision and management provided by an entrepreneur (207, p. 59). The significance of profit in economics may be demonstrated by the fact that it is a category used by neoclassical economics to define an organization (82, p. 156).

Profit as an organizational goal has provoked much discussion recently. A number of empirical, economic and ethical objections have been raised in the literature on the subject (82, pp. 161-166). Profit as an organizational goal has also been questioned by, among others, managerial theories of the firm. The above theories have their roots in the so-called 'managerial revolution' caused by the loss of control over enterprises by their owners. As may be observed, the changed status of the 'entrepreneur' was used by R.H. Coase (1937), to define the coordination mechanism based on management ('coordination through the entrepreneur'). Studies of organizational decision-making processes conducted in the 1950s made it possible to formulate alternative theories of the firm which pointed out other possible forms of organizational goals. Under individual theories, the following organizational goals have been distinguished (56, pp. 170--179; 25, p. 233; 82, pp. 174-187; 113, pp. 361-372):

- Satisficing behaviour theory (A.A. Simon) – defines the minimum profit satisficing as the underlying goal of a firm, in particular of its shareholders, guaranteeing share value.
- Baumol's model (1959) – assumes that managers seek to increase their pay and financial benefits, as a result of which they impose sales revenue maximization as the firm's goal.
- O.E. Williamson's managerial discretion model (1963) – assumes that managers tend to maximise their own utility which is a function of management's goal and takes very different forms expressed in both financial and non-financial categories (e.g. an increase in the number of subordinates).
- Growth maximization model (R. Marris, 1964) – assumes that managers seek to increase their security and therefore tend to maximise the firm's growth, treated as equivalent to sales growth, subject to the minimum profit constraint.

As can be observed, at least theoretically, a change in the owner's (the entrepreneur's) involvement in the firm contributes to a change in the firm's goals. Over time, the above change of the role of the 'owner' gained importance, which is demonstrated by replacing 'owner' with 'investor'. This seemingly insignificant semantic change introduced a very important differentiation as regards the form of involvement of capital owners in a contemporary firm and in the economy as a whole. The tendency to take businesses over and to gain real influence on their management was replaced with the trend to use capital understood as a financial investment. In these circumstances, business organizations found themselves under the control of managers, which seems to justify the significance of the economic evaluation of organizations. It is also worth pointing out that some managerial theories formulate organizational goals in the context of their impact on share value (e.g. satisficing behaviour theory). In this case, a selected parameter (minimum profit) is probably not the ultimate goal, but a means of impacting on another outcome of the firm (e.g. share value).

Recently, concepts of organizational goals deriving from financial theories have gained special importance. They have been formulated as the 'maximization of shareholder value'. A. Rappaport (1986), played a key role in stressing the significance of this goal. He listed four factors which the management can initiate in order to engage shareholder orientation (183, p. 3): (1) a relatively large ownership position, (2) compensation tied to shareholder return performance, (3) threat of takeover by another organization, and (4) competitive labour markets for corporate-executives. As can be observed, many of the above factors justifying the new objective of an organization overlap with the argumentation offered in managerial theories of the firm. In his argumentation, A. Rappaport made a critical analysis of the use of other forms of organizational goals. He pointed out

the drawbacks of goals based on financial results (measures of financial performance), that is accounting profit, return on investment (ROI), return on equity (ROE) and earnings per share (see 183, pp. 15-35). In the latter case he criticised the goal derived from the satisficing behaviour theory (of A.A. Simon). Instead of the above-mentioned financial measures, A. Rappaport postulated the maximization of shareholder value as an organizational goal, with which he provoked a discussion on organizational objectives. According to Rappaport, shareholder value should be based on expected future cash flows (see 183, pp. 37-38).

Another classification of organizational goals directly connected with organizational evaluation (and in particular with the assessment of organizational effectiveness) regards goals as understood by C. Perrow (1961). Perrow made a distinction between official goals and operative goals. The literature includes another type of goals, operational goals, which are similar to operative goals but do not include a certain degree of comprehensiveness (172, p. 855). The concept of operational goals was developed by G. March and A. Simon (1958), who proposed distinguishing operational and non-operational goals. G. March and A. Simon understand the 'operationality' of goals as the extent to which it is possible to observe and verify whether the goals are properly implemented (143, p. 78). The difference between operating and non-operating goals consists in the fact that the former enable analysing the outcomes and taking decisions based thereon, while the latter are the result of a continuous bargaining-learning process. When writing about C. Perrow's organizational goal concepts, R.J. Aldag and T.M. Stearns (1987), presented three types of goals (4, p. 176): official goals, operative goals and operational goals. In the context of the above goal typology, the above-described general goals of a firm would correspond to official goals.

For Polish praxeology, goals have become a central point of reference for the interpretations of effectiveness of actions. In general terms, a goal is defined as what the agent aims at through his effective actions (176, p. 32). As part of the praxeology school, various interpretations of goals were offered, which enabled to establish a goal hierarchy, quite important for theoretical reflexions on the essence of effectiveness. From the multitude of goal categories, the most important division is into principal (official) and side goals and into principal (official) goals and intermediate goals. The principal goal refers to the official goal, the goal of the economic activity of an organization. The above goals are the most important motivation for engaging in business activity. All other goals, even if they were formulated as a result of activity planning, have a different meaning and are treated as so-called side or intermediate goals. Intermediate goals are only the means for the accomplishment of the official goal, and side goals may also serve

as a motivation for action, but they do not constitute a motivation of equal force as do principal goals. The official goal is accomplished through the implementation of intermediate goals. The interrelationship between these goals (official and intermediate) is a condition of effectiveness. The hierarchy of goals is created on the basis of the above relationship. In accordance with the assumptions made by praxeologists, a goal may not relate to costs. A goal relates to a thing's condition regarded as purposeful (240, p. 224). Cost represents a result of an action and is an 'intentional sacrifice' made as a result of action directed towards a goal.

The views of the Austrian school on goals in economics should be mentioned, as the Austrian school presented another and very important view on the application of praxeology in economics. According to L. von Mises, the task of economics is not to tell people what their goals should be, but to show them what means should be used to accomplish these goals (157, p. 8). As can be seen, both praxeology schools raised a similar problem regarding the relationship between an individuals' goals and the means to accomplish them (in the case of the Polish praxeology school, intermediate goals were regarded as the means of action). A characteristic feature of the Polish school of praxeology is the formulation of categories of assessments (efficiency, effectiveness and profitability), which served as a basis for evaluating the results of an individual's actions.

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Finally, it is worthwhile to confront the theoretical work regarding organizational evaluations (in particular the interpretation of organizational effectiveness) with views on organizational goals. The strategic constituencies model (see T. Connolly, E.J. Conlon and S.J. Deutsch, 1980), emphasises the variability of assessments resulting from the competition between various interest groups. On the other hand, theories of the firm describe organizational principal goals from the perspective of only two groups of interests and from no others. These two groups are owners (shareholders) and the management. The above indicates the limited utility of the strategic constituencies model for evaluations of business organizations. The significance of economic results seems to be undisputed in a firm, although various stakeholder groups may perceive the organization as a means for the accomplishment of their particularist goals, including non-economic goals.

The forms of principal goals presented in the theories of the firm should limit the utility of the multi-dimensional approach to organizational effectiveness. The limited number of the forms of goals and the above-presented division into official (principal) goals and operative (intermediate) goals are important not only for the interpretation of effectiveness but also for measuring organizational

performance and for discussing marketing concepts. For marketing concepts, organizational goals serve as points of reference, as well as the relationship between various outcomes of actions and the principal goals of an organization.

The problem of an objective measure for organizational assessments may be another subject of interest. The recently emphasised examples of organizational goals are measures assigned to individual interest groups (owners and managers). For these groups an organization is a means for the pursuit of their individual goals. One can consider if these goals reflect the essence of the true effectiveness of an organization. In the past an organization's owner was at the same time its manager (an 'entrepreneur'). The goal of the organization was identical to the goal of the owner-manager. Currently, organizational goals seem to be a resultant of interests of two groups of interest.

2.2. Development of marketing concepts

Before a description of assessments based on financial and marketing outcomes can be made, it is worthwhile to consider the theoretical basis for such interpretations. The problem should be analysed from two points of view: the relationship of marketing with economics and management and the development of marketing itself as a theoretical concept.

As one of the organizational functions, marketing is obviously connected with management from which it took over first of its all focus on organizational goals, as well as the management procedure, the economic assessment concept and multi-level decision-making processes (strategic and operational decisions). The above management problems in marketing are discussed in nearly every handbook on the fundamentals of marketing or marketing management. Organizational goals directly translate into an organization's market activity, which in turn is reflected in theoretical marketing concepts. It is market activity that is seen as the platform for the implementation of organizational goals. What seems especially important is the fact that the market behaviour of an organization is on the one hand coordinated by the market mechanism and on the other hand is an effect of coordination based on management. The problem of organizational evaluations should be placed in the latter context. The organization receives information from the market (in which marketing plays quite an important role), but owners and managers of the organization formulate its goals and operationalize them. Ultimately, they assign values to the activities, processes and transactions occurring within the organization.

The relationship between marketing and economics has been interpreted less frequently. According to A. Hatton and M. Oldroyd (1992), the roots of

marketing are embedded in economics, because both disciplines deal with people and markets and are interested in consumer behaviour and in exchange processes (90, p. 7). Like economics, marketing concentrates on a similar problem relating to the availability of limited resources for satisfying unlimited human needs and wants. In relation to economics, marketing uses practical solutions and seeks to solve the problem at micro level (90, pp. 12-18). Thus, economics provides models demonstrating the dependencies between demand and supply and interprets these models, among others, in relation to specific market structures (perfect competition, monopoly, etc.).

In their characteristics of the sources of marketing theory, W. Alderson and R. Cox (1948), also point to the relationship between various economic theories and marketing. In their opinion, a special role was played by the theory of imperfect (monopolistic) competition represented by E.H. Chamberlin, J. Robinson and R. Triffin. They noted the importance of product differentiation as well as utility of time and place (5, p. 144). In the latter context, it is worthwhile to note that the ideal state of the market defined by economics, leading to the Pareto optimum, relates to perfect competition. This is a situation when there are many entities on the market and none of them has a competitive advantage, products are not differentiated, and price is the main regulator of market behaviour and of allocation of resources. From this point of view, the above-indicated relationship between marketing and the theory of imperfect (monopolistic) competition must pose a problem for efficiency assessments from the perspective of economics.

The search for the relationship between marketing, economics and management has resulted in the emergence of macromarketing and micromarketing. The former is focused on the relationship between the marketing system and the economics system and on its impact on society. Micromarketing, on the other hand, deals with individual entities represented by organizations and consumers and studies their activity (94, pp. 13-15). The research and popularizing activity of representatives of marketing relates more to the activity of entities (especially businesses) and this is where the essence of the relationship between marketing and the assessment of organizational effectiveness and efficiency lies. This short summary serves as a good starting point for illustrating the development of marketing concepts.

The market activity of an organization is equated with marketing. The special role of marketing was noted already by P. Drucker (1954), who pointed to marketing and innovations as two main functions of result-producing business units (59, p. 57).The roots of marketing are embedded in the first decade of the 20th century, but the managerial strand was not discussed for many years.

Originally, marketing was described through the so-called approaches to marketing (126, pp. 9-10) or schools of marketing (220, pp. 11-12). The origins of the interpretations of marketing as an activity concept date back to the end of the 1940s and the beginning of the 1950s (see 226, p. 2). In later years there were many attempts at formulating various marketing concepts, and those efforts to update them continue to this day. A full picture of the diverse interpretations of marketing was compiled by K. Crosier (1975), who identified three ways of defining marketing (12, pp. 5-6).

Seeing marketing as a concept or philosophy of action is the approach that will be further pursued in this paper. Most often, marketing concepts are identified with a business philosophy, or a model of action. They are described through the prism of goals of actions and through means of their accomplishment. When the marketing concept was initially defined it was seen to be relatively homogeneous. The beginning of the 1990s saw an agitated discussion over the goals and general guidelines for marketing. These discussions resulted in the development of new business philosophies based on marketing. Among all the proposed marketing concepts, three seem to have had the greatest impact on contemporary marketing practice. They are the concept of strategic marketing, relationship marketing and value-based marketing (129, p. 159). They stand out in the sense that they relatively significantly changed marketing philosophy. The criteria that may serve to describe the changeability of these marketing concepts include (see Figure 2.1): the relationship between marketing and the principal goals of an organization, marketing strategic goals and the range of means (instruments) integrated under the marketing function.

The first interpretations of the marketing concept were limited to distinguishing such features of marketing as: customer orientation, marketing-mix (4P concept) and profit-oriented activities. Similar interpretations may be found in definitions of marketing (e.g. T. Levitt, 1960, E.J. McCarthy, 1960, Ohio State University, 1965) and in definitions of the marketing concept (A.P. Felton, 1959, P. Kotler, 1965, M.L. Bell and C.W. Emory, 1971, H.C. Barksdale and B. Darden, 1971, C.P. McNamara, 1972). A majority of the above publications stressed that customer satisfaction is the key outcome of marketing and one that ensures the achievement of organizational goals.

At that time, two approaches to the interpretation of marketing could be noticed. The first described the behaviour of an organization using a marketing concept. For example, M.L. Bell and C.W. Emory (1971), regarded customer orientation as a distinguishing element of the marketing concept. To them the marketing concept is totally operational and customer orientation relates to the philosophy of action (18, p. 39). In that period a marketing orientation that

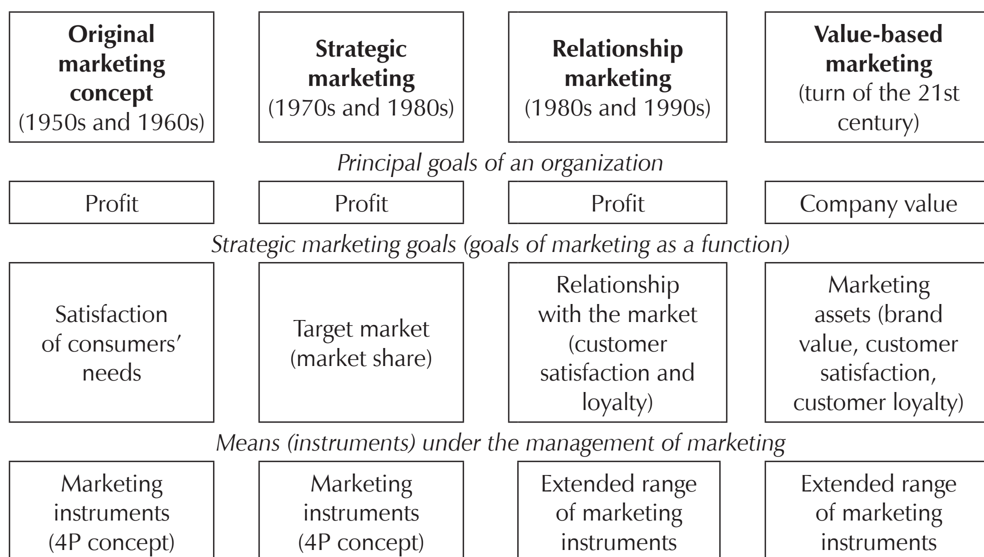

Fig. 2.1. Key elements of marketing concepts

Source: W. Kowal, *Kontrola skuteczności marketingowej – problem zmienności interpretacji i pomiaru*, Series: Monografie i Opracowania no. 196, Prace Naukowe Uniwersytetu Ekonomicznego, Wrocław 2010, p. 160.

reflected the degree of implementation of the marketing concept became an important research problem (115, p. 1). Using the opportunity of the above research (*post hoc*), other orientations were formulated, used for comparisons with marketing and to represent a lower level of development of an organization's market orientation. Thus, production orientation, product orientation and sales orientation emerged in the literature on the subject. Sales orientation was most often used as a point of reference for demonstrating the essence of the marketing orientation.

The second approach based its interpretation of marketing on the outcomes of activities. For example, R.F. Lusch, J.G. Udell and G.R. Laczniak (1976), characterised the marketing concept through the prism of such outcomes as (140, p. 66): (1) customer satisfaction, (2) profit, (3) profitable customer satisfaction. Two of the above elements were of key significance: profit for the organization and customer satisfaction. The latter effect was to be a means for the accomplishment of profit as the organization's principal goal. Under this approach, profit was the measure of success at the level of the organization and customer satisfaction was the measure of success at the level of marketing as an organizational function.

The concept of strategic marketing is the first attempt at developing the original marketing concept and is connected with the development of strategic management. It emerged as a result of discussions about the place of an organization (and its goals) in the marketing concept itself. It was I. Ansoff (1965) who questioned the manner of defining business mission proposed by T. Levitt (1960). He concluded that the definition of business mission through consumer's needs is too broad and does not take into account the technical capabilities of firms and their ability to respond to consumers' needs (see 226, p. 33). The development of strategic management did not become an immediate impulse for the development of the strategic marketing concept. This only took place in the 1970s and 1980s. The authors who participated in the discussion about strategic marketing concepts included A.G. Kaldor (1971), R.C. Bennett and R.G. Cooper (1979), F.E. Webster (1981), Y.Wind and T.S. Robertson (1983).

A.G. Kaldor (1971), pointed out the difficulties in the implementation of the marketing concept of T. Levitt and P. Kotler. Among them was the fact that a business is free to choose the market it wants to serve. A.G. Kaldor authored the imbricative marketing concept and indicated the conditions necessary for the adequate operationalization of marketing (see 101, p. 24). He distinguished the organization's goals from market needs and subordinated market needs to organizational goals. The implementation of marketing required an analysis not only of market needs and of organization's goals, but also of the firm's capabilities. A.G. Kaldor proposed to formulate a marketing strategy.

R.C. Bennett and R.G. Cooper (1979), concluded that a focus on consumer needs (they used the term 'market pull') is one of the ways to orient an organization's activities, with the alternative being the development of technology ('technology push'). The above enabled them to propose a conclusion that an organization needs to become oriented on itself (19, pp. 76-77). It is owing to the strategic concept that an organization relates to its problems and additionally benefits from market synergy. Y. Wind and T.S. Robertson (1983), raised the problem of the interdisciplinary isolation of marketing. They saw a solution to this problem in the strategic concept, as it required the development of relationships between various business functions (229, p. 14). It is worthwhile to note that the problems of relationships between various organizational functions have not lost their validity today. Strategic marketing has brought a number of analyses to the focus of the marketing concept (e.g. competitive advantage analysis, product cycle analysis), but first of all it stressed the problem of the target market on which the marketing effort should be focused. The most effective way of accomplishing the principal goal of an organization was to concentrate efforts on large and dynamically growing market segments which were able to ensure growth and, consequently, a high market share.

In the strategic marketing concept formulated as above, strong emphasis was placed on the problem of the coordination of the organization's activities based on management. In strategic marketing, competitive advantage and responding to market developments (classified as threats and opportunities) were the two most important aspects of marketing activities. Both aspects were new relative to the original marketing concept where the essence of marketing activities related to the consumer, the consumer's needs and the requirement to satisfy these needs. Under the strategic marketing concept, activities were conditioned not only by the price mechanism but also by competition and changes in the environment, offering a better or worse outlook for the organization. Thus, analysis of the environment and the adaptation to the existing market opportunities have become important aspects of the strategic marketing concept.

The impact of strategic marketing was also seen in marketing outcomes. The problem of influencing an organization's profit had been the subject of research long before the strategic marketing concept emerged (e.g. J.S. Bain, 1951). A majority of the interpretations offered at that time pointed to market share as the key means for the achievement of organizational goals. Market share indirectly refers to the experience curve which reflects the economic benefits of an organization derived from the scale of production (activity), more precisely it reflects the relationship between cumulative production volume and total unit cost. The so-called PIMS surveys (Profit Impact of Market Strategies) (39, p. 714) were devoted to confirming the above dependency between market share and profit. The reliance on that dependency was so strong that it was claimed that 'it is market share and not profit that is the driving force and central problem of strategy' (206, p. 53).

PIMS surveys should be regarded as one of the earliest attempts at identifying the interdependencies between various marketing outcomes. The main idea behind the PIMS research project was to understand the profit performance of a business under various competitive conditions (196, p. 137). On the basis of the questionnaires conducted, the following key strategic factors have been identified as capable of increasing market share (29, p. 138):

- increased activity as regards new products,
- increase in relative quality of the product,
- increased expenditure on sales force, advertising and sales promotion.

The model formulated to reflect the above dependencies (see 30, p. 8) included the relationship between three factors: quality, market share and profitability as its key elements. Attention should be paid to the relative nature of the postulated assessments, that is to the fact that each of the above factors is described in relation to competition. The model reflects the interdependencies

between the ‘relative’ scale of operations and market share and between profit and the ‘relative’ price and ‘relative’ costs. The range of dependencies set out as above served as a comparatively straightforward basis for organizational evaluations. The results had to be better than those of the competitors. Most often they were linked with the scale of operations. Companies intensified their marketing activities, which was reflected in their marketing budgets. When one observes contemporary marketing, one may get the impression that this type of behaviour is still practiced today.

In the 1980s and 1990s, the idea of an interdependence between market share and profit and profitability, so fundamental for the strategic marketing concept, was criticised. The problem was commented on, among others, by R. Jacobson (1988) and A.L. Slywotzky, D.J. Morrison and B. Andelman (1997). R. Jacobson directly questioned the correlation between market share and profitability (97, p. 77). A.L. Slywotzky, D.J. Morrison and B. Andelman (2000), on the other hand, defined market share as a potential ‘no profit zone’ (206, p. 20). In their opinion, the revaluation of market share was a result of the fact that technology advances and the inflow of venture capital have reduced barriers to entry and costs (206, p. 54). In place of the existing concept, they proposed that organizations design their own business models which should be composed of the following four strategic dimensions (206, pp. 26-27): (1) customer selection, (2) value capturing, (3) strategic control, and (4) range of operations. Business models formulated as above were to reflect the strategic ideas, tailored to the requirements of the specified organization. Thus SOEs were linked to performance evaluations.

Relationship marketing forms an alternative to strategic marketing. The difference lies in the different mechanism adopted in relationship marketing for creating the firm’s results. The relationship marketing concept criticises such elements as the general goal of marketing and the range of marketing instruments. The application of the marketing concept to sectors involving industrial goods and services was the direct stimulus for the development of relationship marketing. It was first defined by L. Beery (1983), but it became really popular as a marketing concept only a decade later. Under relationship marketing it was claimed that the best way to pursue the principal goal of an organization – which was still profit – is to build long-term relations with the organization’s customers, with such relations being a consequence of customer satisfaction and loyalty.

The 1990s turned out to be the most creative period for relationship marketing. The concept of relationship marketing was interpreted among others by C. Gronroos (1989), E. Gummesson (1994), K. Rogoziński (1998), M. Szymura-Tyc (2000) and J. Otto (2001). Numerous publications criticised the following elements of classical marketing (170, p. 42):

1) theoretical foundations of the traditional marketing concept (including primarily the 4P concept),

2) excessive generalizations (associated mainly with consumer goods marketing),

3) orientation on production and not on the customer,

4) concentration of marketing activities on the transaction.

The above direction of criticism has its deep justification, especially in the area of marketing of services. Upon the emergence of marketing of services, the 4P (marketing mix) concept has become a significant problem in the adaptation of traditional marketing. Authors of early publications on services marketing stressed first of all the specific features of services in relation to the classic concept of a product (as a durable, physical good).

The development of relationship marketing did not result only from the problems connected with the adaptation of the marketing mix. The specific features of the selling situation in services, involving the significance of repeatable (routine) purchases, provided special grounds for the development of the concept. As a result, the focus of marketing was shifted from the single act of purchase (transaction) to relationships. The bond with customers contributes to lowering marketing costs and to customer retention, i.e. to the effect known as 'six times more' described by Rosenberg-Czepiel (see 61, p. 55). The above effect shows how much more expensive it is to attract a new customer than to retain an existing one. This is due to the fact that the long-term servicing of a customer is cheaper and the customer spends more on product purchases. Later research did not always confirm the above customer behaviour. For example, surveys conducted by East, Hammond and Gendall (2006), showed a weak correlation between tenure and spending (see 61, pp. 56-58). Such correlations were observed only with respect to some of the analysed sectors. A weak correlation was also observed between the tenure of a customer and the referrals provided by such a customer.

Relationship and bond are among the key concepts of relationship marketing. E. Gummesson (1994), postulated replacing the concept of marketing instruments (4P) with the category of relationships, or more precisely '30Rs' (81, pp.12-14). Customer satisfaction is the foundation of all relationships and it must be monitored by the organization (see 86, p. 12; 177, p. 78). In light of the above it can be observed that relationship marketing is interested primarily in the existing customers. Satisfaction from previous transactions is the key determinant of developing relationships and of generating benefits in the form of higher customer profitability. P. Kotler (2004), pointed out that relationship marketing is a transition from thinking solely in terms of competition and conflict towards thinking in terms of interdependence and cooperation (127, p. 106).

K. Storbacka, T. Strandvik and C. Gronroos (1994), demonstrated the three most significant outcomes serving as a basis for the idea of relationship marketing: profit, customer satisfaction and quality (of services) (213, p. 23). Quality determines customer satisfaction which is the principal condition for the durability and strength of the relationship. It is from the above dependencies that an organization generates an outcome taking the form of relationship profitability. It is worthwhile to point out that in the 1990s, quality was a relatively important area of interest of theoretical services marketing.

E.W. Anderson and V. Mittal (2003), formulated the satisfaction-profit chain, in which they identified four elements (outcomes) of the implementation of the marketing process, namely (8, p. 107): performance on various attributes, customer satisfaction, customer retention and profit. As a result of the study conducted, the authors attempted to demonstrate the interdependencies between the above outcomes. Also the business model developed by J. Egan based on relationship marketing reflected the relationships between satisfaction, customer retention and organizational profitability (65, p. 102).

In the following years, scholars such as K. Matzler, H.H. Hinterhuber, C. Daxer and M. Huber (2005) as well as V. Mittal, E.W. Anderson, A. Sayrak and P. Tadikamalla (2005), explored the dependencies between customer satisfaction and shareholder value. On the basis of the research conducted, K. Matzler, H.H. Hinterhuber, C. Daxer and M. Huber concluded that (148, p. 679): (1) there is a positive relationship between customer satisfaction and shareholder value, (2) the strongest relationship between customer satisfaction and shareholder value is three quarters after the measurement of customer satisfaction, (3) the strength of the relationship is not affected by turbulence on financial markets, and (4) it is reasonable to assume that there exists an optimal level of customer satisfaction. V. Mittal, E.W. Anderson, A. Sayrak and P. Tadikamalla, on the other hand, formulated an effects model showing the relationships between customer satisfaction and company value. In their interpretation, customer satisfaction produces first of all an effect taking the form of increased sales revenues which, together with cost reduction (so-called interactive effect), translates into shareholder value (156, p. 546).

Value-based marketing is another proposed interpretation of the marketing concept. The literature on the subject includes two ways of defining the concept of value-based marketing. Some authors derive the concept from the category of utility or value to the customer (e.g. D. Walters, G. Lancaster, 1999), while others associate it with shareholder value (e.g. P. Doyle, 2000). The latter interpretation disputes nearly all the key elements of the earlier marketing concepts. First of all, a different point of reference for marketing activities was offered, namely a new

principal goal of an organization. It was proposed to reorient marketing toward the needs of the shareholders. The indirect effects of marketing, characterised as marketing assets and identified, among others, with brand equity and customer loyalty, have become still another aspect of the changes in the concept of value-based marketing.

D. Walters and G. Lancaster (1999), based their vision of value-based marketing on the category of utility to the consumer, which they associated with maintaining a more-than-satisfactory level of service for a product through its life cycle (223, p. 697). In this way they stressed the relative aspect of providing value to the buyer (more-than-satisfactory). However, it is not a very far-reaching proposal of changes in the marketing concept.

P. Doyle's (2000) concept of value-based marketing is a reference to shareholder value regarded as a new vision of an organization's goal (A. Rappaport, 1986). The above problem became a subject of interest of marketing back in 1988. G. Day and L. Fahey (1988), postulated the study of the relationship between marketing and shareholder value. Also R.K. Srivastava, T.A. Shervani and L. Fahey (1998), took interest in the same problem. In their conclusion they noticed that marketing resources may serve as a bridge between marketing and shareholder value (209, p. 3). Although they did not define the concept of value-based marketing, they noticed a new point of reference.

For P. Doyle, the attempt to counteract the diminishing role of marketing in an organization was the main motivation behind developing a new marketing concept. He saw the causes of the crisis of marketing first of all in its goals. Doyle pointed to the fact that the traditional goals of marketing were focused around efforts to exceed competitors in the satisfaction of customers' needs, which was supposed to translate into a good financial result. In his definition of marketing, Doyle described it as a process focused on maximising shareholder return (57, p. 29). As regards marketing strategy, P. Doyle proposed to focus on the so-called marketing assets defined earlier (1, p. 13). In light of the above definitions, it should be pointed out that marketing assets refer to competitive battle and to the pursuit of marketing strategy and constitute factors determining the organization's effectiveness and efficiency in this battle.

The interpretation of marketing assets is still not unequivocal. R.K. Srivastava, T.A. Shervani and L. Fahey (1998), distinguished two types of assets (209, pp. 4-5):

- relational market-based assets,
- intellectual market-based assets.

To these authors, the organization's results and the knowledge the organization has about its environment are assets. The first type of assets are the results of relationships between a firm and its key stakeholders, while the other one is the

organization's knowledge about its environment. Thus their concept of assets also includes intangible assets. R.K. Srivastava, T.A. Shervani and L. Fahey note that the following are the most frequent proposals of examples of market-based assets (209, p. 5):

- brand equity,
- customer satisfaction,
- management of strategic relations.

As proposed by R.K. Srivastava, T.A. Shervani and L. Fahey, the marketing concept is presented as a relationship between assets and outcomes analysed from the point of view of market or shareholders. The interpretation of marketing assets is very interesting in this approach. Both the brand and the relations with the existing customers are treated jointly as 'customer relations'. According to P. Doyle, there are two key marketing assets – customer loyalty (due to good relations) and strong product brands. They belong to the so-called reputational assets.

The brand value chain (K.L. Keller and D.R. Lehmann, 2003), and the chain of marketing productivity discussed by R.T. Rust, T. Ambler, G.S. Carpenter, V. Kumar, R.K. Srivastava (2004), may serve as other examples of the relationship between marketing assets and shareholder value. The first of the above 'chains' is focused on creating value through the brand (109, p. 28). Brand value is created primarily through the firm's activities and through customers' responses to these activities. On the other hand, the results of the brand which serve as a basis for interpreting its value are shaped by the customer's idea, as well as by an external factor – market condition. Consequently, brand value determines the firm's principal goal – shareholder value. The second of the 'chains' presents a more holistic approach to the problem of marketing performance and will be presented further on in the paper.

On the basis of a review of the above-mentioned publications, it can be observed that the value expressed by previous interpretations of marketing has been treated as a traditional one, not connected with the stream whose goal is to create market-based assets and to provide shareholder value. The new approach places a much stronger focus on the relationship between marketing and finance.

A review of various publications on marketing yields many other variations of marketing terms using a number of different adjectives. It is hard however to treat them on an equal footing with strategic marketing, relationship marketing or value-based marketing. Most often they introduce an additional context or perspective for the interpretation of a firm's marketing efforts. Thus the fact that the number of new theoretical frameworks is growing complicates the understanding of the essence of marketing as a concept of action. For this reason

the majority of such types of marketing have been omitted here. However, from the point of view of the philosophy of influencing the customer, it seems justified to provide characteristics of the emotional context in marketing. In extreme cases, these interpretations have taken the form of new fields of marketing (so--called emotion marketing), or even a separate discipline, the so-called emotionomics. It is hard to define the above new propositions as concepts because they lack completeness of interpretation as a business philosophy of the firm. Their biggest advantage is the fact that they try to demonstrate the emotional context in consumers' behaviour and in a firm's operating strategies. Emotions have been the subject of interest of marketing for a long time, but until now they have been incorporated in the process of the consumer's rational choices. In a way they complement the consumer's cognitive process. Currently the problem of emotions in human decisions is being raised again because there is a growing number of arguments to support the view that emotions play a key role in these decisions (see A. Damasio, 2003/2011, M. Galdwell, 2005/2007, K.D. Vohe, R.F. Baumeister and G. Loewenstin, 2007). The new ideas have been, as a whole or in part, based on the above assumption. Therefore emotions may become the strategic problem of marketing. Thus a wholly new research field has emerged in marketing, and maybe in economics in general, relating to the fundamental assumptions for both of them, that is to the consumer's rationality. It is worthwhile to point out that the above undermines the theoretical foundations of the entire field (economics).

The existing theoretical frameworks distinguish three concepts regarding the role of emotions in the consumer's decision-making process (27, pp. 1251-1260):

- irrational weigher – asserts that consumers misled by emotion make bad choices,
- rational maximizer – asserts that useful information about a product has an impact on the decision-making process through emotions,
- cognitive miser – asserts that emotions are used to minimise cognitive decision-making costs.

The first of the above conceptions is the oldest view on the role of emotions in decision-making. It is associated with the publication by R. Brown (1948), on the impact of persuasion of advertising on purchasing behaviour (27, p. 1253). The above view reflects the still persisting stereotype on the role of emotions in customers' purchasing decisions. The remaining two concepts indicate the link of emotions with the customer's cognitive process. Under the rationality maximization concept, emotions are seen to have a complementary role in the consumer's decision-making process. Under the last of the above-listed concepts, emotions are seen as a kind of substitute for the consumer's cognitive process.

A majority of the previous conceptual work in economics and marketing rested on the assumption that consumers' behaviour patterns are intentional (purposeful) and rational (see 25, pp. 334-340). It was assumed that the consumer has information or seeks to obtain complete information about the offers available on the market. It was also assumed that the customer maximizes the utility of the purchase, motivated by expected value. The decision-making theories and models assumed that customer behaviour is a function of information and utility. For example, J. Raz (1975), associated consumers' deliberate behaviour with their (168, p. 56):

- goals and needs,
- criteria of brand evaluation and selection.

Thus purchasing decisions had logical points of reference such as Maslow's hierarchy of needs. The idea of purposeful and deliberate consumer behaviour was also reflected in consumer behaviour models (cf. F.M. Nicosia, 1966, W.H. Cunningam, I.C.M. Cunningham, C.M. Swift, 1987, P.D. Bennett, 1988, E.J. McCarthy, W.D. Perreault, 1990, W.J. Stanton, M.J. Etzel, B.J. Walker, 1991, J. Roberts and G.L. Lilien, 1992, C.L. Bovee, J.V. Thill, 1992, E.N. Berkowitz, R.A. Kerin, S.W. Hartley, W. Rudelius, 1994, P. Kotler, G. Armstrong, J. Saunders, V. Wong, 2002), theory of planned behaviour (cf. I. Ajzen, 1985) and models of consumer decision-making process (cf. L.G. Schiffman, L.L. Kanuk, 1987). A typical example of rational behaviour may be found in the model proposed by J. Roberts and G.L. Lilien (1992), in which five stages have been identified (139, pp. 25-28): need arousal, information search, evaluation (including product perception and attitude), purchase and post-purchase. This model fully reflects the rationality of the consumer who, after having felt the need, starts to search for information and evaluates the available options.

L.G. Schiffman and L.L. Kanuk (1987), presented the consumer's decision--making model as a system including input, process and output (cf. 194, p. 634). In the above model, the aforementioned need recognition, information search and evaluation of alternatives form part of a stage of the process that is complemented by psychological and personal factors as well as by experience. The act of purchase and post-purchase evaluation are the output stage. Thus the decision-making process and behaviour are practically identical as in the previous model, with psychological factors complementing the rational choice process.

F.M. Nicosia (1966) sees consumer behaviour in the context of the communication taking place between the firm and the customer. He breaks down consumer behaviour into four fields: the first one is associated with the impact of information from the firm on the consumer's attitudes, the second one with the evaluation of available purchase options, the third one with the purchase

and the fourth one with feedback. The above behaviour patterns lead to attitudes, motivations, purchase behaviours and consumer's experience (163, pp. 32-33). Nikosia sees the entire consumer behaviour process in terms of two loops. The first one (the so-called firm's loop) is connected with responses to the messages from the firm to the consumers and with the feedback, while the second one (the so-called consumer's loop) is connected with the customer's responses before and after the purchase (163, p. 30). In this context, it is worth noting that the consumer loop does not include the first field of the consumer's behaviour (connected with the impact of the message from the firm on the consumer's attitude). The customer's attitude is based on his/her experience gained from previous purchases.

C.D. Schewe (1987), proposed a different view of the problem and described the consumer decision-making process using the Hierarchy of Effects Model developed by R.J. Lavidge and G.A. Steiner (1961). In this interpretation, the process includes the following stages (states of the consumer): no awareness of product, awareness of product, knowledge about product, liking for product, preference for product, intention to act on preference and exchange (193, p. 200). Obviously one can observe a high degree of similarity between the consumer's purchasing process and the Hierarchy of Effects Model. However, the main difference lies in the fact that decision-making models include the consumer's behaviour (e.g. information search) as an additional element of the process, which serves as a basis for maintaining the rationality principle. The Hierarchy of Effects Model, on the other hand, places the main stress on the states of the consumer resulting from the effect of advertising. It should be noted that in contemporary frameworks, these states of the consumer are associated with marketing assets.

The literature on the subject includes examples which were wrongly associated with irrationality. Such purchasing behaviour was justified by habits (e.g. J. O'Shaughnessy, 1994, T. Tyszka, 2004, R, East, M. Wright, M. Vanhuele, 2011). These situations were associated with the modified reactions of the consumer caused by the available purchasing options or by a reward. The classification proposed by L.G. Schiffman and L.L. Kanuk (1987), even included an emotional model but it was based on the role of impulse in decision-making.

The idea of expected value serves as another explanation of rational behaviour. These interpretations pointed out that human choices are determined by wealth and by change in wealth relative to the original state (100, pp. 373-374, 208, p. 180). Recently the idea of rationality has been juxtaposed with the prospect theory formulated by D. Kahneman and A. Tversky (1979). As a matter of fact this

is not very well justified. The research conducted by Kahneman and Tversky added psychological factors relating to loss aversion to the evaluation of the consumer's end result (evaluation of expected utility). In this way, they pointed out the impact of perception, judgements and emotions on the processes of evaluations of the consumer's end result.

New ideas are reflected in theories such as emotion marketing and emotionomics. The former reflects more 'softly' the emotional aspect in consumer's responses. The Value Star^{SM} model includes the essence of emotion marketing. It describes the components that reflect the emotional and rational side of value to the customer. They are (186, p. 22): equity, experience, energy, product and money. The first three are the so-called Emotional E's, which means they represent the emotional side of the value to the customer. Thus the above proposal is an attempt at combining the rational and the emotional aspects of the consumer's decision-making process.

D. Hill (2007), rests his idea of emotionomics on more revolutionary assumptions. In his proposal the main analytical tool is the Emotionomics Matrix which illustrates the multifaceted nature of human behaviour, initiated and shaped by a combination of motivations and emotions (88, p. 122). Motivations have a special place in this matrix and serve as a permanent point of reference for the emotions identified. From this perspective, he formulates suggestions regarding the use of marketing in branding, product design, advertising, sales and customer service. Another suggestion he makes is to change the existing manner of measuring customers' response to include the emotional content. Facial coding is a new proposal. The comparisons of traditional measurement methods (based on surveys) and measurements of facial expressions presented in the publication show a discrepancy of reactions, the so-called say/feel gap (88, p. 26). D. Hill regards the new measurement method as a more reliable one and in his opinion it should serve as an information basis for emotionomics. It is a matter for debate whether the response itself can be a sufficient basis for interpreting the expectations and behaviour of the consumer.

When making a general evaluation of the proposals of emotion-based actions included in the literature on the subject, one should mention especially the interpretation of purchasing behaviour. In the marketing concepts proposed so far, the underpinnings of the interpretation of these patterns of behaviour were based on the assumption of consumer rationality. The new proposals emphasise the emotional context.

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An attempt to comprehensively evaluate the development of marketing concepts should take into account several important tendencies. As an organizational function, marketing is at the point of contact of two systems of coordination of behaviour. The market-based system of coordination discussed in economics is interpreted in the context of various market structures (perfect competition, monopoly, etc.), which are evaluated in terms of efficiency. The optimum state defined in economics (optimum efficiency) is connected exclusively with a perfect competition. This is a state that maximises the benefits for all the participants in the exchange. A coordination system based on management is dominated by the evaluation of effectiveness, with the achievement of goals being its key problem. This is understandable from the point of view of the role played by goals for any organization. Marketing gravitates more towards effectiveness than efficiency, which is demonstrated by:

- the direction of interpretations of evaluations in marketing, i.e. interest in marketing effectiveness and marketing orientation,
- the interpretation of marketing performance, which relates to the operationalization of the firm's goals (its strategy) from the point of view of marketing activities.

From the perspective of the development of marketing concepts it is difficult to demonstrate that marketing equates effectiveness with a state of perfect competition. The emerging marketing concepts are closer to monopolistic competition, which was already indicated in the literature on the subject (see 5, pp. 143-146; 54, pp. 27-30). Efforts aimed at product differentiation or stressing the significance of trademarks are behaviours typical for monopolistic competition (36, pp. 56-64). The idea of marketing assets (brand equity, customer loyalty) that enjoys such popularity nowadays aims to differentiate the product in a way other than price. On the other hand, recognising emotion marketing (and in particular emotionomics) as a direction of future development of marketing leads directly to rejecting one of the foundations of economics, the assumption of consumer rationality.

In this context, the evaluation of organizational performance (its *sprawność*) appears as a problem. From the perspective of economic efficiency, *sprawność* is connected with perfect competition. From the point of view of effectiveness, *sprawność* is associated with market structures other than perfect competition. Efforts aimed at increasing market share are a manifestation of the desire to achieve economies of scale, but also of a desire to achieve a monopoly. On the other hand, product and brand differentiation or building customer loyalty are manifestations of the desire to achieve monopolistic competition. The complementarity of the evaluations of organizational effectiveness and efficiency

does not have a common underpinning in the theoretical framework of economics and management. Effectiveness and efficiency are not reflected in organizational behaviour patterns that are quoted as characteristic features of perfect competition and monopolistic competition. The observed SOE gap, as the above paradox may be termed, relates to the manner of interpretation of efficiency relative to actual organizational behaviour, determined by the desire to increase effectiveness (in particular organizational effectiveness). It turns out that actual organizational choices are determined by a number of factors other than price. Theoretical interpretations offered as part of a growing number of new marketing concepts do not postulate the pursuit of perfect competition. What matters under contemporary marketing concepts are brands (brand equity and value), loyalty and the emotional states of the consumer. The functioning of an organization in an environment other than perfect competition is a desirable way to achieve the firm's principal goals.

In light of the analysis of theoretical frameworks, a certain evolution of marketing can be observed. This is associated with a shift in the approach to the decision-making process and to consumer purchasing behaviour. Initially the entire marketing philosophy was based on the assumption of rationality of the consumer's purchasing process, including information search and an evaluation of alternatives. With passage of time it was noticed that consumer purchasing behaviour patterns undergo modifications, which is a consequence of a repeatability of purchases and the gaining of experience with the product. It is worth noticing that it was F.A. Hayek who made the distinction between so-called constructivist rationality and ecological rationality. He treated the former as the deliberate use of reason to analyze and prescribe actions judged to be better than alternative feasible actions (208, pp. XXXIV-XXXV and 15-17). Contemporary marketing concepts focus more on customer satisfaction, relations, loyalty and finally on marketing assets. It turned out that consumer purchasing situations and the related purchasing dilemmas do not always have to start from 'zero'. The customer does not always have to learn about the product, search for information, identify purchasing criteria or evaluate alternative offers. He/she may have some prior knowledge about the product, may have experience with using the product, may have some attitude towards the brand and finally may derive satisfaction from using the product (brand). All the above enables the consumer to act with cognitive ease and can even reduce the consumer's need for information search. This type of decision-making behaviour of the consumer corresponds to the psychological mechanism of evaluating situations known as 'thinking fast' (100, p. 23 and p. 82) or to the cognitive miser model (27, p. 1263). Apart from the above, there also exists a situation assessment mechanism which

corresponds with the decision-making models based on the assumption of consumer rationality. It involves a cognitive strain and is known in psychology as 'thinking slow' (100, p. 23). Both mechanisms of situation assessment are associated with varying degrees of involvement, motivations, associations and cognitive openness. In the case of consumer decision-making behaviour, both mechanisms are reflected primarily in a bigger or smaller cognitive openness. The above are connected with the different significance of advertising and brand as sources of information and also with the increased importance of experience and emotions (27, pp. 1264-1265). It seems that the above problem appeared in the marketing concepts highlighted above, in relation marketing and value-based marketing.

2.3. Key outcomes of marketing activities

Theoretically, organizational evaluation does not require too many parameters. Effectiveness can be evaluated by comparing results with goals, efficiency by weighing results against the respective costs. If we use the assumption of the Polish school of praxeology that principal goals serve as an evaluation criterion, in light of the existing theoretical knowledge only a few economic results may serve the function of such a criterion (see section 2.1). In the literature on the subject, profit and company value are regarded as the principal goals. The situation becomes more complicated from the point of view of a specific function within an organization (e.g. marketing), the adopted business model or business strategy. A comparison of the results and goals at the principal level does not provide any basis for formulating precise interpretations regarding the effectiveness or efficiency of individual functions. It does not enable the evaluation of the adopted solutions. On the other hand, the selective nature of economic evaluations made within the organization and relying on fragmentary measurements of relationships between lower-level results may be a threat to such evaluations. In such case, the evaluation performed may have little relevance for the achievement of the organization's principal goal. Such evaluations are often made with a default assumption that a certain outcome is good for the organization and creates its result. The literature on the subject includes a number of this type of *a priori* assumptions regarding the impact of a certain outcome on effectiveness or efficiency. Evaluations based on such (default) assumptions are more ideological than practical. From the point of view of marketing as an organizational function, it is important to make a shift from a horizontal to a vertical verification of its outcomes. This would involve the search for correlations

between operational outcomes and the organization's principal goals and costs. The above requires the use of the idea of performance as a basis of organizational evaluations (SOE). Such an evaluation enables to verify the adopted management concepts, strategies or business models.

Originally the issue of effectiveness in marketing was equated with marketing orientation. It was around the above orientation that the idea of measurement together with evaluation criteria were developed. It should be pointed out that the nature of the evaluation was selective, if not ideological. It was assumed by default that marketing orientation was an equivalent of effectiveness and profit for the organization. Among other features of the above evaluations there was their behavioural character. The identification of behaviour being in line with marketing orientation served as a predictor of organizational effectiveness. Currently, marketing orientation has ceased to play such an important role in organizational evaluations. Today, theoretical studies are more interested in marketing performance. On the other hand, the significant variability of theoretical concepts constitutes a serious limitation for the cognitive possibilities of science, and first of all for potential organizational evaluations. Probably the problem relates mostly to business practitioners who have to acquire and implement increasingly new concepts of action.

The separation of various outcomes of activities and their measures poses a certain cognitive dilemma. The literature includes a number of examples of the classification of marketing outcomes. They serve cognitive purposes and are expected to describe the mechanisms of influencing consumer behaviour, and as a consequence to justify the importance of marketing for an organization. Marketing activities have always been described from many perspectives. For this reason the areas of interest of marketing started to include various aspects of impact on the consumer and the characteristics of various types of marketing outcomes.

The interpretation of marketing and financial outcomes was originally treated quite selectively and only recently has it become the subject of comprehensive interpretation. The literature on the subject includes two perspectives for the interpretation of these outcomes:

- Under the first one, marketing outcomes were classified on the basis of the characteristics of the impact of various marketing instruments on the customers (with a special focus on advertising), as well as on the basis of the characteristics of marketing concepts.
- Under the second one, the problem of the classification of outcomes was generalised and became a separate subject of interest, among others as part of studying marketing performance or marketing productivity.

However, it should be pointed out that interpretations of the first type did not enable a full illustration of the problems connected with organizational evaluations. Only a classification of the outcomes from the most comprehensive perspective, i.e. from the point of view of the entire organization, demonstrates the scale of the problem which results for example from the multitude of these outcomes and from a frequent lack of their unequivocal interpretation. The above interpretations of marketing outcomes were connected not only with the need for operationalization of activities, but also with the problem of evaluating the effectiveness of marketing for the organization (202, pp. 12-14; 7, p. 476; 190, p. 76).

Advertising was the field where its effects started to be arranged in a hierarchy relatively early. The above efforts were made under the so-called hierarchy of effects models, also referred to as communication effects models. A comprehensive review of these models was made, among others, by T.E. Barry, D.J. Howard (1990) and J. Woźniczka (2009). The first hierarchy of effects models appeared at the end of the 19th century when the marketing concept was not yet in existence. They were developed by E.S. Elmo Lewis (1898 and 1900), and were created for the purposes of training sales people (15, pp. 123-124). They are known in literature as the AID model (1898) and the AIDA model (1990). The most dynamic development of the hierarchy of effects models took place in the 1960s and 1970s. As a result, many models were formulated (e.g. J. Woźniczka made a list of 31 models). A review of these models made it possible to formulate adequate syntheses of the problem of the classification of advertising effects.

The purpose of the hierarchy of effects models was to arrange consumer responses to advertising, described through communication effects. As a result of a large number of models proposed, a multitude of communication effects was defined, many of them synonymous. As part of the general number of models proposed, the following communication effects were distinguished (15, pp. 124--127; 231, pp. 45-73): attention, awareness, knowledge, attitude, evaluation, comprehension, conviction (belief), preference, interest, intention, action (behavior, purchase). The analysis of models of such diversified effects made it possible to distinguish three groups of effects relating to the responses of consumers exposed to advertising (125, p. 596; 15, p. 122): cognitive, affective and conative, also referred to as volitional. It is difficult to make an unequivocal classification of individual effects because some of them are complex and include cognitive and affective aspects of the consumer’s response. The analyses conducted made it possible to assign some of the above effects to the above--discussed groups as follows (231, pp. 91-98):

- cognitive effects: product knowledge, brand knowledge (including product and brand awareness),
- affective effects: product attitude, brand attitude,
- volitional (conative) effects: intention to purchase the product/brand.

An attempt to arrange the communication effects made it possible to identify the key problem of the interpretation of the impact of advertising and the main types of hierarchy of effects models. The literature on the subject includes a division into persuasion models (also referred to as traditional models or strong advertising theories), alternative models (also referred to as weak advertising theories) and integrated models (231, p. 45). The former are based on a typical sequence of the consumer's response determined by cognitive, affective and conative effects. The above sequence of effects corresponds with the assumption of the consumer's rational decision-making process, where the consumer first searches for information about available offers, then makes an evaluation and only then makes the purchase. Alternative models differ from traditional ones in that they assume a different organization of the above-mentioned communication effects. The first observations and justifications for such a changed sequence of effects were made by H.E. Krugeman, a business practitioner (91, pp. 28-36). Many authors offered interpretations of the very diversified sequences of the above effects (15, p. 127, 231, p. 56) which was due to the selectiveness of the reception of advertising and to taking into account the consumer experience gained from previous purchases. Among the above models, the information processing models proposed by R. Heath (2006), are worth special mention. Heath identified two information processing models: shallow processing and deep processing. In the former the attention of the consumer is low and his/her choices are guided by associations and are intuitive. Deep processing is based on high involvement, the consumer's choices are connected with persuasive messages and are rational (91, pp. 28-36). The above problem was interpreted by R.E. Petty and J.T. Cacioppo (1981), as part of their research on attitudes and persuasion. Their model, known as ELM (Elaboration Likelihood Model), describes how attitudes form and change and how they are affected by an individual's motivation and ability to process stimuli. The model proposes two main routes to persuasion: the central route and the peripheral route. The first one (central route) stresses the significance of information as a driver of attitude change. The central route assumes the high involvement of the individual, the careful and thoughtful consideration of the information and a great amount of cognition about the arguments generated by the individual receiving the message (191, p. 112). The peripheral route affects attitude change differently. The assumption here is that the persuasion process is not successful. The above results from

factors such as rewards and punishment connected with the messages, judgmental distortions and from the way of reasoning of the message's recipient (173, pp. 255-256). In the opinion of the authors, the role played by either of the routes in attitude change depends on the individual's motivations.

The above classifications of communication effects models reflect the current dilemma of the interpretation of consumer's responses, associated with the consumer's rationality. Traditional models have assumed unchanging consumer behaviour and yet the consumer's experience may lead to changes to his/her behaviour regarded as typical.

Similar classifications of marketing outcomes were made for the purposes of describing brand management. Here we are dealing with only a slightly different point of reference, as the interpretation is not based on marketing instruments but on the idea of marketing assets. The literature links brand management to categories such as brand value, brand equity and brand image. Brand equity and brand value are the most frequent subjects of interpretations. The basic difference between the two categories lies in the fact that the brand concept includes two notions: brand equity as a marketing measure (non-monetary value) and brand value as a financial measure (monetary value) (222, p. 33). From the point of view of operationalization, brand equity is important because it enables setting operational goals for marketing activities.

According to K.L. Keller (1998), brand equity is defined as the differential effect of brand knowledge on consumer response to the marketing of the brand (108, p. 45). D.A. Aaker (1991), offered one of the first definitions of brand equity. In his opinion, brand equity is a complex concept (1, p. 17) composed of brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets. This model is among the more extended interpretations of brand equity. In other publications the range of brand equity components is smaller. For example, K.L. Keller (1998), sees brand equity as composed of two main constructs: brand awareness and brand knowledge (108, pp. 50-52 and pp. 268-306). The first, brand awareness, takes the form of brand recall and brand recognition. Brand knowledge on the other hand is interpreted in the context of associations with the brand. To R.T. Rust, V.A. Zeithaml and K.N. Lemon (2000), brand equity includes: brand awareness, brand attitude and brand perception. As may be observed, most of these measures are derived from communication effects (189, p. 88).

The problem of marketing performance became a direct subject of interpretation as late as the end of 1990s. The publication by B.H. Clark (1999), played a special role here. In later years the problem was interpreted by, among others D.W. Vorhies, N.A. Morgan (2003), T. Ambler, F. Kokkinaki, S. Puntoni

(2004), R.T. Rust, T. Ambler, G.S. Carpenter, V. Kumar, R.K. Srivastava (2004), L. Gronholdt and A. Martensen (2006). It is worth noting that in some of these publications the research problem included the relationship between marketing performance and organizational structure or business strategy.

In the period preceding the studies of marketing performance, a small number of other proposals appeared concerning measurements in marketing. For example, R. Shaw (1998), proposed MSAT (Measurement Systems Assessment Tool), a system enabling the assessment of results by the organization itself. A broader framework for measurement was proposed including five perspectives (202, pp. 149-154):

- inputs – marketing-mix, corporate marketing support and innovation benchmarking,
- customer motivation – awareness, satisfaction, involvement, brand image endorsement, channel franchise, perceived quality,
- customer behaviour – trial purchase, repeat purchase, complaints,
- outputs – market leadership, distribution leadership, price premium, brand valuation, marketing waste,
- marketplace segmentation – category health, category potential, competitive threats.

Additionally, R. Shaw proposed a list of 20 of the most important marketing tools for measuring the key (strategic) management issues broken down into five groups (202, pp. 187-188): value, quality, innovation, customer satisfaction and loyalty, and information technology.

B.H. Clark (1999), carried out a review of the history of marketing measurements and identified significant trends of changes in this field of study. His work became a starting point for the interpretation of marketing performance. Clark's interpretations were based on the division into financial and non-financial outcomes and into unidimensional and multidimensional measures. Using the above-mentioned criteria, Clark made a division into (39, pp. 712-713):

- single financial output measures (profit, sales revenue, cash flow),
- non-financial measures (market share, quality of services, adaptability, consumer satisfaction, customer loyalty, brand equity),
- input measures (marketing assets, marketing audit, marketing implementation, market orientation),
- multiple measures (efficiency, effectiveness, multivariate analysis).

The above list of measures includes a mixture of results expressed in quantitative terms (e.g. profit, sales, cash flow, market share, etc.), interpretation criteria of these results (e.g. efficiency, effectiveness, market orientation) and measurement tools (e.g. marketing audit, multivariate analysis). On the basis of

literature review, B.H. Clark observed that marketing performance theories have moved in three consistent directions over the years: first from financial to non-financial output measures, second, from output to input measures, and third, from unidimensional to multidimensional measures (39, p. 711). From the perspective of subsequent interpretations of the directions of changes in marketing performance theories, the division into financial and non-financial measures seems of key importance. The above group of non-financial marketing measures became the focus of new, more detailed studies, which laid the foundations for the identification of further categories of marketing performance.

Another proposal of categorization of marketing metrics was presented by T. Ambler, F. Kokkinaki and S. Puntoni (2004). Their division was made from the point of view of four theoretical perspectives determining the scope of marketing performance. Among these perspectives were (7, p. 476): control theory, agency theory, institutional theory and market orientation theory. As a result, they broke down marketing metrics into the following categories (7, p. 480):

- own inputs – marketing activities,
- intermediate measures of memory – e.g. awareness, usage satisfaction, attitudes,
- behaviour – e.g. purchases and loyalty,
- competitive measures,
- financial outcomes.

As could be observed in B.H. Clark's (1999) proposal, financial measures were expanded to include a broad system of non-financial measures with a clear-cut division into measures of memory and behaviour and inputs. The latter are described by marketing activities. It is worth noting that the above theoretical perspectives require a different manner of using marketing measures. For example in control theory, financial measures play a dominant role. Marketing activities are controlled through, among others, expenditure. In the case of market orientation, non-financial measures are given utmost importance (7, p. 480).

Simultaneously, another classification of marketing measures was proposed. R.T. Rust, T. Ambler, G.S. Carpenter, V. Kumar and R.K. Srivastava (2004), made an attempt to offer an integrated framework of marketing outcomes. In their chain of marketing productivity they adopted a cause and effect relationship as the basis for arranging marketing effects. Their classification of marketing outcomes is based on the following scheme (190, p. 77):

- marketing strategy and tactics,
- marketing assets (reflecting customer impact) – brand value, customer value, etc.,
- market position (reflecting market impact) – market share, sales, etc.,

- financial position (financial impact) - profit, cash flow, ROI, EVA, etc.,
- company value (reflecting company impact) – MVA, market capitalization, Tobin's q.

The presented sequence of outcomes reflects their mutual relationships. It consists in the fact that marketing strategy and tactics have an impact on the consumer, which leads to the market results of the firm, and further on to financial results and company value. They also pointed out that marketing productivity is determined by the environment and competition (190, p. 80). While the author's assessment of the comprehensive approach to marketing performance is very favourable, one doubt should be pointed out. It concerns the relationship between marketing actions and marketing assets. If a system approach was to be applied, marketing assets should be an input for the system, they should precede the processes and activities constituting marketing strategy and tactics. Certain inputs are a starting point for activities. On the other hand, marketing activities modify the effects forming part of the marketing assets, and these in turn determine consumer behaviour. This is a relatively difficult problem and it was observed already during the attempt to classify advertising effects. The problem may be defined as a problem of balancing marketing outcomes.

The work of L. Gronholdt and A. Martensen (2006) may serve as another example of very detailed studies of marketing performance and at the same time as an example of the classification of marketing outcomes. In the introduction the authors stressed that there is a large – maybe even excessive – number of measures relating to marketing performance, which calls for a more reduced approach to marketing performance measurements. As a result of literature studies, they proposed a marketing value chain and a classification of marketing outcomes. Their marketing value chain paved the way for the categorization of marketing outcomes. For L. Gronholdt and A. Martensen, the marketing value chain includes the following groups of results: marketing action, consumer mental results, behavioural results, market results and financial results (79, p. 245). The last four types of results were used to identify the following categories (79, p. 248):

- mental consumer results – including brand awareness, perceived quality, perceived value, customer satisfaction, customer loyalty, etc.,
- behavioural customer results – customer loyalty/retention, number of customer complaints, share of wallet,
- market results – sales, sales trends, market share, number of customers, number of new customers, etc.,
- financial results – profit/profitability, gross margin, cash flow, etc.

The above-mentioned chain is an example of classification that is very similar to the proposal of T. Ambler, F. Kokkinaki, S. Puntoni (2004) and T. Rust, T. Ambler,

G.S. Carpenter, V. Kumar and R.K. Srivastava (2004). All the above proposals include such categories as financial results, as well as the results classified under customer behaviour, customer mental results and market results.

Recently the least-defined group of non-financial outcomes has started to assume a more and more concrete shape. A tendency can be observed in the literature to extend the classification of mental results. The emotional aspects of consumer response are gaining more and more attention as the object of marketing research, which is demonstrated by the above-mentioned proposals of emotion marketing or emotionomics (see Section 2.2). The above suggests the possibility of a new breakdown of marketing outcomes, in this case of mental results. The increased role of the emotional sphere is connected with the impact of psychology on economics, which has its source in the relevant research achievements (e.g. the prospect theory of D. Kahneman).

Emotions are interpreted in a great variety of ways – both narrowly and broadly. In the first case, an appropriate description of emotions is searched for, which however poses some interpretation problems. Under the second approach, the category of emotions is used in a broader context, concerning a research field associated with the psychological aspects of human reactions.

Under the first approach, the discussion concerns the interpretation of the essence of emotions and whether they are only a certain reaction (behaviour) or rather composed of the mental states accompanied by the above mentioned reactions. This dilemma has been puzzling psychologists and even philosophers for many years. This reflects the multidimensional nature of the category. For a long time, emotions have been equated with feelings and have been associated with physiology (137, p. 25), and more precisely with certain reflexes (112, p. 10). In more contemporary publications (see J.J. Prinz, 2008), emotions are seen as a manifestation of assessment, which is linked with evaluations (112, pp. 37-38). In this context, emotions seem to be an indispensable element of the human decision-making process.

In the broad perspective, the interpretation of emotions is extended to include issues connected with the impact on the individual. Thus emotions are associated with such categories as affect, moods, attitudes and arousal (10, p. 184). The range of these associations is connected with the adopted method of interpreting emotions. If they are treated as a physiological reaction, it is obvious that emotions will be analysed separately from the above-presented categories. If a broader perspective of interpretation is taken, the one relating to evaluations, then it becomes difficult to separate emotions from the other above mentioned categories. Emotions are closely related to goals, human motivations

and past events which lead to the mentioned above arousal (10, p. 188). Their appearance has an influence on human moods and attitudes.

When trying to evaluate the existing body of research on emotions as a focus of interest of marketing, one may observe that initially they were studied in the context of effects of marketing activities, and in particular they were treated as a communication effect of advertising. The emotional (affective) aspect of the impact of advertising has been identified almost from the very beginning. This problem has already been raised in this part of the publication.

Another interpretational approach to emotions in marketing is based on the description of their place and role in the consumer's decision-making processes. This is a strand that has been noticed and interpreted in marketing for a long time. Recently it has become more popular due to the progress of psychological research on the significance of the emotional sphere for human decision-making (137, pp. 527-549). As part of this research area, academics have been studying the role of emotions in decision-making and have been trying to identify customers' emotional state accompanying their decision-making and post-decision-making processes. In the case of the first of the above problems, special focus is placed on the impact of the emotional state (affect, mood) on cognitive processes and on information processing (198, pp. 433-435).

Economics (including marketing) is based on the assumption of the rationality of consumer decisions. Observations made as part of the prospect theory led to the conclusion that human choices are often simplified and limited to the information available. Under these mental processes, affect is expected to be a result of the consumer's choice or his/her recollection of past emotions (198, pp. 436-438). In this context, consumer satisfaction gains special significance. The emotional state and belief caused by post-purchase evaluation are another subject of identification and measurement, which was defined as consumption emotions. According to Richins (1997), they have their source in a response to advertising and are a consequence of product usage (185, pp. 127-146). Among the many classifications of various emotional states, the division into positive and negative ones seems to be useful because they are the factors that determine the customer's decision.

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It seems that the need for a coherent and universal system of measuring performance does not require any special justification. The starting point and the main assumption is to prepare a set of results that are coherent, are repeated as measures and can be found in a majority of concepts. In light of the research conducted, the following are the marketing and financial outcomes that are most

frequently associated with marketing activities and at the same time can be found in the descriptions of consumer behaviour and decisions and in the interpretations of marketing performance:

- financial results,
- value of the firm (company value),
- customer loyalty,
- customer satisfaction,
- brand attitude,
- perceived quality,
- brand knowledge,
- costs,
- sales.

The first two outcomes (financial result and company value) reflect the principal goals of a firm. They are the only forms of company goals with which marketing has been trying to establish a connection as part of the formulated marketing concepts. Literature also includes other examples of goals connected with managerial theories of the firm (see section 2.1). Under these theories, sales is also seen as the principal organizational goal. Marketing has never analysed sales as a firm's principal goal. Sales as a principal goal was associated with other market orientations of firms, mainly with sales orientation. Under marketing orientation much stress is placed on customer satisfaction but this outcome still does not constitute the organization's principal goal. In accordance with the assumptions of praxeology, all other outcomes, even if they are established as operational goals, serve only as the means for the accomplishment of the principal goal. Currently these measures are associated with the consumer state and with product brands. Both points of reference (consumer and brand) are connected with the interpretation of the so-called marketing assets.

From the theoretical point of view, it is possible to see a relationship between the above two outcomes (see Figure 2.2). Brand knowledge is a basis for the consumer's response, it is the most rational manifestation of the customer decision-making behaviour. Finally, it is a direct effect of marketing activities connected primarily with promotion and is a component of brand equity. The other two effects (perception of quality and brand attitude) have an impact on purchasing decisions. They are a derivative of brand knowledge, which overlaps with the customer's expectations and with his/her experience based on post--purchase evaluations. The post-purchase evaluation determines customer satisfaction, and, consequently, customer loyalty. Customer purchases constitute a firm's sales which, after deducting costs, create its financial result. It is often claimed that the financial result, and especially some profitability ratios (e.g. ROI

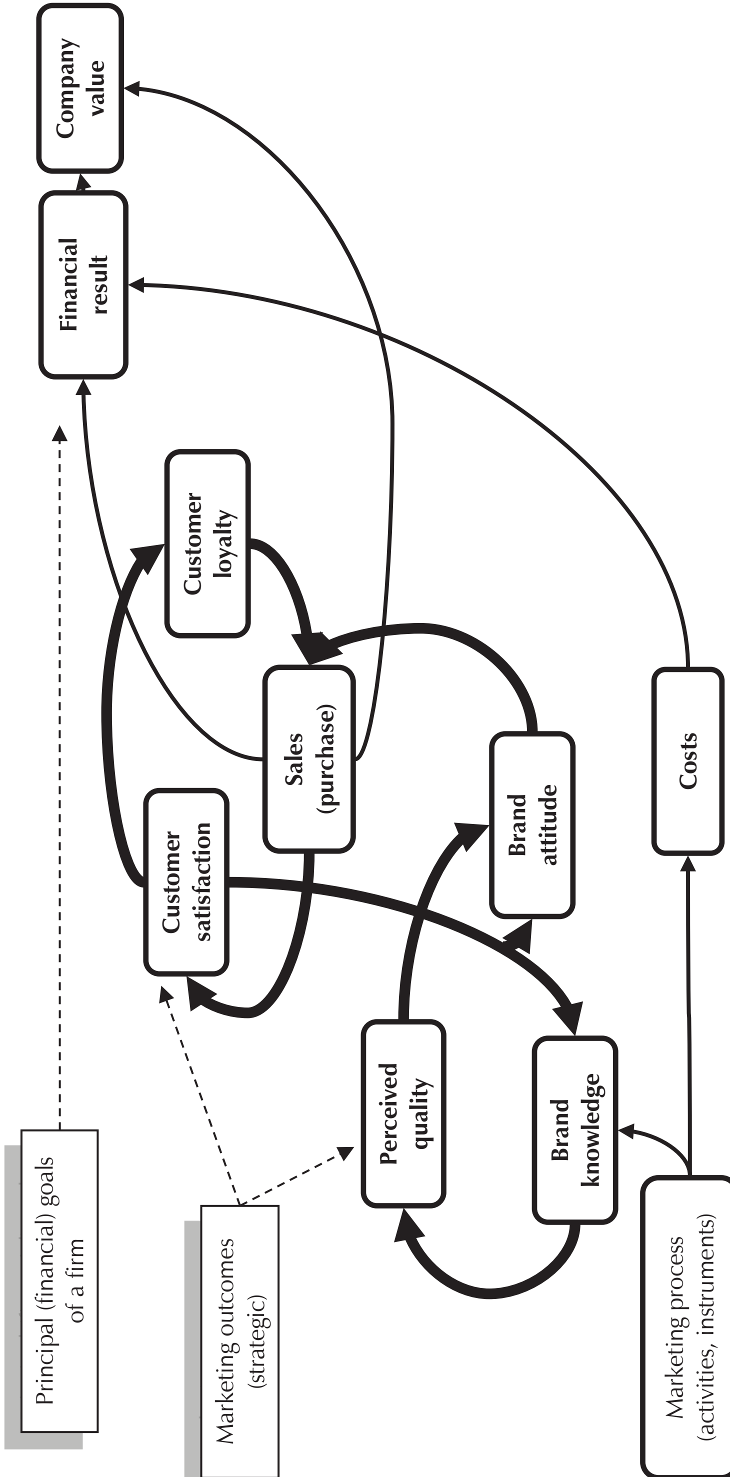

Fig. 2.2. Model (chain) of marketing productivity

Source: Autor's own work.

or ROE) determine company value. P. Doyle stresses the significance of sales (its increase) as a source of company value (57, pp. 46-47). It should also be pointed out that company value is not always perceived as the principal goal of an organization. Another issue worth mentioning is that the intensity of marketing activities determines costs.

The analysis of the above group of marketing (non-financial) outcomes shows that they belong to various groups of measures. Under the above-discussed classifications, they formed part of a group of mental (or more precisely cognitive or emotional) and behavioural results. Brand knowledge, perceived quality, brand attitude and customer satisfaction may be assigned to the first group (mental results). Purchases (sales) and loyalty should be assigned to the second group (behavioural results). From the theoretical point of view, the relationship between mental results and sales (purchases) should be regarded as logical. The above relationship is the foundation of the assumption of customer rationality. However the relationship between loyalty and cognitive results is more debatable. Loyalty (from the behavioural perspective) manifests itself in customer purchases; consequently it should manifest itself in the limited cognitive needs of the consumer, driven by satisfaction. As part of a summary review of marketing concepts (see Section 2.2) the above (the limited need for cognition or cognitive ease) was explained by the mechanism of evaluating situations known in psychology as 'thinking fast' ('cognitive miser' model, shallow processing model, peripheral route). This type of decision-making behaviour can concern only those customers whose purchasing behaviour is based on the satisfaction-loyalty relationship or, more precisely, satisfaction-retention. The same assumptions are made by relationship marketing (see Section 2.2).

Taking into account the above observations it seems justified to identify two loops within the marketing productivity chain, a cognitive loop (see Figure 2.3) and a retention loop (see Figure 2.4). The former, called the 'big loop' (cognitive loop), is based on the assumption of the rationality of purchasing behaviour and on the mechanism known in psychology as 'thinking slow' (also deep processing and central route of persuasion). The purchasing decision is preceded by a cognitive process. The customer wants to make a rational purchase which manifests itself by his/her search for information about other offers available on the market and by his/her being open to new offers (products, brands). The above model is characteristic for a majority of existing marketing concepts. It plays a special role in the case of new (original) purchases, where the customer does not know other product offers available on the market. The 'small loop' (retention loop) is based on the satisfaction-loyalty relationship and may be explained by 'fast thinking' (also shallow processing, peripheral route of persuasion). In such

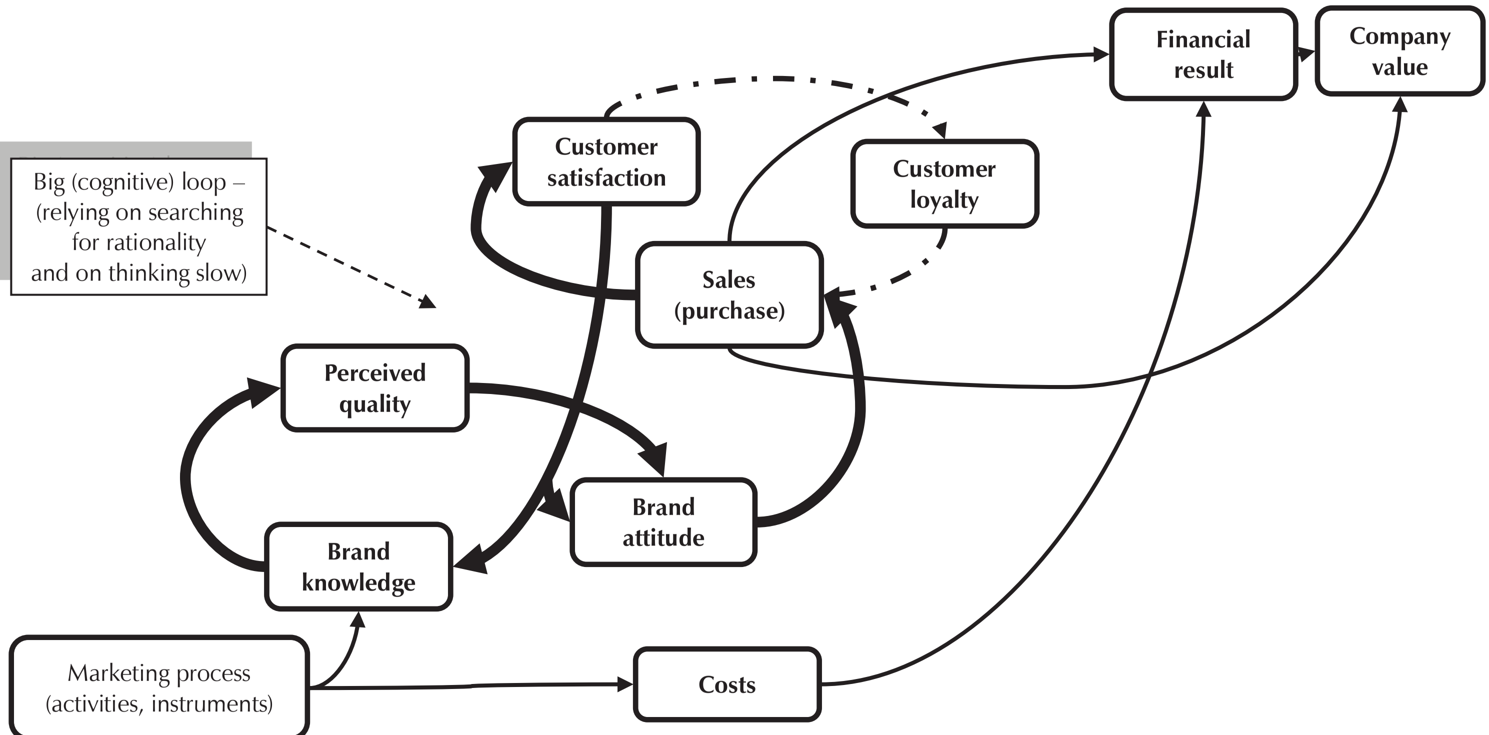

Fig. 2.3. Model (chain) of marketing productivity – big (cognitive) loop, based on the assumption of customer rationality and slow thinking

Source: Autor's own work.

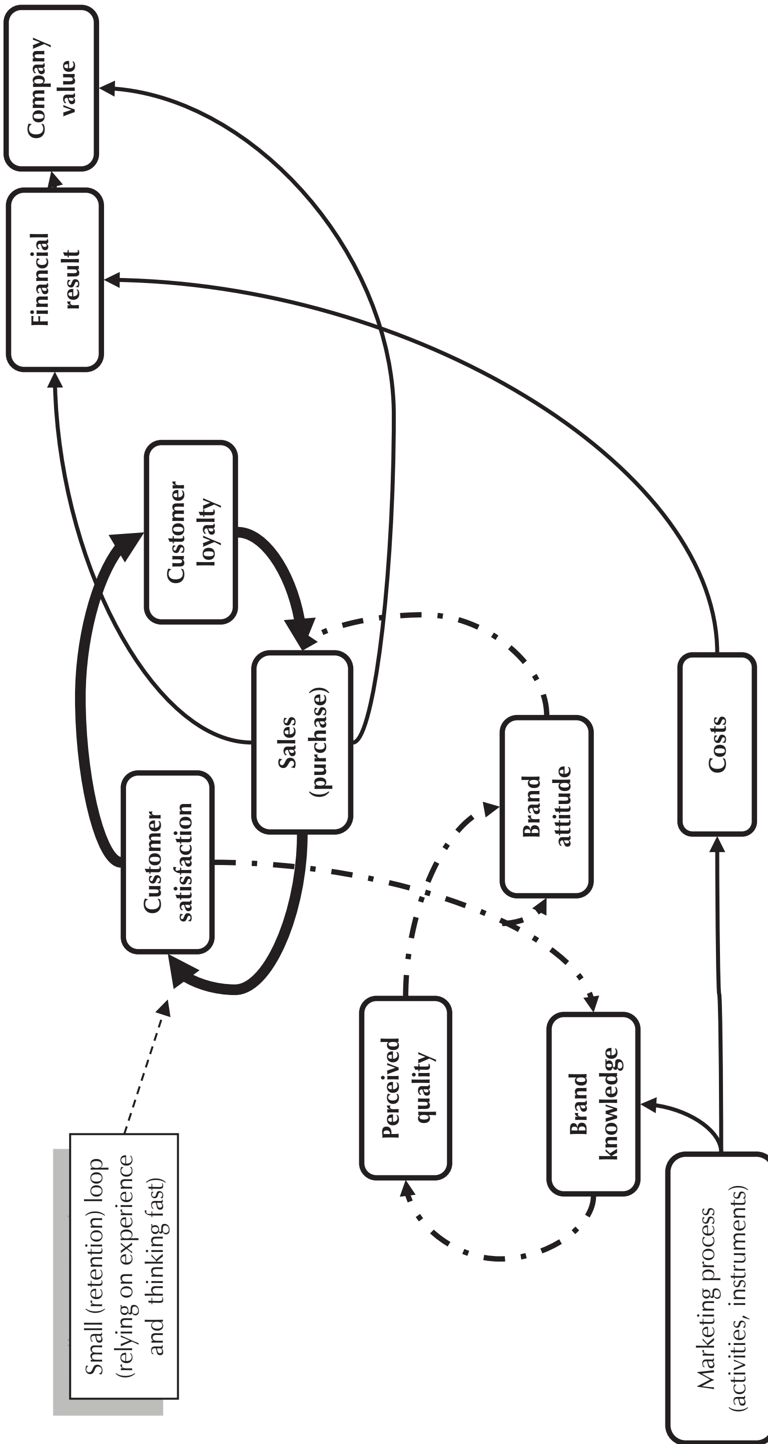

Fig. 2.4. Model (chain) of marketing productivity – small (retention) loop, relying on customer's experience, no need for information search and fast thinking

Source: Autor's own work.

cases, cognitive needs are narrowed, they are associations based on experience or emotions.

In light of the review of the customer behaviour models, a certain similarity may be observed between the above-presented loops and the F.M. Nicosia model and his firm and consumer loops (see Section 2.2). Nicosia's model described customer behaviour in the context of a firm's communication with the market. Created in 1966, it does not include a number of marketing measures such as brand knowledge, perceived quality, customer satisfaction and customer loyalty. The post-purchase customer response presented by Nicosia is based on the experience-attitude-motivation-purchase sequence that is invariable (the same for each purchase situation). Meanwhile the hitherto theoretical findings of marketing stress that brand knowledge, as well as customer satisfaction and loyalty, are strongly associated with marketing activities. It is also worth stressing that some marketing concepts (relationship marketing), as well as some categories (e.g. brand equity) are based exactly on such measures as brand knowledge and loyalty. Another conclusion may be the fact that brand knowledge, perception of quality, as well as customer satisfaction and loyalty, bring additional content as marketing outcomes, which can be more precisely linked with marketing activities. Currently it is difficult to analyse marketing productivity without taking the above outcomes into consideration.

Both loops of the marketing productivity model demonstrate alternative manners of accomplishing a firm's goals. The 'big' (cognitive) loop reflects marketing concepts that classify marketing outcomes using customer behaviour models or theories of planned behaviour and that classify the communication effects of advertising using persuasion models. The 'small' (retention) loop refers to certain contemporary marketing concepts (e.g. relationship marketing) and is based on the assumption of customer loyalty and to the limited scope of consumer cognitive needs. From the theoretical point of view, such operating philosophy leads to higher efficiency. Its use is limited only to existing customers and it is not applicable to purchases made by new customers.

C. Fornell (1992), classified business strategies based on similar premise. The division into defensive and offensive strategies is connected with various sources of revenue for a firm (69, p. 8). Fornell's defensive strategies are based on the assumptions of relationship marketing; existing customers are the main source of revenue and customer loyalty is the behavioural goal. Offensive strategies are based on strategic marketing, and are focused on the acquisition of new customers and their behavioural goal is brand switch.

The differentiation between both loops is a good starting point for indicating one of the key problems in assessing organizational effectiveness and efficiency.

From the theoretical point of view, the implementation of a firm's goal may be based on two mechanisms. One aims to produce the cognitive effects in the consumer (big loop), while the other evokes customer loyalty (small loop). Both loops refer to the problem of effectiveness. In the case of the small loop (retention loop), an assessment of effectiveness should be based on post-purchase outcomes (satisfaction and loyalty). It seems however that satisfaction plays an important role in both loops of producing a firm's results. This type of assessment is a direct consequence of each purchase. In the big (cognitive) loop, satisfaction is a cognitive element correlated with other elements of the loop, i.e. brand knowledge and brand attitude.

Efficiency assessment should be based on comparisons of outcomes and costs. As may be observed in the presented model, costs seem 'glued' to both loops and are rather linked with activities (marketing instruments). It should be kept in mind however that under the relationship marketing concept, cost-effectiveness is indicated as one of the benefits of long-term relationships with the consumer (consumer loyalty) (see Section 2.2). The above assumption would mean that efficiency should be located in the small loop of the marketing productivity model. It should be borne in mind however that costs do not constitute the most important problem for marketing. The so-called cognitive map of contract (228, pp. 36-37) seems a useful tool for explaining the above. The map shows that there are two possible ways of assessing a contract, aiming to achieve a monopoly or an efficiency purpose. O.E. Williamson concentrated on the efficiency aspects of contracts. The above analysis of the development of marketing suggests a monopolistic purpose of actions, with monopolistic competition as a goal (see Section 2.2). This justifies the lesser interest of marketing in efficiency as an evaluation criterion.

2.4. Diversification of measurements of marketing and financial outcomes of a firm

Among the important problems of contemporary marketing is not only the large number of marketing outcomes but also the multitude of ways in which they can be measured; quite frequently the problem goes unnoticed.

Most of the above-presented outcomes of marketing activities are complex and they constitute a synthesis of a number of fragmentary measures or may be reflected using diversified sets of metrics. Among the outcomes based on a number of measures are loyalty, satisfaction, brand knowledge and brand attitude. Brand equity is another complex metric. It should be pointed out

however that it is described through the outcomes included in the presented classification, i.e. brand knowledge (including brand awareness and brand associations), perceived quality and customer loyalty. Also the outcomes relating to principal goals, such as financial result and company value, may be reflected through a number of indicators. All the above examples reflect the cumulative nature of the theoretical work on the subject. Instead of simple and unequivocal measurement units there are multi-dimensional categories illustrating a firm's marketing and financial outcomes.

Brand knowledge is among the outcomes equated with the impact of advertising and it is a constituent element of brand equity. In accordance with the assumption of customer rationality, the customer wants to learn about the brand by considering all the product offers available on the market and by analysing their benefits. As a complex concept, brand knowledge is based on measures relating to brand awareness and to customer associations. The measurement of brand awareness and of brand associations may be based on various metrics. A. Biel (1993), distinguishes between hard and soft associations of customers. Hard associations relate to tangible or functional attributes of the brand such as specifications, price, or ease of use. Soft associations relate to emotions and feelings about the brand. They are linked to the associations evoked by the brand as a result or using it or being exposed to it (222, p. 60). A similar situation pertains to brand awareness which most frequently takes two forms: unaided and aided brand awareness. The literature on the subject places brand knowledge among cognitive results which also include emotional results. Thus, as a complex outcome, brand knowledge comprises:

- brand recall (so-called unaided awareness) – consumer's ability to retrieve the brand from memory when only the product category is provided as a cue,
- brand recognition (so-called aided awareness) – consumer's ability to recognise the brand after being exposed to it,
- consumer's associations with the tangible and functional attributes of the brand,
- consumer's associations with the emotions and feelings connected with the brand as a result of using it or being exposed to it.

It is also worth noting that consumer's associations are equated with brand image, which is another complex marketing outcome.

Brand attitude is an outcome that is associated with the impact of advertising, it is a component of brand equity and determines consumer behaviour. It was defined by G.W. Allport (1935), and the literature distinguishes two approaches to the interpretation of its meaning, either as an equivalent of a unidimensional concept of attitude or as a multidimensional category (66, p. 145). Thus it is

another example of a complex outcome. It relates to the customer's favour or disfavour in relation to the brand (20, p. 110; 210, p. 132; 21, p. 152). The literature on the subject identifies three components of attitude (218, p. 61; 102, p. 26; 66, p. 130):

- consumer's knowledge and beliefs about the brand (cognitive),
- emotional state, consumer's attitude towards the brand, or brand attitude plus preferences and likes (emotional, affective),
- purchase intentions, i.e. consumer's propensity to buy the brand (behavioural, volitional).

Despite the above ambiguity, attitude is regarded as one of the affective (emotional) outcomes. Consumer's attitude alone is not equivalent to consumer behaviour. According to R.J. Lutz (1975), marketing uses three approaches to changes in customer's attitude toward a product or brand (21, p. 153):

- changing beliefs about the extent to which a brand has certain attributes,
- changing the perceived importance of attributes,
- adding new attributes to the product.

Note that these approaches refer mainly to the cognitive aspect of the consumer as regards brand attributes. This can be observed in the so-called expectancy-value models. In Fishbein's model (1965), for example, attitude toward a brand is a factorial function of the evaluation of an attribute and of a belief in the existence of this attribute in the product (42, pp. 456-457). Among the key assumptions of the model is that attitudes are learned through the process of interpretation and cognitive integration of information about the attitude object (191, p. 114). In the Bass-Talarzyk model (1969), attitude is a function of weight (importance) of an attribute and of belief toward an attribute (42, pp. 458-459; 224, pp. 45-47).

Indisputably, sales are the key outcome of marketing activities, although this fact is often not stressed very strongly in the literature (sales as a strategic goal are seen as a characteristic of a sales orientation). Meanwhile, sales reflect customers' purchases and are the key behavioural outcome. At the same time, sales represent the moment of the exchange process when commercialization or the realization of the firm's revenue takes place. The entire marketing activity – development of new products, advertising of the products, building brand equity, building relations with the customer – generates costs for the organization which are not economically justified without sales. The development of the relationship marketing concept drew attention to two sources of sales growth (69, p. 8; 132, p. 106). The following may serve as strategic directions of sales development:

- increase in purchases by new customers,
- increase in purchases by existing customers.

Strategic marketing focuses on the increase in purchases by new customers, while relationship marketing looks at existing customers.

Customer satisfaction is probably the most popular outcome in the theoretical framework of marketing. Connected with post-purchase evaluation, customer satisfaction already became a distinguishing feature of marketing when the original marketing concept was defined. Customer satisfaction plays a very important role in the interpretation of relationship marketing where its link with customer loyalty is stressed. The literature on the subject also includes examples of research linking customer satisfaction with quality (61, p. 211), profit for the organization (e.g. N. Hill, J. Alexander, 2003, E.W. Anderson, V. Mittal, 2000, R. East, M. Wright, M. Vanhuele, 2011) and company value (V. Mittal, E.W. Anderson, A. Sayrak, P. Tadikamalla, 2005). For N. Hill and J. Alexander (2003), this relationship takes the form of the satisfaction-profit chain (87, pp. 37-39). The development of its interpretation is connected with the research conducted by R.N. Cardozo (1965). Since that time it has been possible to distinguish at least three directions of interpretation of customer satisfaction. They are based on the following theoretical perspectives (167, p. 495; 96, p.169): expectancy disconfirmation model, equity in exchange and attribution, extending satisfaction models to the redress process and the emotional model. The above extended research scope constitutes an interpretation problem for customer satisfaction as a marketing metric. The literature also includes examples where satisfaction is identified with an emotional response to the consumer comparative processes (149, p. 305). Satisfaction is also interpreted as a cognitive state connected with an adequate or inadequate reward for the consumer's sacrifice (61, p. 220). The above-indicated interpretations allow for the identification of three possible ways to measure customer satisfaction:

- assessment of purchase value, i.e. comparison of the consumer's benefits and costs connected with the product, related to the equity model;
- evaluation of product usage relative to the consumer's expectations, corresponding with the confirmation and disconfirmation models;
- consumer's emotional response resulting from product usage (referred to as attributive satisfaction), which is based on the assumption that the underlying role in forming customer satisfaction is played by the analysis of the results of using the product in terms of success or failure.

Loyalty was defined for the first time by M.T. Copeland (1923), who referred to it as 'brand insistence' (61, pp. 45-47). In the following period, numerous definitions of loyalty were proposed, most often stressing its behavioural character. The literature points to its links with share of wallet, customer churn, customer attitude and sense of bonding. Loyalty as a marketing measure represents the

highest level of consumer's involvement, associated with the post-purchase phase. R. East, M. Wright and M. Vanhuele (2011), characterised the following three types of loyalty behaviour (61, pp. 45-47) representing the scale of possible loyalty measurements:

- the brand's share in total purchases of the customer, or the percentage of a given brand in total purchases,
- customer retention, when the customer continues to buy the brand for a long time,
- recommendation, or recommending the brand to other people.

The first two metrics represent a clearly behavioural aspect of loyalty. It is commonly accepted that customer satisfaction is a precondition for loyalty although this is not always confirmed in empirical research (61, pp. 64-65). Furthermore, in the literature it is most often assumed that customer retention (loyalty, long-term relationship) translates into the firm's profit (213, p. 23).

Subject-matter discussion about the forms of financial result and company value is beyond the range of interest of marketing. For marketing concepts, financial outcomes are organizational goals that are given. Thus, financial result and company value as strategic goals are the only points of reference for marketing activities. A review of the interpretations of marketing concepts does not show other forms of organizational goals, in particular those connected with managerial theories. A. Rappaport (1999), identified three measures of financial performance (183, p. 15):

- return on investment (ROI),
- return on equity (ROE),
- profit.

All of the above measures are based on accounting data. The predominant view among academics studying the relationship between marketing activities and a firm's financial performance is that profit is the adequate point of reference for the interpretation of marketing productivity.

Company value has recently been given the status of an organizational principal goal. Although it may seem to be a relatively easily identifiable measure, there exist a number of diversified methods of measuring it, or more precisely, of valuing it. These methods show the possible ranges of variability of company value as a criterion of organizational assessment. Company value may be measured on the basis of:

- value of assets, i.e. the organization's assets,
- generated cash flows (NPV),
- market value added (MVA),
- economic value added (EVA), or operating profit after taxes less cost of capital.

Table 2.1. Classification of marketing and financial outcomes

Key marketing and financial outcomes	Cognitive results	Emotional results	Behavioural results	Financial results
Brand knowledge	• brand recall (unaided brand awareness) • brand recognition (aided brand awareness) • consumer's associations with tangible and functional attributes of the brand	• consumer's associations with emotions and feelings associated with the brand		
Consumer's attitude toward the brand	• consumer's confidence in the attributes of the product/brand	• emotional response to the brand, brand attitude	• purchase intent (volitional result)	
Sales (source of revenue increase)			• purchases by new customers • purchases by existing customers	
Customer satisfaction	• purchase valuation (i.e. comparison of benefits and costs) • assessment of use of the product relative to the customer's expectations	• consumer's emotional reaction after using the product		
Customer loyalty			• share of the brand in the customer's total purchases • customer retention • customer's recommendations	
Financial result				• Return on Investment (ROI) • Return on Equity (ROE) • Profit
Company value				• Assets value • Net Present Value • Market Value Added (MVA) • Economic Value Added (EVA)

Source: Autor's own work.

The first of the above metrics is regarded as an assets-based valuation method and is based on accounting. The remaining valuation metrics are regarded as profit-based metrics (EVA and MVA) and cash-flow based metrics (57, p. 39; 166, pp. 251-265). In his shareholder value concept, A. Rappaport emphasised the cash flow method as a useful basis for estimating shareholder value. The literature points out the impact of marketing activities on company value. It is interpreted in the context of evaluations based on the cash-flow method, that is on the NPV method (209, p. 8; 57, pp. 39-44; 114, pp. 23-28) as well as on market capitalization and market value added methods (MVA), and indirectly on economic value added, that is on the EVA model (190, p. 77).

The above-presented ways of measuring various marketing outcomes indicate that usually marketing outcomes have a relatively complex form and assigning them unequivocally to a specified group may pose problems. There can be distinguished three main groups of marketing outcomes: cognitive, emotional and behavioural. Table 2.1 includes a classification of marketing and financial outcomes as well as their measures taking into account the breakdown into the above three groups.

As may be observed, financial measures are unequivocal. As for marketing measures, a certain ambiguity may be observed. The cumulative nature of interpretations of individual marketing measures additionally increases their complexity. It seems that the emotional aspect poses the biggest problem for the clarity of measurements of marketing outcomes. It provides a certain interpretation context for some of the above-discussed marketing outcomes, which mainly concerns cognitive results. This may be a broader problem for marketing, one that poses interpretation problems. The problem may have its roots in the manner of interpreting emotions. Emotions have been treated in the marketing literature as a response, which is convenient from the point of view of measuring emotions but does not solve the problem of the relationship between emotions and cognitive results. It should also be recalled that D. Hill postulated the use of measurements of emotional reactions (more precisely facial expressions) as a method of consumer research and as a foundation for his emotionomics (see Section 2.2).

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The above classifications show the complexity of the problem of the identification and measurement of marketing outcomes. The accumulated interpretations of marketing outcomes have produced a relatively diversified set of metrics for these outcomes, which might be negligible if not for the ambivalent character of these metrics. At least three aspects of marketing's impact on the

consumer are intermingled in them – the cognitive, emotional and behavioural aspect. All of them are interpreted in the context of the implementation of the organization's principal goals. In Section 1.5 a breakdown of a firm's results is proposed based on goal classification. On the basis of the analysis of the above-discussed marketing concepts and of the interpretation of the outcomes of marketing activities, the following breakdown of marketing outcomes seems justified:

1. Principal results of an organization: financial result, company value.
2. Strategic outcomes: sales (customers' purchases) and outcomes reflecting the various cognitive or emotional states of the consumer (brand knowledge, perceived quality, brand attitude, customer satisfaction, customer loyalty).
3. Operating outcomes 1 (performance): specific metrics of outcomes that enable the operationalization of the adopted marketing concept, business model or business strategy.
4. Operating outcomes 2 (measures of intensity of activities), with costs (expenditure) being a synthetic measure.

How individual outcomes are allocated to individual strategic groups depends on the interpretation of marketing concepts, business models or specific business strategies. Strategic outcomes reflect their link with the organization's principal goals. A review of management literature, including marketing literature, reveals a significant flexibility in the interpretation of business models and business strategies as well as the wealth of marketing concepts. It can be expected that the above 'wealth' will be growing. It is also possible that the above interpretations will be made independently by individual organizations.

One more group of outcomes should be mentioned defined as measures of the intensity of activities. In the case of marketing they will include various metrics connected with marketing instruments, such as the number of salespeople, penetration ratios and advertising budgets. The interpretation of this type of parameters was a special focus of interest at the initial stage of development of marketing concepts. They reflected the general marketing idea popular at the time and based on competition. Back then, competitive advantage was sought to be gained primarily through the intensity of activities. It was often the case that the above interpretation served as a justification for higher marketing budgets. Today this type of behaviour, i.e. the intensification of activities as a way to achieve competitive advantage, should be regarded as inefficient. As might have been observed, contemporary marketing concepts focus on parameters which are to serve as a direct effect of the use of individual instruments. The present research project has limited interest in this aspect of marketing management

because it does not concern the essence of contemporary marketing, that is the contribution to the organization's result.

The main idea behind the evaluations of organizational effectiveness is the assessment of an organization's principal results. From the point of view of marketing, such an approach to the evaluation of effectiveness is not sufficient. Individual marketing concepts address the problem of the vertical relationship between the lower level outcomes and the strategic outcomes being a result of marketing activities. The essence of efficiency evaluation manifests itself in the comparisons of outputs and costs (inputs). The key element of effective management is the operationalization of the adopted strategy (operating concept or business model). In terms of efficiency evaluations, this problem relates to the evaluation of the operating results relative to the costs incurred.

Chapter 3

Empirical verification of variability of evaluations of an organisation

From a theoretical point of view, the variability of evaluations of an organisation may be interpreted at multiple levels. As part of the research project entitled 'Emotional, Behavioral and Financial Effects in the Evaluation of Efficiency of the Business Organisation' (financed by the National Research Centre, project no. 2012/05/B/HS4/02414), focus was placed on the observation of some of the aspects of the evaluation of an organisation presented in the literature. The starting point for the research project was to acknowledge what Polish praxeology refers to as Synthetic Organizational Evaluation – SOE (in Polish *sprawność*) as an overall evaluation of an organisation, which encompasses an evaluation of efficiency and effectiveness.

3.1. Objectives of the research project

On the basis of theoretical studies, a number of observations were formulated that can be subject to empirical verification. Overall, the research project dealt with the issue of the variable perception of how different marketing and financial outcomes affect SOE. In the light of theoretical studies, it seems appropriate to look for an explanation of the variability of the evaluations of an organisation in the context of:

- forms of SOE,
- function of the organisation's personnel,
- variability of marketing concepts.

Understandably, this is not a complete set of the possible reasons for the varying evaluations of an organisation. However, it seems that these areas are of

special (or indeed of paramount) importance in the context of economics and management.

Theoretically there are two approaches to the interpretation of the evaluation of an organisation: a result-based approach and a behavioural approach. This research is particularly focused on the former, giving less attention to the latter. On the other hand, there are two key concepts connected with the evaluation of an organisation, namely efficiency and effectiveness. The literature interprets efficiency and effectiveness in two ways. First, the two concepts are interpreted together at the same time, which makes the evaluation complementary. From this point of view, the evaluation of an organisation can be seen in a wider context, based on the joint evaluation of efficiency and effectiveness. The other way is to interpret efficiency and effectiveness separately. In this way, the evaluation of an organisation (SOE) is synonymous with a particular category. It should be noted that categories (e.g. organizational effectiveness) are often based on multiple criteria, and in this way they acquire the status of Synthetic Organizational Evaluation.

As a result of studies of the available theories and taking into account the two points of view outlined above, four forms of evaluations of an organisation ("SOE") have been identified. They are based on the premise that SOE can be interpreted as:

- achieving the set goals of the organisation (later referred to as "goal-based effectiveness"),
- achieving a favourable relation between inputs and outputs, or costs and results (later referred to as "economic efficiency"),
- achieving positive results (later referred to as "multi-criteria effectiveness"),
- proper behaviour (activities) of the organisation as a whole (overall evaluation of both effectiveness and efficiency will later be referred to as "behavioural SOE").

Three of these types of evaluation of an organisation are parametric in nature (result-based), while the last one is behavioural. Result-based evaluations are more objective. Evaluations of an organisation tend to refer to "goals of an organisation" or "costs". Theoretical studies have made these evaluations more significant than the others as they relate to the problem of the coordination of activities of an organisation. The first evaluation type is the goal of an organisation, a factor that integrates the organisation and provides its *raison d'etre*. The other type is the cost of operations of an organisation, which is perceived as a negative effect of any human activity. An evaluation of the relationship between results and costs constitutes the essence of the evaluations made from an economic perspective. The other evaluation types, notably the behavioural approach, are

subjective in nature, as they are formulated in the context of arbitrarily selected points of reference, these may be theoretical concepts or practical standards. When a general evaluation is treated as synonymous with the positive results achieved by an organisation, the evaluation will be based on a number of criteria, which blurs the goal of the organisation. Now, if SOE is treated as synonymous with behaviour, this gives rise to the problem of a behaviour model. In this case, a particular role is played by the body of research, which, as a rule, becomes the sought point of reference (e.g. marketing orientation). Nonetheless this introduces an ideological aspect to the evaluations of an organisation as they will inescapably involve a discussion about the usefulness of individual theoretical concepts. The literature provides many theoretical concepts and related debates about their usefulness. More often than not, business practitioners do not understand these polemics.

In light of previous theoretical studies, it can be noted that effectiveness and efficiency are complementary evaluations of an organisation in the result-based approach. The two forms of SOE refer to the problem of the coordination of activities of an organisation, which are based on market and management. In this context, effectiveness should relate to the problem of the evaluation of goal achievement, which is essential from the point of view of management. Efficiency should refer to the problem of the costs of an organisation, or more specifically to the relationship between output and costs. Economics has provided many examples of how this relationship can be analysed. From a theoretical point of view both types of SOE are complementary evaluations of an organisation. Hence, it seems fair to conclude that in the result-based approach effectiveness and efficiency (the basic forms of SOE) play a major role in differentiating SOE.

Theoretically, SOE itself (efficiency or effectiveness) is an example of the variability of the evaluations of an organisation. The problem of the variability of the evaluations of an organisation has been of particular interest in the interpretation of effectiveness. Discussions about this matter tend to point to the variability of the goals of an organisation as a basis for such interpretations. In marketing, the discussion relates to marketing (strategic) outcomes, which in the context of the formulated theoretical concepts in different ways affect the results of an organisation. Thus, theoretical discussions focus on the relationship between the strategic and financial outcomes of an organisation. Efficiency, as a complementary evaluation of an organisation, relates to a different product (effect) of activities of an organisation, namely costs.

Effectiveness in the multi-criteria approach may be an alternative to the complementary approach presented above. Effectiveness in the multi-criteria approach represents evaluation in the result-based approach. From a theoretical

point of view, its conceptual definition is less accurate and there is no agreement as to what variables it encompasses. Given the lack of clarity about this evaluation type, research is inconclusive in this category.

From a theoretical point of view, it seems reasonable to expect that a job role held or a task to be performed will affect the perceived significance of different outcomes in the context of an evaluation of an organisation. This can be expected on the basis of the theory associated with the interpretation of organizational effectiveness. The problems of the variability of the evaluations of an organisation are usually seen in a much wider context. As this research focuses on marketing and financial outcomes, it seems interesting to assess their impact in the context of three functional groups of an organisation, namely the management (directors and officers; marketing managers and persons who invest in shares). The outlined scope of outcomes of an organisation should be looked at differently in terms of SOE criteria. It should be expected that marketing managers should display not only a greater perception of marketing outcomes as criteria for the evaluation of effectiveness, but also a greater perception of their connection with the underlying goal of the organisation.

The marketing managers of an organisation are more familiar with the marketing problems that the organisation faces. It is they that focus on interpreting how marketing affects the attainment of corporate goals. These interpretations are made on the basis of an evaluation of the usefulness of different theoretical concepts. Directors and officers of organisations (top management) should be focused on the principal goals of the organisation, which may vary in nature. Those whose role it is to acquire company shares (for the sake of simplicity called "investors"), should display a greater perception of the significance of the results that primarily reflect the value of the firm or the variables that contribute to it. From a theoretical point of view, the two latter groups should display a greater perception of the significance of the financial outcomes of an organisation. The question of how these management groups perceive marketing outcomes is interesting from a cognitive perspective.

The significance of the strategic aspect in the evaluation of efficiency has already been referred to in the Cowling-Waterson model (see Section 1.2). With the ongoing theoretical development of the marketing concept it is reasonable to expect an increasing significance of certain categories of marketing outcomes (and measures). Against the background of the theoretical development of the marketing concept, it is reasonable to expect a growing significance of behavioural and emotional aspects in evaluations of an organisation.

The early marketing concepts were based on the assumption that consumers were acting rationally which added to the significance of "cognitive effects". It

was decided that buyers were seeking to obtain full information about the products available on the market and use this information in their purchasing decisions. The interest in the meaning of buyer loyalty (behavioural effect) and the emotional effects in buyer behaviour gave rise to the formulation of new marketing concepts known in relationship marketing as emotionomics. Each of these "streams" points to a different character of marketing impact. It should be noted that new concepts are formulated with the intention to improve marketing effectiveness. Investment into marketing effects and hence the expanding range of marketing activities will inevitably increase costs. Thus, in such circumstances it would be more appropriate to pay more attention to efficiency of an organisation, i.e. its costs. The observations of conceptual variability will be based on the chain of the marketing productivity model (see Section 2.3). It presents the observed problem of influencing buyers as part of the big (cognitive) loop and the small (retention) loop.

These assumptions were verified by measurement based on a series of CATI interviews[1]. The interviews were held in October and November 2013 with a sample of 650 respondents. As a result of the verification, added to the analysis were the results of the surveys conducted among the three groups of respondents (n=575), namely:

- directors/officers of companies, later jointly referred to as "executives" (n=157),
- managers of marketing departments, later referred to as "marketing managers" (n=178),
- employees responsible for acquiring company shares, later referred to as "(internal) investors" (n=240).

They represented companies employing more than 250 staff members, focusing mainly on consumer goods markets. Such a division of the sample helped observe the variability of the evaluations of an organisation in a relatively homogeneous corporate environment. Table 3.1 shows the dependence between average employment and the role held by the respondent.

The results indicate that the differences between average employment in an organisation are largely independent of the role held by the respondent.

As part of the survey, an attempt was made to recruit investors that represent other institutions (e.g. financial institutions), but their representation was too low (n=39). For this reason this publication does not contain the results of the survey carried out in that group.

[1] Interviews were conducted by Instytut Badawczy IPC in Wrocław.

Table 3.1. Distribution of average employment in an organisation depending on the role held by the respondent

Role	Average employment in an organisation	N	Standard variance
Executives	1,014.0	157	1,377.54
Marketing managers	1,046.4	178	2,436.86
Investors*	901.5	240	1,413.39
Total	977.1	575	1,784.07

*The Investors group includes solely the companies whose employees invest in shares.

Source: elaboration based on own research.

The survey measures the perception of different types of marketing and financial outcomes of an enterprise (and their measures) on interval and rank-order scales. The selection of measurement scales determined the scope of the adopted statistical models used for the analysis of the survey results. The key idea of the survey was to measure the respondents' subjective judgement of the impact of nine formulated marketing and financial outcomes on SOE. The outcomes were presented in the model of productivity of results of the organisation (see Section 2.3). For the purpose of the measurement, a 7-grade scale was used, where "1" meant that "the outcome has no impact on SOE" and "7" was "the outcome has the highest impact on SOE". An analysis of the reliability of the scale used for the measurement is presented in Table 3.2.

Table 3.2. Test of reliability – Cronbach's alpha

Cronbach's alpha	Number of positions
.814	9

Source: elaboration based on own research.

The value of the coefficient is sufficient to deem the measurement as reliable. Other variables were usually measured based on ranking, for example this measurement was applied to different measures of marketing and financial outcomes (see Section 2.4).

The software tools used to analyse the results were SPSS (v. 22) and Statistica (v.10). Analyses were often duplicated to improve the certainty of the results.

3.2. General results of the survey

The starting point for the presentation of the general results of the survey should be the respondents' preferred forms of effectiveness and efficiency as criteria of SOE. The existing theory points to a number of different types of efficiency and effectiveness, which opened up the possibility of different interpretations of these concepts. In accordance with the adopted assumptions, effectiveness and efficiency add up to a general evaluation of an organisation that may be called Synthetic Organizational Evaluation. Respondents were presented only with a description of the forms of effectiveness and efficiency as criteria of SOE (as presented in point 3.1) rather than with their specific names. Table 3.3 shows the distribution of the ranks allocated to the individual forms of effectiveness and efficiency as criteria of SOE. The names of the different forms of effectiveness and efficiency as criteria of SOE were not presented to the respondents during the survey.

Table 3.3. Distribution of ranks of perceived forms of effectiveness and efficiency as criteria of SOE (n=575)

Rank	Forms of effectiveness and efficiency as criteria of SOE			
	result-based approach			appropriate behaviour of the organisation (behavioural approach to SOE)
	positive results (multi-criteria effectiveness)	goal achievement (goal-based effectiveness)	output to costs (economic efficiency)	
Rank 1	161	**301**	74	39
Rank 2	**209**	100	157	109
Rank 3	138	92	**174**	171
Rank 4	67	82	170	**256**

Source: elaboration based on own research.

An analysis of the ranks and the locations of the modes shows that the evaluation of an organisation was usually understood in the context of effectiveness. Both highest ranking types of effectiveness are result-based. The high preference for the multi-criteria effectiveness divides goal-based effectiveness from economic efficiency. It should be noted that in the theoretical part they were considered as complementary evaluations of an organisation. The location of the mode for economic efficiency shows that it is perceived as less important than evaluations of effectiveness (in any type, i.e. in terms of goal achievement and positive result). In light of the survey results, it should be concluded that the behavioural criterion of the evaluation of an organisation was perceived as least

important. In this context it should be noted that until recently a lot of research effort was put into examining marketing orientation. Marketing evaluation performed under such an approach was specifically behavioural in nature. More often than not it came down to the application of marketing instruments, market segmentation, marketing research and the role of the marketing department in business strategy planning.

In addition to the answers provided by respondents, a correspondence analysis was performed which consisted in assessing the distribution of ranks allocated to individual interpretations in a two-dimensional model. This method does not confirm any dependencies between variables, but it can still help to identify the existence of such dependencies. The most interesting situation was observed with regard to two variables, namely effectiveness in the goal-based approach and economic efficiency. Table 3.4 shows the distribution of ranks for both variables (the test of significance of the results is shown in Appendix 1, Table 1).

Table 3.4. Correspondence table for two evaluations – goal-based effectiveness and economic efficiency

Economic efficiency (output to costs)	Goal-based effectiveness (goal achievement)				
	Rank 1	Rank 2	Rank 3	Rank 4	Active margin
Rank 1	0	23	28	23	74
Rank 2	94	0	44	19	157
Rank 3	86	48	0	40	174
Rank 4	121	29	20	0	170
Active margin	301	100	92	82	575

Source: elaboration based on own research.

In light of the resulting distribution of ranks for the obtained types of effectiveness and efficiency, it is hard to observe that a complementary approach to the evaluation of an organisation plays a dominating role. Both variables (goal--based effectiveness and result efficiency) received the highest ranks, Rank 1 and Rank 2, from 20.3% of respondents (in 117, i.e. 94+23 cases). They represent a smaller part of the total population that allocated Rank 1 to effectiveness and efficiency. As can be seen from the graph below that summarises the correspondence analysis, it should be noted that the evaluations of effectiveness dominate over the evaluations of efficiency (see Figure 3.1).

At the outset, it should be noted that Dimension 1 plays a dominating role in explaining the dispersion of the categories presented in Table 3.4. The indicators

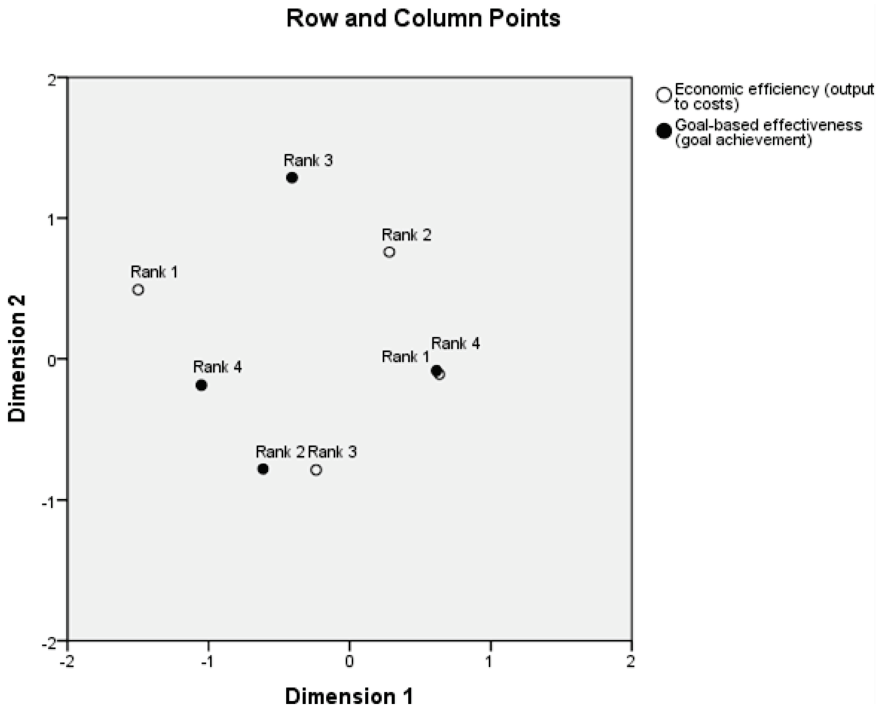

Fig. 3.1. Map of evaluations of an organisation – complementary approach

Source: elaboration based on own research.

of the structure (inertia proportions) are 0.543 for Dimension 1 and 0.39 for Dimension 2 (see Appendix 1, Table 1). Out of all the possible combinations of both variables (the ranks of significance of effectiveness and efficiency as evaluations of an organisation), the most univocal for interpretation purposes is the case where effectiveness (in the goal-based approach) receives Rank 1 while efficiency receives Rank 4 (the lowest rank). Undoubtedly, this came as a major surprise relative to the adopted research assumptions. Theory would suggest that the evaluations based on the categories of effectiveness in the goal-based approach and economic efficiency would be complementary.

The dominant nature of the evaluation of effectiveness over the evaluation of efficiency is made even more prominent by the proportions between the number of Ranks 1 allocated to the goal-based effectiveness (301) and economic efficiency (74). In light of these results, it is appropriate to conclude that in the surveyed group of managers, the evaluations of an organisation were dominated by evaluations of effectiveness. This becomes particularly evident when account is taken of the joint preferences for effectiveness, both in the goal-based and multi-

-criteria approach, as this relates to 80.3% of respondents (462 cases – see Table 4). It should be expected that a greater preference for the evaluation of effectiveness may have a significant influence on further results of the survey.

The observed dominance of effectiveness as an evaluation of an organisation seems to be supported by the directions of the marketing development. It was already under the concept of strategic marketing that emphasis was placed on the scale of operations as the best way to compete on the market. Most evaluations were relative and were based on comparisons with competitors. It was generally believed that a greater intensity of advertising, distribution or a greater number of sellers would be directly reflected in business performance and improve the overall effectiveness of operations. The development of the concept of relationship marketing and value marketing brought new points of reference to the discussion about market operations. Improved methods of influencing buyers and seeking new instruments led to the accumulation of different types of activities. Managers are still facing the problem of the maximisation rather than the rationalisation of organizational activities. Within the marketing framework, no efficiency evaluation methods were developed that would allow optimal or extreme states to be identified. However, economics – at least from a theoretical point of view – was able to achieve this (e.g. Pareto optimum). The survey results show that goal-orientation is the dominating approach in the evaluation of an organisation that operates on the borderline of coordination through price (market) and coordination through management.

The importance of (goal-based) effectiveness as the key form of *sprawność* in the evaluation of an organisation needs to be supplemented with an analysis of the ranks for different types of principal goals of an organization. On the basis of theoretical research, four types of principal goals may be distinguished: profit (profit maximisation), shareholder value, sales (sales maximisation) and a firm's growth. The first three types of goals are quantifiable, while the last one is not. "Firm's growth" is a variable that pertains to managerial theories of an organization and is considered as an open-ended goal (see Section 2.1). As part of the survey, respondents evaluated different types of principal goals. The goals were evaluated by attributing ranks to the individual variables (see Table 3.5).

The results obtained show that in the surveyed group of managers, the interpretation of the principal goals of an organisation was closest to the concepts characterised in managerial theories. Firm's growth and sales turned out to be more significant as a principal goal of an organization. The former case is of particular interest. In the survey, the "firm's growth" variable was not linked to any particular goal type. In this case it is hard to assess effectiveness in the result-based approach. The two other variables – profit and value for shareholders – the

Table 3.5. Distribution of ranks in the perception of principal goals of an organization (n=575)

Rank	Principal goals of an organization (frequency)			
	Sales	Firm's growth	Value for shareholders	Profit
Rank 1	170	**283**	25	97
Rank 2	**257**	154	58	106
Rank 3	114	110	78	**273**
Rank 4	34	28	**414**	99
Question: In your opinion, what is the key goal of a commercial company?				

Source: elaboration based on own research.

principal goals typically present in theoretical research, were often regarded as less significant. In the case of value for shareholders, a particular concentration of answers was noted in Rank 4.

The concept of effectiveness basically comes down to the evaluation of financial results that represent the principal goals of an organization. In turn, efficiency is understood as comparing output to costs. The specific nature of modern management and primarily the different functions of an organisation (e.g. marketing) requires an extensive evaluation of business results, including the effects used as the means to achieve business goals. Undoubtedly, this is the first rationale for interpreting effectiveness in a multi-criteria approach. It is also indicative of the expected observation of the variability of evaluations of an organisation. Ultimately this complicates the issue of the evaluation of an organisation. In the survey, the different marketing and financial outcomes were measured in terms of their impact on SOE. The measurement involved a subjective evaluation of that impact. Average perceptions of different marketing and financial outcomes on the evaluation of an organisation were presented in Table 3.6 (T-test results for mean values were presented in Appendix 1, Table 2).

The survey results show that all of the analysed outcomes were considered as important for SOE. After all, this would seem obvious in the light of theoretical studies. The survey results indicate that the outcomes associated with the principal goals of an organization as well as costs are rather not distinguished as evaluation criteria. Based on an analysis of the theoretical framework, particularly in the context of significance of a principal goal for the operation and evaluation of an organisation, it would seem reasonable to expect higher scores for such variables as financial result or value of the firm. It turned out that sales was the variable that became quite prominent as an evaluation criterion. It received a higher mean impact score and its median was also located elsewhere. It is worth remembering

Table 3.6. Mean perceived impact of individual marketing and financial outcomes on SOE (n=575)

Outcomes of activities of an organisation	Mean	Median	Standard deviation
Sales	6.30	7	1.07
Customer satisfaction	6.04	6	1.04
Perceived quality	5.99	6	1.12
Costs	5.95	6	1.26
Financial result	5.94	6	1.24
Customer loyalty	5.79	6	1.19
Brand knowledge	5.64	6	1.31
Value of the firm	5.57	6	1.53
Brand attitude	5.52	6	1.31

[Scale: 1 – definitely no impact on evaluation 7 – strong impact on SOE]

Source: elaboration based on own research.

in this context that in managerial theories of the firm, sales is often interpreted as a principal goal of an organization.

Compared with sales, most other variables not only received a lower mean score, but also had a higher standard deviation. Figure 3.2 illustrates the mean score for the impact of variables on the evaluation and coefficients of variation for the analysed group of outcomes.

As can be observed, sales and customer satisfaction have both demonstrated the highest impact scores, but also a similar variability of scores. Their low coefficients of variation are obviously explained by the high mean value. On the other hand, it should be expected that these variables will differentiate SOE to the lowest extent. The other three variables: value of the firm, brand attitude and brand knowledge are perceived as having the lowest impact on SOE and having the highest variability (which may be obvious given the lower mean value). The variable which particularly stands out in terms of coefficient of variation is value of the firm. It should be emphasised that this variable represents one of the outcomes of an organisation that in modern research is considered to be among its principal goals. The higher the value of the coefficients of variation implies that the three outcomes (value of the firm, brand attitude and brand knowledge) should have the highest impact on variability of SOE.

Given the observed mean impact scores and their variability, the following conclusion can be drawn: in accordance with the logic behind the evaluation of effectiveness in a goal-based approach, it would be reasonable to expect that the

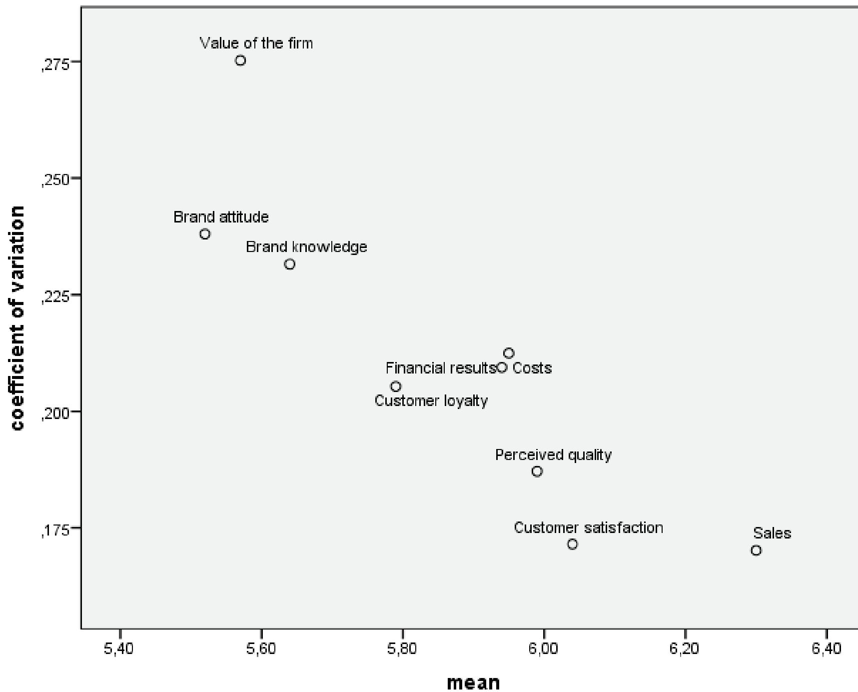

Fig. 3.2. Map of mean impact scores and coefficient of variation for marketing and financial outcomes in SOE – overall results

Source: elaboration based on own research.

variables representing the principal goals (financial result, value of the firm, sales) will have higher mean values than the variables representing other goals (in praxeological terms, they are only the means to achieve the company's principal goals). The results of the survey indicate that such a situation was observed only in respect to sales. As regards SOE, financial result and value of the firm did not stand out compared with other variables. This justifies the increase in significance attributed to the evaluation of effectiveness in the multi-criteria approach as an evaluation of an organisation. This is an observation made in the context of analysis of the overall results of the survey. Perhaps the observed variability of the impact score for the financial result or value of the firm has an association with other factors, which will interpreted later on.

Correlation analysis should reveal any possible association between these effects as variables that affect SOE. The literature often refers to the impact of marketing outcomes on the principal goals of an organization, notably on the financial result and value of the firm. Similar interpretations are also observed in

respect of the association between marketing outcomes (e.g. brand knowledge vs. brand attitude or customer satisfaction vs. customer loyalty). The survey results, analysed in total for the whole sample, revealed moderate and rare correlations between these variables (see Table 3.7). The observed correlations were related to the variables that represented financial outcomes and sales. The strongest correlations were observed between sales and value of the firm and between costs and financial result. In these two cases, the highest interchangeability was observed between the significant increase in both variables as evaluation criteria. It should be noted that the correlations between the evaluation of marketing and financial outcomes were rather weak. This means that any association between increases in the impact score for marketing outcomes and financial outcomes was relatively rarely observed.

The most significant association should relate to sales and marketing effects. From a theoretical point of view, one could expect that an increase in the significance of sales as a basis for SOE should be accompanied by an increase in the significance of marketing outcomes. Marketing literature provides plenty of examples that point to such dependencies. The survey results – analysed for the sample as a whole – have not shown any significant correlation in this regard. In terms of marketing outcomes, the strongest correlation was observed between perceived quality and satisfaction, and between loyalty and satisfaction. These dependencies were often emphasised in the literature, particularly in relation to relationship marketing. Costs, which play a key role in the evaluation of efficiency, did not show any stronger association with marketing effects, instead they had a stronger correlation with the financial result. This may indicate that the evaluation of efficiency (cost comparison) is usually focused on the comparison of costs and principal results.

In light of the observed correlation coefficients, it seems that there are two "spaces" for SOE. One is financial outcomes (plus sales), while the other is marketing outcomes (except for sales). Further analysis should demonstrate if this assumption is true.

The results of an organisation may be viewed from many levels. The main one is based on the division into principal and strategic results. From the point of view of operationalization of the adopted strategy (concept), it is essential to take into account the different measures of outcomes (or indicators). The cumulative growth of marketing has led to formulation of the categories of effects that are complex measurement-wise. Many of these measures reflect cognitive, emotional or behavioural aspects of marketing impact already presented earlier in this chapter (see Table 1). The rank ordering for the perceived significance of different measures (indicators) of outcomes will be the starting point for further observations

Table 3.7. Correlation matrix for marketing and financial outcomes in the evaluation of an organisation – general data (n=575)

		Customer loyalty	Customer satisfaction	Brand attitude	Perceived quality	Brand knowledge	Financial result	Costs	Value of the firm	Sales
Customer loyalty	Pearson correlation	1								
	Significance (double-sided)									
Customer satisfaction	Pearson correlation	.46**	1							
	Significance (double-sided)	.000								
Brand attitude	Pearson correlation	.33**	.43**	1						
	Significance (double-sided)	.000	.000							
Perceived quality	Pearson correlation	.30**	.49**	.34**	1					
	Significance (double-sided)	.000	.000	.000						
Brand knowledge	Pearson correlation	.46*	.45**	.40**	.42**	1				
	Significance (double-sided)	.000	.000	.000	.000					
Financial result	Pearson correlation	.29**	.26**	.26**	.26**	.32**	1			
	Significance (double-sided)	.000	.000	.000	.000	.000				
Costs	Pearson correlation	.34**	.23**	.27**	.17**	.32**	**.53****	1		
	Significance (double-sided)	.000	.000	.000	.000	.000	.000			
Value of the firm	Pearson correlation	.37**	.27**	.35**	.16**	.31**	.45**	.41**	1	
	Significance (double-sided)	.000	.000	.000	.000	.000	.000	.000		
Sales	Pearson correlation	.24**	.16**	.24**	.13**	.20**	.33**	.38**	**.54****	1
	Significance (double-sided)	.000	.000	.000	.001	.000	.000	.000	.000	

**. Significant correlation at 0.01 (double-sided).

Source: elaboration based on own research.

of the variability of company evaluations. The measurement of preferences for different measures was general in nature and was not formulated in the context of the attempted SOE.

Brand knowledge is an outcome associated with multiple marketing categories. In conceptual terms, it represents a marketing effect and a component of the brand capital. In the case of brand awareness, four measures are identified and allocated to this group of outcomes. The ranks for their perceived significance as measures of brand knowledge are presented in Table 3.8.

Table 3.8. Distribution of ranks for the perceived significance of different brand knowledge measures (n=575)

Rank	Brand knowledge (frequency)			
	Brand recall (unaided awareness)	Brand recognition (aided awareness)	Association with attributes	Association with emotions
Rank 1	83	**214**	**191**	87
Rank 2	**190**	120	156	109
Rank 3	181	93	123	178
Rank 4	121	148	105	201

Source: elaboration based on own research.

The distribution of ranks (modes in particular) shows that cognitive variables are preferred as brand knowledge measures. This is particularly the case for two variables: brand recognition and association with its features. The variable that represents the emotional aspect of brand knowledge, namely emotional association, was lowest-ranking.

For the purpose of the survey it was assumed that attitude to the brand is also a complex outcome. Even though it contains three different components, it is generally treated as a representative of the emotional aspect of the buyer's reaction. However the survey results do not confirm such an association (see Table 3.9).

Table 3.9. Distribution of ranks for the perceived significance of different brand attitude measures (n=575)

Rank	Brand attitude (frequency)		
	Belief	Emotional reaction (brand disposition)	Purchase intention
Rank 1	243	209	123
Rank 2	**253**	119	203
Rank 3	79	**247**	**249**

Source: elaboration based on own research.

The most favourable distribution of ranks was connected with the evaluation of belief, meaning a cognitive aspect of the buyer's reaction. Evaluation of the emotional aspect (brand disposition) and conative aspect (purchase intention) demonstrates their lower perception as proper brand attitude measures.

Post-purchase evaluation may be a source of knowledge for the buyer (cognitive effect), but may also trigger an emotional reaction. The idea behind measurement of customer satisfaction is based on three models (see Section 2.4). These models reflect both the cognitive aspect of post-purchase evaluation and the emotional aspect (see Table 3.10).

Table 3.10. Distribution of ranks for the perceived significance of different customer satisfaction measures (n=575)

Rank	Customer satisfaction (frequency)		
	Value of the product (benefits vs. costs)	Product usage (practical use vs. expectations)	Emotional reaction
Rank 1	214	**279**	82
Rank 2	**275**	152	148
Rank 3	86	144	**345**

Source: elaboration based on own research.

Also in this case the measures that relate to the cognitive aspect are highest-ranking. The respondents showed a higher preference for the measurements based on comparisons with the buyer's expectations and comparisons of benefits and costs. Evaluation of emotional reactions was dominated by the lowest rank.

There are certain conclusions to be drawn from the observed examples of ranking cognitive and emotional measures as components of such outcomes as brand knowledge, brand attitude and customer satisfaction. Certainly, a preference for cognitive measures was noted. Emotions transpired to be less significant as marketing measures. In light of the observed distribution of ranks for emotional reactions, it can be noted that such measures receive a worse score. It may well be that the measurements of emotional reactions (e.g. studying facial expression), which have been popularized recently, are perhaps not the right alternative for the measurement of marketing outcomes.

Interpretation of customer loyalty has always been dominated by a behavioural approach. The survey results point to a higher perception of those measures that have a very clear behavioural context (see Table 3.11).

Of all the loyalty measures, highest-ranking were those that were associated with sales (purchases made by customers), and particularly with retention

Table 3.11. Distribution of ranks for the perceived significance of different customer loyalty measures (n=575)

Rank	Customer loyalty (frequency)		
	Share in purchasing	Customer retention	Recommendation
Rank 1	148	**265**	162
Rank 2	**230**	178	167
Rank 3	197	132	**246**

Source: elaboration based on own research.

(repeated purchases). Yet the least significant measure was referral, understood as customer behaviour that does not have any direct connection to sales.

Marketing outcomes are a means whereby a company achieves its principal goals. Theoretical interpretations of marketing concepts refer to financial outcomes, and particularly to company goals. In the adopted survey model, focus was placed on two outcomes that constitute company goals: financial result and value of the firm. In the literature, three types of financial result are usually distinguished: profit and two profitability ratios, namely ROI and ROE. Profit (and particularly its maximisation) is the oldest and most common form of a company goal. The survey results have confirmed its dominating significance (see Table 3.12).

Table 3.12. Distribution of ranks for the perceived significance of different financial result measures (n=575)

Rank	Financial result (frequency)		
	ROI	ROE	Profit
Rank 1	181	131	**263**
Rank 2	**253**	148	174
Rank 3	141	**296**	138

Source: elaboration based on own research.

A new category that received the status of a principal goal was value of the firm. In the literature, one may find many examples of the value of the firm's measures (see Section 2.4). In marketing, this is usually interpreted in connection with cash flows (NPV concept) and share value (MVA concept). In the survey these measures were supported by a description to facilitate their understanding. The survey results point to a high perception of only one of the value of the firm measures (see Table 3.13).

Table 3.13. Distribution of ranks for the perceived significance of different value of the firm measures (n=575)

Rank	Value of the firm (frequency)			
	Value of Assets	Generated cash flows (NPV)	Market Value Added (MVA)	Economic Value Added (EVA)
Rank 1	130	147	**228**	70
Rank 2	**191**	105	133	146
Rank 3	147	148	110	170
Rank 4	107	**175**	104	**189**

Source: elaboration based on own research.

Of all the proposed value of the firm measures, the best distribution of rankings was observed for the MVA and asset value. The latter is particularly noteworthy. In the marketing theory it is hard to find interpretations that would point to a relationship between the asset value of a company and its marketing activities. The two measures that received the lowest score are based on rather complicated computations. In this context, the first two measures are clearer. It should be emphasised that the marketing theory provides many examples of interpretation of how marketing impacts on the value of the firm based on NPV. For example, Doyle (2003), demonstrated a theoretical relationship between cash flow and sales. The survey results demonstrated a significant correlation between value of the firm and sales, as outcomes that have an impact on SOE. However, value of the firm measurement based on NPV is perceived as less significant.

In light of the presented overall results regarding the significance of different marketing outcomes as company evaluation criteria, a preference is noted for the outcomes representing the cognitive aspect of customer behaviour. The outcomes and measures connected with the emotional aspect of such behaviour were perceived as worse. This may point to the continued conviction about consumer rationality.

3.3. Impact of perceived significance of efficiency and effectiveness on variability of SOE

The obtained rank measures of individual approaches and forms of effectiveness and efficiency as criteria of SOE – see Table 3.3 – were converted into a nominal (dichotomous) scale to identify the impact of individual outcomes on company evaluation. These were simple conversions consisting in a comparison of ranks

and assignment of preferences to one or the other type of effectiveness and efficiency as criteria of SOE.

The starting point for the comparison of the variability of impact scores for individual marketing and financial outcomes should be to compare the result-based approach and behavioural approach to SOE (see Section 1.5). Regrettably, the low number of respondents (n=39) showing a preference for the behavioural approach is too small a sample for a reliable interpretation of the obtained results. Therefore a comparison was made between the mean impact scores of the variables for other types of effectiveness and efficiency as criteria of SOE, which were classified into the result-based approach (goal-based effectiveness, multi-criteria effectiveness and economic efficiency).

The most valuable was the comparison of the impact of marketing and financial outcomes on SOE depending on the perceived significance of goal-based effectiveness and economic efficiency (after their transformation from rank ordering to a dichotomous scale). Based on the analysis of the theoretical framework, goal-based effectiveness and economic efficiency were considered as complementary. Table 3.14 shows the variability of the mean scores of impact on SOE.

Table 3.14. Comparison of the variability of mean scores of impact of the individual marketing and financial outcomes on SOE – grouping variable: goal-based effectiveness vs. economic efficiency

Outcomes of an organisation	Mean (1-7 scale)		
	Total (n=575)	Preference	
		Goal-based effectiveness (n=398)	Economic efficiency (n=177)
Sales	6.30	6.31	6.27
Customer satisfaction	6.04	6.07	5.98
Perceived quality	5.99	6.02	5.92
Costs	5.95	6.01	5.81
Financial result	5.94	6.01	5.78
Customer loyalty	5.79	5.83	5.70
Brand knowledge	5.64	5.67	5.57
Value of the firm	5.57	5.64	5.42
Brand attitude	5.52	5.51	5.54

Source: elaboration based on own research.

Analysis of these data shows slight differences in the mean values. The key difference observed was related to value of the firm, financial result and costs. Table 3.15 shows a t-test for the analysed variables.

Table 3.15. T-test for equality of the mean values for the perceived significance of marketing and financial outcomes in company evaluation – grouping variable: goal-based effectiveness vs. economic efficiency

		Levene's test homogeneity of variances		T-test for equality of means		
		F	Significance	*t*	df	Significance (double-sided)
Customer loyalty	Assumed equality of variances	1.325	.250	1.197	573	.232
	No assumed equality of variances			1.184	328.710	.237
Customer satisfaction	Assumed equality of variances	.554	.457	.879	573	.380
	No assumed equality of variances			.900	357.890	.369
Brand attitude	Assumed equality of variances	2.748	.098	-.246	573	.806
	No assumed equality of variances			-.263	397.976	.793
Perceived quality	Assumed equality of variances	.126	.723	.979	573	.328
	No assumed equality of variances			.987	344.384	.324
Brand knowledge	Assumed equality of variances	.000	.989	.828	573	.408
	No assumed equality of variances			.863	373.394	.389
Financial result	Assumed equality of variances	4.674	.031	2.079	573	**.038**
	No assumed equality of variances			2.054	328.494	**.041**
Costs	Assumed equality of variances	1.093	.296	1.746	573	.081
	No assumed equality of variances			1.799	362.930	.073
Value of the firm	Assumed equality of variances	.461	.497	1.610	573	.108
	No assumed equality of variances			1.666	367.016	.097
Sales	Assumed equality of variances	.005	.943	.365	573	.716
	No assumed equality of variances			.387	391.805	.699

Source: elaboration based on own research.

The test result shows that the observed differences are statistically significant only for the financial result. In other cases the differences are not statistically significant. The observed increase in the perceived impact of the financial result on SOE is supported by theory. The financial result of a company, notably its profit, has been for a long time understood as a principal goal of an organisation.

However an attempt to identify a model that would demonstrate a dependence between the variables did not produce any statistically significant results (see Table 3.16).

The low model fit may be confirmed by the expected classification of the respondents based on the formulated regression model (see Table 3.17).

Table 3.16. Logistic regression – model fit (grouping variable: goal-based effectiveness vs. economic efficiency)

	Chi-square test	df	Significance
Model	7.957	9	.538

Source: elaboration based on own research.

Table 3.17. Classification table – logistic regression, grouping variable: goal-based effectiveness vs. economic efficiency

<table>
<tr><th colspan="3" rowspan="3">Observed</th><th colspan="3">Predicted</th></tr>
<tr><th colspan="2">Which effectiveness type is more important?</th><th rowspan="2">Percentage correct</th></tr>
<tr><th>Goal-based effectiveness</th><th>Economic efficiency</th></tr>
<tr><td rowspan="3">Step 1</td><td rowspan="2">Which effectiveness type is more important?</td><td>Goal-based effectiveness</td><td>395</td><td>3</td><td>99.2</td></tr>
<tr><td>Economic efficiency</td><td>177</td><td>0</td><td>0.0</td></tr>
<tr><td colspan="2">Total percentage</td><td></td><td></td><td>68.7</td></tr>
</table>

Source: elaboration based on own research.

It should be noted that a highly accurate classification was obtained for the group of respondents that showed a preference for goal-based effectiveness. However, a zero classification correctness was noted regarding the respondents that showed a preference for economic efficiency. To some extent this may be explained by scale transformation. It should be remembered that respondents ranked four variables and only 74 of the respondents assigned Rank 1 to economic efficiency (see Table 3.3). All the other respondents assigned a higher rank to economic efficiency than to goal-based effectiveness, and gave Rank 1 to another variable: multi-criteria effectiveness or behavioural approach to SOE. Stepwise regression did not improve the situation, but helped confirm the significance of the financial result as the only explanatory variable in this case (the significance for this variable was 0.04).

Analysis of the impact of other combinations of grouping variables, i.e. the multi-criteria effectiveness and economic efficiency, and the multi-criteria effectiveness and goal-based effectiveness, showed a lack of statistical significance for the perceived variability of the impact of marketing and financial outcomes (see Appendix 1, Tables 3-4). This may be explained by the fact that the comparison was related to multi-criteria effectiveness. From a theoretical point of view, multi--criteria effectiveness is associated with different outcomes. A PLUM ordinal

regression analysis performed for the individual variables also did not bring any positive result.

In light of the observed survey results it is appropriate to conclude that the different types of effectiveness and efficiency (related to the result-based approach to SOE) have not shown any significant impact on variability of SOE. Perhaps this can be explained by the distribution of ranks for the different forms of effectiveness and efficiency as criteria of SOE (see Table 3.3) and the observed prevailing perception of company evaluation as evaluation of effectiveness. The observed situation may also be due to the awareness of the complex nature of company evaluation and the significance of different outcomes as evaluation criteria. It may well be that the cumulative development of the knowledge – with the justification provided for new effectiveness/efficiency measures that keep appearing – blur the boundary between evaluations of effectiveness and efficiency of a company. It seems that the descriptive presentation of the effectiveness and efficiency categories used in the questionnaire should eliminate the problem of a possible misinterpretation and mixing of the two concepts. The questionnaire demonstrated category descriptions rather than names, so respondents did not do the ranking based on the named categories of effectiveness and efficiency as criteria of SOE.

3.4. Variability of SOE vs. respondent roles

There are also other criteria of variability of company evaluations indicated in the literature. Such observations were made on the basis of the analysis of the strategic constituencies model (see Section 1.3). On this basis, an assumption was made that the perceived significance of the above-mentioned outcomes should vary depending on the role that the survey respondent holds. The sample includes three groups of respondents, defined as “executives”, “marketing managers” and “investors”. The latter group is represented only by company employees whose role is to make equity investments. This made it possible to observe the variability of company evaluations within the same environment, i.e. companies operating on the market of consumer goods.

The survey results helped identify the variability in the perceived impact of some outcomes, as illustrated in Table 3.18 (statistical significance tests – see Appendix 2, Tables 1-3).

An overall analysis of these results show higher mean values among marketing managers and lower mean values among investors (in the latter case, the only exception is sales). The least statistically significant differences in the perception

Table 3.18. Mean scores of the impact of the individual marketing and financial outcomes on SOE – grouping variable: respondent's role in the organisation (n=575)

Outcomes of an organisation	Mean (1-7 scale)			
	Total	Role		
		Executives	Marketing managers	Investors*
Sales	6.30	6.17	6.45	6.26
Customer satisfaction	6.04	6.18	6.36	5.71
Perceived quality	5.99	6.20	6.04	5.81
Costs	5.95	5.92	6.21	5.78
Financial result	5.94	5.92	6.13	5.82
Customer loyalty	5.79	5.97	6.03	5.49
Brand knowledge	5.64	5.87	5.91	5.29
Value of the firm	5.57	5.66	5.88	5.28
Brand attitude	5.52	5.50	5.72	5.38

* The Investors group includes solely the companies whose employees invest in shares.

Source: elaboration based on own research.

of the impact of outcomes were found in the comparison of executives and marketing managers, and they concerned only two variables: sales and costs (see Appendix 2, Table 1). The observed changes primarily related to the higher evaluation of the impact of these outcomes in the group of marketing managers. In other cases, for the comparison of executives-investors and marketing managers-investors, the number of statistically significant differences increased. The highest perception changes that were statistically significant were observed in the case of the comparison of the marketing managers and investor groups, and related to nearly all variables (see Appendix 2, Table 3). In this case, sales was the only variable whose variability was confirmed by statistical significance. The observed variability of the perception of outcomes in the evaluation of an organisation was demonstrated by the greater significance of outcomes in the group of marketing managers. In the comparisons of the executives and investors groups, statistically significant differences concerned most of the marketing effects (customer loyalty, customer satisfaction, brand awareness and perceived quality). The observed differences in the evaluation of financial outcomes were not statistically significant (see Appendix 2, Table 2).

Ever since effectiveness became interpreted as a management-related category, it has been primarily associated with the principal goals of an organisation. The survey demonstrated that these goals are financial result, firm

value and sales. It should be noted that statistically significant differences in their assessed the impact on the evaluation of effectiveness and efficiency as criteria of SOE was observed for one comparison, namely that of marketing managers and investors.

Quite contrary to expectations, a change in the perceived impact of the variables on company evaluation was not only related to the categories of outcomes. Initially it was expected that marketing managers would be more inclined to perceive marketing effects, while directors and investors would focus more on financial outcomes. However the actual observations are quite different. The survey results demonstrate a higher perception of all outcomes (marketing and financial ones) among marketing managers and a lower perception among investors. Perhaps this may be explained by greater experience and access to information. Understandably, the group of investors may have less opportunity to use information on marketing outcomes. On the other hand, financial result is a parameter that should not be particularly difficult to access and interpret, the survey results pointed to a marked change it has to the impact.

Appendix 3 presents the maps of mean impact scores and coefficients of variation for marketing and financial outcomes in SOE. Analysis of these maps shows that there is a constant group of outcomes that demonstrated low impact score and higher variability (see Appendix 3, Figures 1-3). In the group of executives and marketing managers, the situation related to value of the firm and brand attitude, while in the group of investors it was value of the firm and brand knowledge (brand attitude was characterised by a lower variability). This should prompt an attempt to try and find an explanation for the variability of company evaluations in the existing theoretical concepts. In any case, in light of the survey results, the high variability of these outcomes cannot be explained by the respondent's role. Another key observation should relate to the variables that are characterised by the highest impact score and low coefficient of variation. A comparison of the three maps points to the changing location of such variables as customer satisfaction and the perceived quality. The former (customer satisfaction) has a similar location on the map for the group of executives and marketing managers, but a totally different location for the group of investors (see Appendix 3, Figures 1-3). This may imply the partial impact of this variable on SOE based on the respondent's role. It should also be noted that the location of this variable on the map that presents overall results (see Figure 8) did not suggest such variability. Another outcome whose location changed on the map is the perceived quality, which had a more favourable location in the executives group compared with other groups. A certain stability of the location of sales is also worth noting. In all the three groups, sales is located as a variable with a high

mean score of impact on SOE. In the executives and marketing managers groups the variable showed a higher variability. In the case of investors, sales was the only variable that was characterised by a high mean score and low variability (see Appendix 3, Figure 3). Looking at all the three maps, it should be noted that they repeat the location of outcomes observed for the general data (see Figure 3.2). In this context it seems appropriate to conclude that the individual's role in the company does not explain the variability of the mean impact scores observed for the overall results (see Figure 3.2).

An analysis of correlations between the distinguished variables in the executives group demonstrates very few, moderate associations (see Appendix 2, Table 4). The strongest correlations were observed between sales and value of the firm and between costs and financial result. What is quite characteristic for this group is the lack of correlation between financial and marketing outcomes. The correlations between marketing outcomes are weaker and relatively fewer. It seems that the key role here is played by customer satisfaction, which has a strong correlation with cognitive marketing outcomes only. It should be remembered that this variable was assessed very highly as a criterion of company evaluation.

In the marketing managers group there were more correlations and they were stronger. In addition, correlations were observed between the marketing and financial outcomes (see Appendix 2, Table 5). The strongest correlations were observed between sales and value of the firm, loyalty and costs, loyalty and sales, financial result and costs and financial result and brand knowledge. In the case of this group, sales seems to play a strong integrating role. There is a quite strong correlation between customer loyalty (marketing effect) and financial criteria (value of the firm in particular). Compared with other results, the correlations between sales and value of the firm and financial result and costs are quite typical. Furthermore, weak correlations can be observed in other pairs of financial outcomes. There is a specific correlation between customer loyalty and costs (costs received a relatively high mean significance value as an evaluation criterion – see Table 3.18). This is a dependency that is demonstrated in the body of theory. In addition, this is an example of an emphasis on efficiency. Another, already weaker correlation, was related to brand knowledge and financial result, namely cognitive outcome vs. financial outcome. Correlations indicate that this group of respondents have a weaker perception of the connection between behavioural and financial outcomes (there are stronger correlations between sales and financial results and between loyalty and sales). The correlations between marketing outcomes are already weaker. They are most prominent in the case of loyalty and brand knowledge.

In the case of investors, no strong correlations were observed between marketing and financial outcomes (see Appendix 2, Table 6). The executives group was similar in this respect. Financial outcomes correlate with each other and with sales. It should be noted that sales received the highest mean impact score as a criterion of company evaluation. In the case of marketing effects, the strongest correlations were related to cognitive outcomes, namely brand knowledge, perceived quality, brand attitude and satisfaction. Loyalty, in turn, had a weak correlation with marketing outcomes.

The correlations outlined above indicate that a stronger connection between the financial and marketing outcomes is noted only for the group of marketing managers. Actually this was to be expected. Marketing managers as a group functionally dealing with marketing should see the connection between marketing and financial outcomes. For the other groups, executives and investors, the perceived relationship between financial and marketing outcomes in SOE seems to be weak (at least in the context of the survey results). It should be noted that sales (the result of marketing efforts) turned out to be correlated with financial outcomes. The relationship between costs and marketing outcomes in the group of market managers is also notable. This relationship is quite logical from a theoretical point of view. What comes as a surprise is the lack of stronger correlations between costs and marketing effects in other groups of respondents (executives in particular).

The impact of marketing and financial outcomes on SOE was analysed using logistic regression. Respondents' respective roles were used as a grouping variable. This allowed three pair combinations to be identified: executives-marketing managers; executives-investors and marketing managers-investors. The resulting models were statistically significant (see Tables 3.19, 3.23, and 3.27), but with low ability to explain variances in the dependent variable (see Tables 3.20, 3.24, and 3.28). The model for the grouping variable of executives-marketing managers is presented in Table 3.21.

Table 3.19. Logistic regression – model fit (grouping variable: executives vs. marketing managers)

	Chi-square test	df	Significance
Model	17.192	9	.046

Source: elaboration based on own research.

Table 3.20. Model summary: variability of impact on SOE (grouping variable: executives vs. marketing managers)

Step	–2 log likelihood	Cox and Snell's pseudo R-squared	Nagelkerke's R-squared
1	445.900	.050	.067

Source: elaboration based on own research.

Table 3.21. Variables in the equation: variability of impact on SOE (grouping variable: executives vs. marketing managers)

		B	Standard error	Wald	df	Significance	EXP(B)
Step 1	Customer loyalty	–.091	.118	.594	1	.441	0.913
	Customer satisfaction	.309	.155	3.956	1	**.047**	1.362
	Brand attitude	.072	.095	.583	1	.445	1.075
	Perceived quality	–.282	.124	5.128	1	**.024**	0.755
	Brand knowledge	–.048	.118	.163	1	.687	0.953
	Financial result	.042	.114	.139	1	.710	1.043
	Costs	.162	.119	1.866	1	.172	1.176
	Value of the firm	–.055	.098	.310	1	.577	0.947
	Sales	.227	.124	3.368	1	.066	1.255
	Constant	2.031	1.035	3.851	1	.050	0.131

Source: elaboration based on own research.

The survey results indicate that the variability of SOE between executives and marketing managers is best explained by two outcomes: customer satisfaction and perceived quality. It is worth noting that the latter variable was found to have a higher impact on SOE already at the map of mean evaluations and coefficients of variation (see Appendix 3, Figure 1). Analysis of the odds ratio (see EXP(B)) indicates that these variables have a different impact on SOE. It may also be noted that the customer satisfaction variable has a higher impact than the perceived quality variable. This observation is quite surprising. It is commonly believed that the two variables are interdependent, but here they played a different role in explaining the increase in the SOE by executives and marketing managers.

The weak ability to explain the variability of SOE may be seen in the low percentage of accuracy of classification (see Table 3.22).

As can be seen in the above table, the accuracy of classification was approximately 59%. However one should note the higher percentage of classification for marketing managers (74%), for executives the value of the coefficient was low. The use of the stepwise method improved the model's significance, but it did not improve the accuracy of classification (which fell to 56.4%). The stepwise method allowed one more factor to be identified as an explaining variable, i.e. sales. As the third variable, sales was given statistical significance in the model. In terms of explaining the variability of evaluations, the impact of sales was similar to that of customer satisfaction.

Table 3.22. Classification table – logistic regression (grouping variable: executives vs. marketing managers)

Observed			Predicted		
			Respondent's role		Percentage correct
			Director	Marketing manager	
Step 1	Respondent's role	Director	65	92	41.4
		Marketing manager	46	132	74.2
	Total percentage				58.8

Source: elaboration based on own research.

The results of the logistic analysis for the grouping variable executives-investors are shown in Tables 3.23-3.26. The resulting model had the required statistical significance (see Table 3.23) and a slightly better ability to explain variances in the dependent variable (see Table 3.24). The model itself is presented in Table 3.25.

Table 3.23. Logistic regression – model fit (grouping variable: executives vs. investors)

	Chi-square	df	Significance
Model	41.431	9	.000

Source: elaboration based on own research.

Table 3.24. Model summary: variability of impact on SOE (grouping variable: executives vs. investors)

Step	–2 log likelihood	Cox and Snell's pseudo R-squared	Nagelkerke's R-squared
1	491.446	.099	.134

Source: elaboration based on own research.

Table 3.25. Variables in the equation: variability of impact on SOE (grouping variable: executives vs. investors)

		B	Standard error	Wald	df	Significance	EXP(B)
Step 1	Customer loyalty	–.154	.115	1.794	1	.180	0.857
	Customer satisfaction	–.267	.143	3.483	1	.062	0.766
	Brand attitude	.231	.109	4.490	1	**.034**	1.260
	Perceived quality	–.176	.125	1.971	1	.160	0.839
	Brand knowledge	–.225	.108	4.370	1	**.037**	0.798
	Financial result	.114	.109	1.102	1	.294	1.121
	Costs	–.036	.106	.118	1	.731	0.964
	Value of the firm	–.203	.096	4.451	1	**.035**	0.816
	Sales	.287	.123	5.458	1	**.019**	1.332
	Constant	–2.827	.953	8.809	1	.003	16.898

Source: elaboration based on own research.

One can see that in the executives-investors group there is a higher number of the outcomes that explain the variability of SOE than in the case of the executives-marketing managers model. From a statistical point of view, these outcome (variables) are brand attitude, brand knowledge, value of the firm and sales. It should be noted that most of these outcomes showed their impact on SOE when their mean score was analysed (see Table 3.18). Analysis of the odds ratio (see EXP(B)) indicates that brand attitude and sales have a different impact on SOE than brand knowledge and value of the firm. On the basis of the odds ratio one can see that sales has been found to have the highest impact on a change in SOE for the surveyed group of respondents.

The resulting model had a higher accuracy of classifications (see Table 3.26).

Table 3.26. Classification table – logistic regression (grouping variable: executives vs. investors)

Observed			Predicted		
			Respondent's role		Percentage correct
			Executives	Investors	
Step 1	Respondent's role	Director	66	91	42.0
		Investors	42	198	82.5
	Total percentage				66.5

Source: elaboration based on own research.

As can be seen in the above table, a higher percentage of correct classifications was achieved for investors (82%), for executives the value of the coefficient was low. Again, the situation relates to the same group of respondents. The variability of this group of respondents may pose difficulties with the interpretation of the adopted model. The use of the stepwise method improved the significance of the model of accuracy of classification (to 67.8%), which allowed customer satisfaction to be identified as yet another explanatory variable.

The results of the logistic analysis for the grouping variable marketing managers-investors are shown in Tables 3.27-3.30. The resulting model had the required statistical significance (see Table 3.27) and a slightly better ability to explain variances in the dependent variable (see Table 3.25). The model is presented in Table 3.29.

Table 3.27. Logistic regression – model fit (grouping variable: marketing managers vs. investors)

	Chi-square	df	Significance
Model	63.207	9	.000

Source: elaboration based on own research.

Table 3.28. Model summary: variability of impact on SOE (grouping variable: marketing managers vs. investors)

Step	–2 log likelihood	Cox and Snell's pseudo R-squared	Nagelkerke's R-squared
1	507.034	.140	.189

Source: elaboration based on own research.

Table 3.29. Variables in the equation: variability of impact on SOE (grouping variable: marketing managers vs. investors)

		B	Standard error	Wald	df	Significance	EXP(B)
Step 1	Customer loyalty	–.098	.127	.599	1	.439	0.906
	Customer satisfaction	–.710	.158	20.255	1	**.000**	0.492
	Brand attitude	.144	.117	1.517	1	.218	1.155
	Perceived quality	.223	.129	3.013	1	.083	1.250
	Brand knowledge	–.268	.115	5.463	1	**.019**	0.765
	Financial result	.085	.125	.464	1	.496	1.089
	Costs	–.104	.123	.708	1	.400	0.902
	Value of the firm	–.182	.097	3.493	1	.062	0.833
	Sales	.133	.144	.858	1	.354	1.142
	Constant	–4.841	1.015	22.752	1	.000	126.569

Source: elaboration based on own research.

Before the last pair of respondents is analysed, it should be remembered that the previous comparisons of the mean scores of impact of the variables on SOE revealed a lot of statistically significant differences between these mean values (see Table 3.18). The differences related to nearly all the variables (except for sales). As could be observed, the impact scores for these variables were higher than in the group of marketing managers. In the regression model, two outcomes – customer satisfaction and brand knowledge – are the only two explanatory (statistically significant) variables. The two outcomes were already found in regression models as explanatory variables. The former was an explanatory variable in the group of executives-marketers, while the latter in the group of executives-investors. Analysis of the odds ratio (see EXP(B)) indicates that both variables have a similar impact on SOE.

Compared with the previous models, the resulting model had a higher ability of classification of respondents in the marketers-investors group (see Table 3.30).

It should be remembered that in previous cases both groups (marketers and investors) had a better classification than executives. In this case a higher percentage of correct classifications was observed for investors (77%%). The

Table 3.30. Classification table – logistic regression (grouping variable: marketing managers vs. investors)

Observed			Predicted		
			Respondent's role		Percentage correct
			Director	Investors	
Step 1	Respondent's role	Marketing manager	96	82	53.9
		Investors	55	185	77.1
	Total percentage				67.2

Source: elaboration based on own research.

stepwise method only slightly improved the significance and accuracy of classification (up to 67.7%). The logistic regression method helped identify two more variables (perceived quality and value of the firm), but they did not have the required statistical significance (they were not lower than 0.05).

The obtained results show that the variability of SOE is explained by different outcomes. Only two outcomes – customer satisfaction and brand knowledge – can be regarded as explanatory variables. This points to the variability of SOE in the analysed groups. These results do not provide an explanation for the variability of the evaluations observed on the maps of mean impact scores and coefficients of variation for the general results of the survey (see Figure 3.2).

The survey also measured respondents' preference for the different measures used for the marketing and financial outcomes indicated above. The assumption made in the survey was that all the respondents (representatives of large organisations) should identify at least the principal measures connected with the financial outcomes. The presented measures of marketing and financial outcomes were supported with a short description. The observed ranking changes were evaluated by means of the Kruskal-Wallis test.

The survey results point to the high variance of preferences for different methods of measuring brand knowledge (see Table 3.31). The group of executives tended to assign a higher significance (rank) to recall (unaided awareness), while the group of marketing managers would assign a higher rank to brand recognition (aided awareness). In turn, for the group of investors the associations were rather emotional in nature. It is hard to find a theoretical rationale for these dependencies.

Statistically significant preference changes could also be seen in the case of brand attitude (see Table 3.32). In the group of marketing managers, higher ranks were observed for emotional reaction as a method of measuring emotional attitude, while in the group of investors the intention to buy stood out. The

Table 3.31. Kruskal-Wallis test for brand knowledge measures – grouping variable: respondent's role in the organisation

	Brand knowledge measures			
	Recall (unaided awareness)	Brand recognition (aided awareness)	Association with attributes	Association with emotions
Chi-square	6.510	34.243	7.618	27.440
Df	2	2	2	2
Asymptotic significance	**.039**	**.000**	**.022**	**.000**

Source: elaboration based on own research.

former of these changes seems quite significant in this case. It turns out that an increase in the significance of the emotional aspect can be observed in brand attitudes. It should also be remembered that brand attitudes are usually classified as an affective variable.

Table 3.32. Kruskal-Wallis test for the brand attitude measure – grouping variable: respondent's role in the organisation

	Brand attitude		
	Belief	Emotional reaction	Purchase intention
Chi-square	2.901	14.217	14.755
Df	2	2	2
Asymptotic significance	.234	**.001**	**.001**

Source: elaboration based on own research.

In light of the survey results, the changes in preferences for different measures of customer satisfaction should be regarded as of low significance (see Table 3.33). The most significant is the higher preference of marketing managers for the method described as value assessment (cost to benefits comparison).

Loyalty is quite common outcome of an organisation's marketing activities. In light of the test performed (see Table 3.34), significant changes were identified in the preferences for such measures as share in purchasing (a variable identified by marketing managers) and customer referral (identified by executives).

The measures used for measuring the financial result should be well-identified by all the respondents. The survey results indicate that the group of marketing managers had a higher preference for profit as a measure of a company's financial result, while the group of investors tended to prefer ROI (see Table 3.35). Such a preference is supported by theory. In the body of marketing theory, profit plays

Table 3.33. Kruskal-Wallis test for customer satisfaction – grouping variable: respondent's role in the organisation

	Customer satisfaction		
	Value of the product (benefits vs. costs)	Product usage (practical use vs. expectations)	Emotional reaction
Chi-square	5.996	.736	5.904
Df	2	2	2
Asymptotic significance	.050	.692	.052

Source: elaboration based on own research.

Table 3.34. Kruskal-Wallis test for customer loyalty – grouping variable: respondent's role in the organisation

	Customer loyalty		
	Share in purchasing	Customer retention	Recommendation
Chi-square	12.006	3.193	22.733
Df	2	2	2
Asymptotic significance	**.002**	.203	**.000**

Source: elaboration based on own research.

a special role as it was often used to demonstrate the impact of marketing efforts on the company's performance. The specific nature of ROI (return on investment) explains why it is preferred by the group of investors.

Table 3.35. Kruskal-Wallis tests for financial result – grouping variable: respondent's role in the organisation

	Financial result		
	ROI	ROE	Profit
Chi-square	10.938	4.124	9.048
Df	2	2	2
Asymptotic significance	**.004**	.127	**.011**

Source: elaboration based on own research.

From a statistical point of view, it is hard to identify the variability of preferences for a different value of the firm's measures (see Table 3.36). The only such case may be the higher score assigned to the NPV measure by the group of marketing managers. This can be also explained by theory. The marketing literature usually

refers to the relationship between marketing activity and NPV. This point of reference was at the basis of the interpretation of value-based marketing by P. Doyle.

Table 3.36. Kruskal-Wallis tests for the value of the firm's measure – grouping variable: respondent's role in the organisation

	Value of the firm			
	Value of Assets	Generated cash flows (NPV)	Market Value Added (MVA)	Economic Value Added (EVA)
Chi-square	4.541	18.704	5.591	5.581
Df	2	2	2	2
Asymptotic significance	.103	**.000**	.061	.061

Source: elaboration based on own research.

Summing up this part of the survey, it should be remembered that the analysis was performed on a group of respondents that held three different roles, but within a single organisation (a company operating in the consumer goods market and employing more than 250 people). Even the group of investors are associated with the same organisation type.

When trying to assess the variability of impact on SOE, one should take note of all the presented results of the analysis, i.e. the mean scores, coefficients of variation, correlations and regressions. The completed analyses show that such effects as financial result, costs and even value of the firm (which is the goal that an organisation seeks to achieve and is a basis for efficiency analyses) did not play a key role in SOE. Besides, their mean impact score and the role in explaining the variability of these scores did not prove to be significant. Furthermore, their association was rather limited. The only variable that showed a high mean impact score was sales. This variable is sometimes regarded as the principal goal of an organisation.

The observed variability of impact on SOE to a greater degree concerned strategic outcomes (according to praxeology, they are interim goals and are a means to attain the company's principal goals). Perhaps the most important difference observed was that the group of investors find most of the analysed outcomes as those having a lower impact on SOE compared with the scores assigned by the group of executives and marketing managers. Sales was the only variable to receive a high score from them. The two latter groups gave similar scores to most outcomes. Yet few of them were statistically significant and were identified as explanatory variables in the regression model.

3.5. Variability of SOE – conceptual approach

On the basis of the completed research it was assumed that the variability of SOE, namely the efficiency and effectiveness of an organisation, may be conceptual in nature in that it arises from the adopted philosophy of operations or business strategy. The previous chapter formulated a theoretical model to reflect the key dependencies between the marketing and financial outcomes (marketing model of productivity of results of an organisation) . The model reflects the alternative ways of influencing a company's result. On the one hand, economics uses the long-standing notion of a "rational consumer", which is a cornerstone of most marketing concepts. However, some new marketing concepts focus on or indeed are built upon the emotional aspects of buyer behaviour. The development of new concepts and categories that interpret emerging outcomes of marketing activity make the emotional mechanism of a buyer's reaction become such an alternative operating concept. Most marketing concepts are interpreted in the context of the principal goals of an organization. The interdependency of these outcomes is known as marketing performance or company performance. This is one of the categories that nowadays represent an important aspect of the interpretation of evaluations of a company, increasingly often equated with organizational effectiveness. The latter is now frequently interpreted in the light of various criteria, thus becoming an equivalent of *sprawność* as used in the Polish language. Under the presented marketing model of productivity of the results of a company, an overall interpretation was made of the variability of company (marketing) performance in the conceptual context. The key criteria for the presentation of variability of performance were already outlined in Chapter 2. Another research dilemma was thus to check how the theoretical context influences the variability of SOE. Perhaps the problem of evaluation of a company has nothing to do with the conceptual variability of marketing. It may well be that SOE is universal in nature and detached from the existing management concepts, business models and competitive strategies. Yet another factor justifying further analysis might be the high variability of impact scores for some outcomes, which was not explained during the analysis of functional variability (see Section 3.4). The variability in scores was related to such outcomes as brand attitude and brand awareness. In the chain of the marketing productivity model, both outcomes were classified into the big (cognitive) loop.

The adoption of the chain of marketing productivity model as a criterion of identification of variability of SOE gave rise to the problem of identifying the existing loops. This criterion was determined using the assumptions of business strategy interpretations by C. Fornell (1992). An assumption was made that the

variable will be the measured perception of dependence between sales growth sources and SOE. The respondent's answers were limited to two alternatives: "increase in purchasing by the existing customers" and "increase in purchasing by new customers". This solution might not be ideal, though. The mechanism governing purchasing by existing customers might be debatable. However, beyond any doubt, purchasing by new customers may not be based on loyalty and satisfaction. The adopted scale was dichotomous which affected the ability to analyse the results. Hence, logistic regression analysis (and even a PLUM ordinal regression) and discrimination analysis were used in the process. The former is a non-linear method, which makes it particularly fit for use with a dichotomous scale. Discriminatory analysis is a method that is based on the linear combination of variables. However, these methods were not used to build a predictive model. Instead, they were supposed to serve classification purposes. The model built with these methods was to produce a new classification of respondents in the survey. It was only on the basis of the new classification that an attempt was made to identify the variability of the impact of the marketing and financial outcomes on SOE. Later on during the analysis, the identified groups of respondents were defined as an "offensive group" (those who prefer purchasing by new customers) and a "defensive group (those who prefer purchasing by existing customers).

Tables 3.37-3.39 show the results of the completed logistic regression analysis for the variables indicated above: "increase in purchasing by existing customers" and "increase in purchasing by new customers". The obtained statistics showed that the model was statistically significant (see Table 3.37), but it also had a low ability to explain variances in the dependent variable (see Table 3.38).

Table 3.37. Omnibus test of model coefficients – grouping variable: offensive group-defensive group

		Chi-square	Df	Significance
Step 1	Step	18.525	9	.030
	Block	18.525	9	.030
	Model	18.525	9	.030

Source: elaboration based on own research.

Table 3.38. Model summary: variability of impact on SOE. Grouping variable: offensive group--defensive group

Step	–2 log likelihood	Cox and Snell's pseudo R-squared	Nagelkerke's R-squared
1	778.092[a]	.032	.042

Source: elaboration based on own research.

The analysis identified two outcomes as explanatory variables: value of the firm and customer loyalty (see Table 3.39).

Table 3.39. Variables in the equation: variability of impact on SOE. Grouping variable: offensive group and defensive group

		B	Standard error	Wald	df	Significance	EXP(B)
Step 1	Customer loyalty	.258	.094	7.572	1	**.006**	1.294
	Customer satisfaction	.074	.107	.481	1	.488	1.077
	Brand attitude	–.111	.079	1.978	1	.160	.895
	Perceived quality	.005	.092	.003	1	.957	1.005
	Brand knowledge	–.132	.084	2.481	1	.115	.876
	Financial result	.015	.087	.030	1	.863	1.015
	Costs	–.035	.087	.166	1	.684	.965
	Value of the firm	–.169	.076	4.957	1	**.026**	.844
	Sales	.035	.099	.125	1	.723	1.036
	Constant	.168	.732	.053	1	.818	1.183

Source: elaboration based on own research.

It should be noted that the former variable (value of the firm) represents the principal goal of a company, while the latter is a marketing outcome classified as a small (retentive) loop. Analysis of the odds ratio (see EXP(B)) indicates that both variables have a different impact on SOE. Furthermore, the customer loyalty variable has a greater impact on SOE than the value of the firm variable. The regression analysis carried out using the stepwise approach slightly improved the model's significance, but resulted in worse Pseudo R-squared values. In its final shape, the analysis added brand knowledge as a third variable to the model. The direction of its interaction was similar to that of value of the firm.

The regression analysis was supplemented with a discriminant function analysis for the same set of variables. The analysis carried out using SPSS (v. 22) and Statistica (v. 10) produced different results. The discriminant function analysis conducted using SPSS allowed a slightly different scope of outcomes to be identified as profiling variables. Determined as such variables were value of the firm and brand attitude (see Appendix 4, Tables 1-2). The latter outcome found itself on the border of statistical significance (0.056). However, it should be noted that it is an element of the big loop of productivity of results (see Figure 5). The direction of interaction of value of the firm and brand attitude should be the same. This should be the basis for anticipating a significant correlation between value of the firm and brand attitude. The discriminant analysis conducted by

means of Statistica helped identify value of the firm and customer loyalty as profiling variables (see Appendix 4, Tables 3-4). The observed difference between the analyses performed using SPSS and Statistica was logically justified as it was connected with the overall algorithm for the model[2]. The use of the stepwise discriminatory analysis led to the identification of two variables only, namely value of the firm and customer loyalty (in this case, SPSS and Statistica produced the same result). To take account of the impact of all the outcomes included in the model of productivity of results of a company and considering the foregoing observations, a decision was made to use the full model for the purpose of the classification. The respondents were classified using the logistic regression analysis.

Based on the indicated model, a new classification of respondents was made. The resulting division of respondents had nothing to do with the previous division that was based on the respondent's role. Two groups of respondents were identified and defined as "offensive group" and "defensive group". It was assumed that the former (offensive group) would represent the respondents who in their evaluations of a company attach a greater weight to such marketing outcomes as brand awareness and branch attitude, and to value of the firm as the principal goal of a company. Acquiring new buyers is their core strategy. The other (defensive) group is represented by those practitioners who tend to attach a greater weight to customer loyalty, and whose core strategy is the penetration of the existing customer base. The new classification gave a clearer picture of the variability of significance of the analysed outcomes as evaluation criteria. This can be seen in the diversified mean significance scores (see Table 3.40).

An analysis of the mean scores shows, firstly, a greater variability of impact scores for certain outcomes. Two variables – brand knowledge and value of the firm – demonstrated the highest diversification in the perceived impact on company evaluation. These were the outcomes that in the overall analysis had the highest coefficient of variation (see Figure 3.2). Similar results were also observed in the case of brand knowledge. In the defensive group, differences between mean values were the highest. The mean significance score was 5.0 or lower. In this regard, particularly characteristic was value of the firm, which was a variable that represented one of the principal goals of an organisation. Customer satisfaction was the variable that displayed no diversification of mean values. The relative change in the significance of customer loyalty as an evaluation criterion is also noteworthy. In the offensive group the variable received the lowest mean score, while in the defensive group its mean impact score was the third highest.

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[2] This problem was analysed by C. Kozyra, PhD, from the Statistics Department of the Wrocław University of Economics

Table 3.40. Mean scores for the perceived impact of marketing and financial outcomes in SOE – grouping variables: offensive group vs. defensive group (n=575)

Outcomes of an organisation	Mean (1-7 scale)			
	Total	Offensive group (n=358)	Defensive group (n=217)	Difference
Sales	6.30	6.45	6.04	0.41
Customer satisfaction	6.04	6.04	6.04	0.0
Perceived quality	5.99	6.07	5.86	0.21
Costs	5.95	6.20	5.53	0.67
Financial result	5.94	6.17	5.57	0.6
Customer loyalty	5.79	5.71	5.93	–0.22
Brand knowledge	5.64	6.00	5.04	0.96
Value of the firm	5.57	6.19	4.56	1.63
Brand attitude	5.52	5.92	4.85	1.07

Source: elaboration based on own research.

A reverse change was observed in the case of costs, a criterion assigned to evaluation of efficiency. This may come as a surprise, as in most marketing interpretations attention is paid to lower costs of service for loyal customers vis-à-vis costs of acquisition of new customers. When evaluating the results as a whole, the defensive group may be described as being "evaluation-lazy". The results indicate that they attach a lower significance to most of the indicated variables.

Test t indicates that nearly all of the observed effects are statistically significant (see Table 3.41). It is only customer satisfaction that should be excluded from this group.

An analysis of the means and coefficient of the variation maps (see Figures 3.3-3.4) illustrates how the new classification of respondents has affected the variability of SOE. It should be remembered that in the model, value of the firm and customer loyalty were the outcomes with the greatest role in explaining the variability of evaluations.

For the offensive group, value of the firm was more significant as an explanatory variable, so were brand attitude and brand knowledge (although the statistical significance of these two variables was below the required 0.05 level). Analysis of the map shows that sales was the only variable that had a high mean score and low coefficient of variation. Another variable that should be looked at is customer loyalty, which achieved the lowest mean impact score and showed the highest

Table 3.41. T-test for equality of the mean values for the perceived significance of marketing and financial outcomes in company evaluation – grouping variables: offensive group and defensive group

		Levene's test		T-test for equality of mean values		
		F	Significance	*t*	df	Significance (double-sided)
Customer loyalty	Assumed equality of variances	3.610	.058	–2.153	573	.032
	No assumed equality of variances			–2.246	516.112	.025
Customer satisfaction	Assumed equality of variances	.000	.987	–.027	573	.979
	No assumed equality of variances			–.027	480.451	.978
Brand attitude	Assumed equality of variances	11.689	.001	10.251	573	.000
	No assumed equality of variances			9.594	366.145	.000
Perceived quality	Assumed equality of variances	.021	.885	2.212	573	.027
	No assumed equality of variances			2.240	474.439	.026
Brand knowledge	Assumed equality of variances	27.572	.000	9.204	573	.000
	No assumed equality of variances			8.475	346.969	.000
Financial result	Assumed equality of variances	12.597	.000	5.770	573	.000
	No assumed equality of variances			5.537	398.033	.000
Costs	Assumed equality of variances	13.505	.000	6.365	573	.000
	No assumed equality of variances			6.031	381.398	.000
Value of the firm	Assumed equality of variances	55.796	.000	14.410	573	.000
	No assumed equality of variances			13.034	327.521	.000
Sales	Assumed equality of variances	4.767	.029	4.584	573	.000
	No assumed equality of variances			4.190	338.749	.000

Source: elaboration based on own research.

coefficient of variation. It should be remembered that this outcome is classified to the small (retentive) loop of the theoretical model. The other outcomes (including the outcomes classified to the big loop) achieved a similar mean impact score and similar coefficients of variation. Thus the identified location of the variables was different than in the case of the previously presented variables.

In the defensive group there were also significant changes in the location of variables on the map of mean impact scores and coefficients of variation of the outcomes (see Figure 3.4).

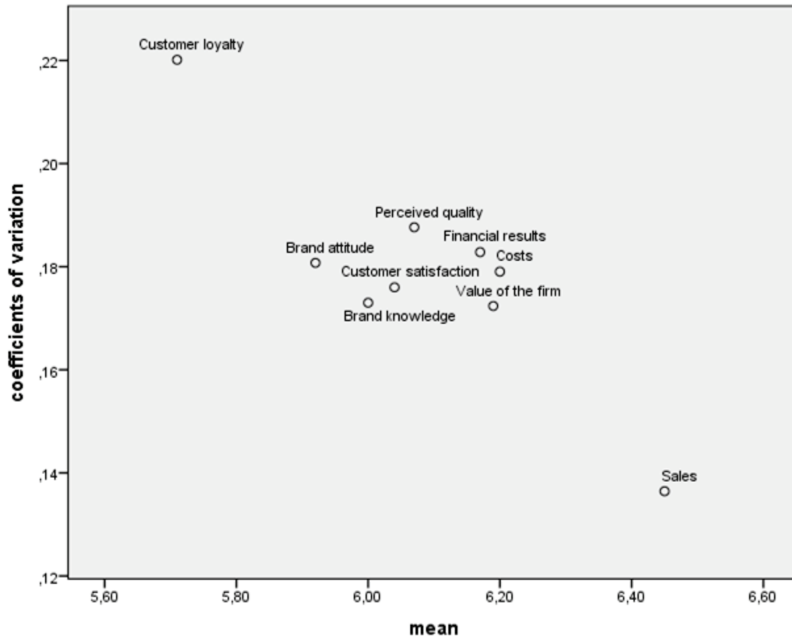

Fig. 3.3. Map of mean impact scores and coefficients of variation for marketing and financial outcomes in SOE – offensive group

Source: elaboration based on own research.

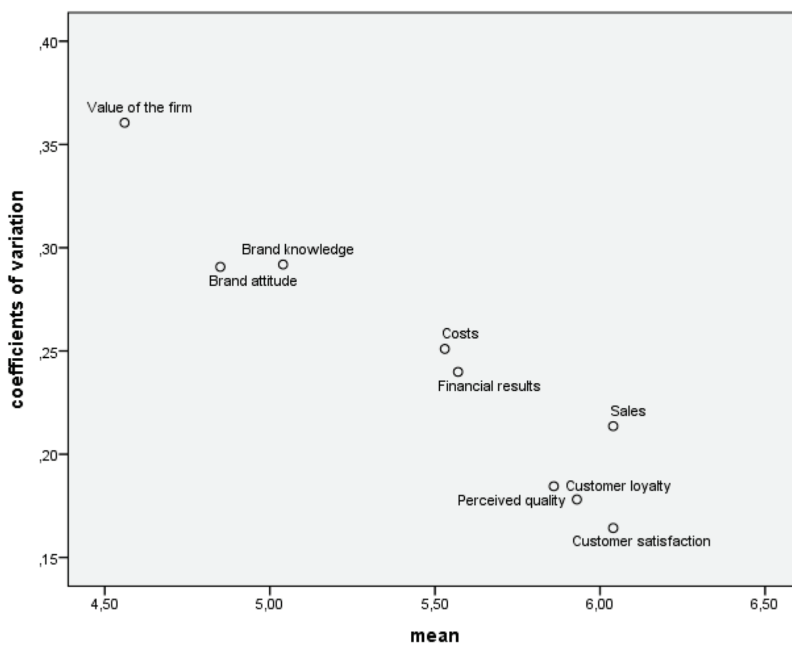

Fig. 3.4. Map of mean impact scores and coefficients of variation for marketing and financial outcomes in SOE – defensive group

Source: elaboration based on own research.

In this case, customer loyalty played the greatest role in the regression model as an explanatory variable. In the final impact score, the mean value is high and variability is the lowest in the case of three variables: customer satisfaction, customer loyalty and perceived quality. The latter variable is the only one than has no connection with the small (retentive) loop of the theoretical model. Another variable – sales – received a high impact score, but its coefficient of variation was higher. At the other end of the map were value of the firm, brand attitude and brand knowledge. The two latter outcomes were classified in the big (cognitive) loop of the theoretical model.

Analysis of both maps leads to yet another observation. Two variables – costs and financial result – kept a similar location in both maps (this observation primarily relates to all their locations relative to other variables, as their mean scores are different). The two outcomes play an important role in the evaluation of economic efficiency and goal-based effectiveness. From a theoretical point of view, they should have the highest impact on evaluation. The survey results show that this is not the case. The two variables also did not show a significant impact on variability of SOE.

Analysis of correlations in the offensive and defensive groups revealed an improvement in correlations between the variables. The observed change primarily relates to the offensive group, which represented the big loop of marketing productivity. In this case, an increase in the correlation power was observed. Also, correlation appeared between marketing and financial variables (see Appendix 5, Table 1). In the case of the defensive group, the number of significant correlations was still low (see Appendix 5, Table 2).

In the offensive group, the correlations to be noted are between such pairs of variables as customer satisfaction-brand attitude, sales-value of the firm, loyalty--value of the firm, brand variation-loyalty, costs-sales and financial results-costs. In terms of the number of correlations observed, four variables should be noted: value of the firm, customer loyalty, customer satisfaction, brand attitude and costs. These variables correlated moderately with at least two or three other variables. The last significant observation is the relationship between the variables which represent the marketing and financial outcomes (reflecting the principal goal of an organisation). The relationship can be noted between value of the firm (financial outcome, principal goal) and customer loyalty and brand attitude. In this group of respondents it was also possible to identify weaker correlations between the financial and marketing outcomes (e.g. between costs, financial result, sales, loyalty, attitude and perceived quality). From the point of view of the adopted theoretical model, it may be quite surprising to note the strong association

between loyalty and other variables, particularly value of the firm and brand knowledge. This problem became a focus of interest of the analysis of ranks for the measures representing customer loyalty.

In the case of the defensive group, the number and power of correlations was not so prominent. Stronger correlations were only revealed in the case of marketing outcomes. They concerned two relationships: customer loyalty--customer satisfaction, and customer satisfaction-perceived quality. Other correlations were either weak or insignificant. In turn, it is surprising to observe the lack of significant association between the marketing and financial outcomes. For this group of respondents, the low correlation seems to be justified. The adopted theoretical model (small loop) is behavioural in nature and shows interdependencies between few marketing outcomes. Obviously, each customer behaviour is accompanied by a cognitive effect, but the very idea of loyalty as a marketing outcome more often than not is tantamount to purchase. This reduces the significance of the cognitive phase. In this case, the cognitive role may be played by an evaluation that is not purchase-related, namely customer satisfaction. One should also note the slightly weaker correlations between brand knowledge and other marketing outcomes (notably customer loyalty).

As an addition to the evaluation of variability of different marketing and financial outcomes, an analysis can be performed on the ranks allocated to different measures of these outcomes. This is because some of these outcomes are complex measures and represent different aspects of interaction. This particularly concerns the cognitive and emotional aspect.

In the case of brand knowledge, statistically significant were changes of the ranks for cognitive measures of the outcome, i.e. unaided and aided brand awareness (see Table 3.42).

Table 3.42. Non-parametric statistical tests for brand knowledge variability – grouping variables: offensive group vs. defensive group

	Brand knowledge			
	Recall (unaided awareness)	Recognition (aided awareness)	Associations with attributes	Associations with emotions
Mann–Whitney U test	33,153.000	34,219.000	35,705.000	36,578.000
W Wilcoxon test	97,414.000	57,872.000	99,966.000	60,231.000
Z	–3.071	–2.499	–1.687	–1.225
Asymptotic (double--sided) significance	**.002**	**.012**	.092	.221

Source: elaboration based on own research.

Both variables belong to simple, and at the same time fundamental, communication outcomes. In the offensive group, rank ordering was improved for the unaided awareness (recall) variable, while in the defensive group a more favourable distribution of ranks was observed for the aided awareness (recognition). It should also be noted that the rank of impact of associations on the evaluation, particularly in the case of association with emotions, did not change significantly.

In the case of brand attitude, the statistically significant variable concerned only one variable (see Table 3.43).

Table 3.43. Non-parametric statistical tests for brand attitude – grouping variables: offensive group vs. defensive group

	Brand attitude		
	Belief	Emotional reaction (attitude)	Intention
Mann-Whitney U test	35,245.000	38,783.000	36,058.000
W Wilcoxon test	99,506.000	62,436.000	59,711.000
Z	–2.037	–.033	–1.551
Asymptotic (double-sided) significance	**.042**	.973	.121

Source: elaboration based on own research.

The observed change in rank ordering concerned the improvement of the perceived significance of the belief variable, which was observed in the offensive group. This variable is connected with the cognitive aspect of influencing buyers. This is logical from the point of view of a rational consumer behaviour. As previously observed, the rank of emotional reaction did not change significantly.

In the case of customer satisfaction, one measure had the required statistical significance (see Table 3.44).

Table 3.44. Non-parametric statistical tests for customer satisfaction – grouping variables: offensive group vs. defensive group

	Customer satisfaction		
	Value of the product (comparison of benefits and costs)	Use of the product (product vs. expectations	Emotional reaction
Mann-Whitney U test	36,189.000	37 647.000	34,778.000
W Wilcoxon test	100,450.00	101 908.00	58,431.000
Z	–1.503	–.671	–2.408
Asymptotic (double-sided) significance	.133	.502	**.016**

Source: elaboration based on own research.

In the previous analysis no customer satisfaction measure stood out. In the case of the division between the offensive and defensive groups, the emotional reaction did. In this case, an improved rank ordering for the variable could be observed in the defensive group. As previously mentioned, this group was distinctive in terms of higher impact scores for customer satisfaction,

From the perspective of the foregoing correlation analysis, it is quite interesting to note the variability of rank ordering for different customer loyalty measures. As it could be seen earlier, loyalty turned out to be a variable that showed strong correlations in the offensive group. In this case, a change in rank ordering was observed (see Table 3.45).

Table 3.45. Non-parametric statistical tests for customer loyalty measures – grouping variables: offensive group vs. defensive group

	Customer loyalty		
	Share in purchasing	Customer retention	Recommendation
Mann-Whitney U test	37,222.500	32,782.500	32,319.000
W Wilcoxon test	60,875.500	56,435.500	96,580.000
Z	–.895	–3.384	–3.612
Asymptotic (double-sided) significance	.371	**.001**	**.000**

Source: elaboration based on own research.

The statistically significant changes in rank ordering concerned the customer retention and referral measures. In the case of the defensive group, an improved rank ordering was observed for customer retention. This is a clear indication of the behavioural aspect of customer loyalty as a marketing outcome. The reverse situation was observed with regarding referral, as for this measure rank ordering was improved in the offensive group. It seems that such a change may explain the previously observed association of loyalty with brand knowledge in the offensive group.

As regards the alternative types of principal goals of a company, statistically significant changes in rank ordering were noted for ROI (see Table 3.46) and for value of the firm measures based on assets and EVA (see Table 3.47).

A favourable improvement in rank ordering for ROI was observed in the offensive group. In this context, one should note the previously observed higher perception of significance of costs as a criterion of evaluation and the observed correlation between financial result and costs. For both analysed groups, the profit rank remained unchanged in terms of significance as a variable representing financial results of an organisation.

Table 3.46. Non-parametric statistical tests for financial result measures – grouping variables: offensive group vs. defensive group

	Financial result		
	ROI	ROE	Profit
Mann-Whitney U test	33,436.000	36,356.000	36,358.000
W Wilcoxon test	97,697.000	60,009.000	60,011.000
Z	–3.004	–1.410	–1.385
Asymptotic (double-sided) significance	**.003**	.159	.166

a. Grouping variable: Expected group for analysis 1

Source: elaboration based on own research.

Table 3.47. Non-parametric statistical tests for value of the firm – grouping variables: offensive group vs. defensive group

	Value of the firm			
	Value of Assets	Generated cash flows (NPV)	Market Value Added (MVA)	Economic Value Added (EVA)
Mann-Whitney U test	32,664.500	37,970.500	36,014.000	34,594.000
W Wilcoxon test	56,317.500	61,623.500	100,275.00	98,855.000
Z	–3.320	–.468	–1.534	–2.293
Asymptotic (double-sided) significance	**.001**	.640	.125	**.022**

a. Grouping variable: Expected group for analysis 1

Source: elaboration based on own research.

In the case of the “defensive” group, the improved rank ordering concerned the “assets” variable. In the other (“offensive”) group, the improved rank ordering concerned the “EVA” variable (EVA concept). These are changes that resist easy theoretical interpretation. The existing body of theory does not provide examples of how it affects different types of value of the firm.

In light of the completed analyses of the mean impact scores, their variability, analysis of correlation and regression, it was possible to observe the variability of SOE that is related to the chain of marketing productivity model. A group of outcomes was identified (mainly marketing outcomes) that play variable roles in the evaluation of an organization. On the basis of measurement of the evaluations provided by the respondents, it seems appropriate to indicate value of the firm, brand attitude, brand knowledge and customer loyalty as the key variables that affect variability of SOE in the context of the adopted criterion. Perhaps the

applied classification of the respondents (i.e. perceived purchasing by new and by existing buyers) is not an ideal solution. However, as it turned out, the criterion was sufficient to observe the expected variability of impact of specific outcomes on SOE. The analysis of variability of ranks for different marketing measures did not reveal any significant conflicts from a logical point of view. The survey results also identified the variables whose role in the evaluation of organizations is constant. These variables include sales, financial result and costs. Two of these are interpreted as the principal goals of an organization. Another variable – value of the firm – is also seen as a principal goal. It transpired that this outcome has a serious impact on the variability of SOE. As the regression analysis has shown, this outcome was a driving force of the observed variability. Nonetheless, the respondents do not see value of the firm as a major criterion for evaluation of an organization. The variable that in their opinion has the greatest impact on SOE is sales.

Summary

Theoretical economic frameworks offer a multitude of interpretations of concepts relating to organizational evaluations. From the theoretical and practical points of view it seems justified to verify such a large number of categories. The considerable freedom in interpreting organizational efficiency and effectiveness poses a problem for determining what organizational evaluation really is. In the literature one may find two approaches to the interpretation of the essence of organizational evaluation. The first involves a complementary interpretation of efficiency and effectiveness, both of which are oriented on a certain point of reference (e.g. goal or costs). According to the second approach, organizational evaluation is a multidimensional (multi-criteria) assessment. Under the latter approach, the large number of evaluation criteria is a problem in determining the relationship between organizational evaluations and the coordination of a firm's activities. Other theoretical premise behind the assumption of the variability of organizational evaluations include the role played by management within a firm and the firm's strategic variability (variability of operating concepts). The last two aspects gain special significance from the point of view of the specific functions of an organization including in particular their individual outcomes. The conducted research project took marketing as an example and studied the impact of marketing outcomes on organizational evaluation (a comparison between the impact of marketing and financial outcomes on SOE).

To interpret the empirical results of the research conducted, one should take into account certain properties of the respondents, namely their high preference for unquantifiable organizational goals ('firm's growth') and their equating of organizational SOE (*sprawność*) primarily with an evaluation of effectiveness. The above is a certain limitation to the interpretation of the results of the present research. It seems justified to recommend a similar research project in another environment to verify the above dependencies.

As a general evaluation of the research results one should note that not all of the adopted criteria of variability of organizational evaluations proved significant. In his review of theoretical frameworks the author presented his enthusiastic attitude to the complementary approach to SOE, based on interpretations of

goal-based effectiveness and economic efficiency (see Section 1.5). The present research results indicate that the theoretical assumptions adopted should be falsified (see Section 3.1 and Section 3.3). Empirical research has not shown any correlation between the preference for various forms of *sprawność* (efficiency and effectiveness) and the impact of various outcomes on organizational evaluation. The observed changes in mean evaluations of individual measures and the resulting logistic regression models did not reach the required statistical significance. It seems that the multidimensional approach is the prevailing one in organizational evaluations, which is suggested by the mean evaluation of the impact of such measures as financial result or costs. In this context it seems justified to point out the problem of the relationship between the evaluation of effectiveness and efficiency and the coordination of a firm's activities through management. Among the advantages of the cost and goal-based evaluations was a clear orientation of the interpretation of organizational SOE (*sprawność*) on issues relevant from a theoretical point of view (goals and costs). The only variable which proved to have a permanent and relatively high impact on organizational evaluation were sales. In light of the results of the present research, the above measure most fully satisfies the criteria as a coordinator of a firm's activities. The above great significance attached to sales might be due to the respondent sample. Firm's growth and sales proved to be more important as goals than profit and company value. Another justification may be offered by the cumulative development of interpretations of organizational evaluations, resulting in the high awareness of the complexity of organizational assessments.

In light of the research results, two criteria of organizational evaluations proved to be important. The respondent's function within the organization turned out to be statistically significant for demonstrating the varying role of various outcomes in organizational evaluation (see Section 3.4). Among the most general dependencies observed were lower scores assigned to various outcomes by employees responsible for share purchases (against the relevant scores given by CEOs, and especially marketing managers). The only outcome not affected by the above tendency were sales. Obviously it is relatively easy to justify the observed lower impact of marketing outcomes. It is however worthwhile to compare mean scores for such fundamental outcomes as sales, costs and financial result. The above variables are general in nature and are among the key organizational results. Meanwhile, empirical results show a drop in the mean scores of financial result and costs and a stable mean score for sales. Other observed dependencies concerned higher mean scores and stronger correlations between marketing and financial outcomes among marketing managers. The

above has an obvious theoretical justification. What is most surprising is the fact that no such correlations were observed for the top management.

Strategic preferences for various marketing concepts also proved to have an impact on the perceived significance of various outcomes for organizational evaluations (see Section 3.5). The results of the present research showed the varying impact of a number of marketing outcomes and of company value. The above difference in the impact of marketing and financial outcomes has a theoretical justification, which was presented in the chain of the marketing productivity model. Some of the variables presented in the model showed a certain degree of stability as criteria of organizational evaluation. Among them were first of all sales, but also financial result and costs. It is worth noting the last two variables. Their impact on the evaluation was stable, although not very strong. The above must come as a surprise because they are important criteria in the evaluation of efficiency and effectiveness. Although so much *en vogue* recently, the emotional aspect in marketing turned out to be less significant. Lower importance attached to brand attitude and lower scores for emotional marketing measures (measurements of emotional response) are indicative of the lower significance of this type of measures as SOE criteria.

Outlined as above, the results of the research may serve as the basis for a final conclusion regarding SOE. It was anticipated in research assumptions that the respondents would indicate the outcomes relating to principal organizational goals as having the greatest impact on SOE. The research results revealed that sales are perceived to play a special role in SOE. Almost outdated and sometimes neglected today, the above measure proved to be the most important evaluation criterion. Its significance is proven by the high and stable perception of its impact on SOE. The results of the research showed a certain paradox relating to sales as a SOE criterion. On the one hand, sales are perceived as a much stressed organizational goal, more important than profit and company value. On the other hand, sales showed numerous and strong correlations with financial performance and company value, and less numerous and weaker correlations with marketing outcomes. Among the surprising results of the research was the high correlation between sales and company value (a variable that scored the lowest as an organizational goal). From the theoretical point of view, the roles played by sales as a corporate goal and as a measure correlated with financial outcomes are different. In the first case sales should be strongly correlated with marketing outcomes which are a means of accomplishing sales goals. In the second case, sales themselves become a means of accomplishing financial goals. The explanations of the above dependencies can be found in managerial theories

of the firm where sales constitute an organizational goal but at the same time are a means of accomplishing managers' tacit goals. Two other variables – costs and financial result – proved stable as evaluation criteria but their impact on SOE should be regarded as average. The above explains the lower significance attached to economic effectiveness as a SOE criterion. The lower significance of economic effectiveness does not allow for the conclusion that SOE is a complementary evaluation. Company value, the last measure representing organizational goals, proved to be the most unstable criterion in SOE.

Appendix 1

Test of significance

Table 1. Correspondence analysis (summary) – grouping variable: goal-based effectiveness and economic efficiency

Singular Value	Inertia	Chi Square	Sig.	Singular Value	Proportion of Inertia		Confidence Singular Value	
					Accounted for	Cumulative	Standard Deviation	Correlation
1	.448	.201			.543	.543	.027	–.061
2	.380	.144			.390	.934	.028	
3	.157	.025			.066	1.000		
Total		.370	212.644	.000[a]	1.000	1.000		

a. 9 degrees of freedom

Source: elaboration based on own research.

Table 2. One-Sample Test for mean values perceived impact of individual marketing and financial outcomes on SOE

	Test Value = 0					
	t	*df*	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Customer loyalty	116.757	574	0.000	5.790	5.69	5.89
Customer satisfaction	139.800	574	0.000	6.040	5.96	6.12
Brand attitude	100.644	574	0.000	5.517	5.41	5.62
Perceived quality	128.066	574	0.000	5.990	5.90	6.08
Brand knowledge	103.537	574	0.000	5.638	5.53	5.75
Financial result	114.534	574	0.000	5.941	5.84	6.04
Costs	112.928	574	0.000	5.951	5.85	6.05
Value of the firm	87.166	574	0.000	5.572	5.45	5.70
Sales	140.814	574	0.000	6.296	6.21	6.38

Source: elaboration based on own research.

Table 3. T-test for equality of the mean values for the perceived significance of marketing and financial outcomes in company evaluation – grouping variable: multi-criteria effectiveness vs. economic efficiency

		Levene's test		T-test for equality of mean values		
		F	Significance	*t*	*df*	Significance (double-sided)
Customer loyalty	Assumed equality of variances	2.411	.121	.930	573	.353
	No assumed equality of variances			.963	406.140	.336
Customer satisfaction	Assumed equality of variances	1.304	.254	1.678	573	.094
	No assumed equality of variances			1.684	374.003	.093
Brand attitude	Assumed equality of variances	5.034	.025	.142	573	.887
	No assumed equality of variances			.149	419.284	.881
Perceived quality	Assumed equality of variances	1.714	.191	1.272	573	.204
	No assumed equality of variances			1.293	386.564	.197
Brand knowledge	Assumed equality of variances	8.749	.003	.000	573	1.000
	No assumed equality of variances			–.001	439.750	1.000
Financial result	Assumed equality of variances	2.507	.114	–.651	573	.515
	No assumed equality of variances			–.679	413.893	.497
Costs	Assumed equality of variances	.071	.791	.200	573	.842
	No assumed equality of variances			.200	370.372	.842
Value of the firm	Assumed equality of variances	.918	.338	.729	573	.467
	No assumed equality of variances			.732	374.300	.465
Sales	Assumed equality of variances	.205	.651	1.793	573	.073
	No assumed equality of variances			1.877	417.545	.061

Source: elaboration based on own research.

Table 4. T-test for equality of the mean values for the perceived significance of marketing and financial outcomes in company evaluation – grouping variable multi-criteria effectiveness vs. goal-based effectiveness

		Levene's test		T-test for equality of mean values		
		F	Significance	*t*	df	Significance (double-sided)
Customer loyalty	Assumed equality of variances	17.302	.000	–1.758	573	.079
	No assumed equality of variances			–1.656	386.106	.098
Customer satisfaction	Assumed equality of variances	1.894	.169	.903	573	.367
	No assumed equality of variances			.911	493.829	.363
Brand attitude	Assumed equality of variances	.217	.642	1.057	573	.291
	No assumed equality of variances			1.072	503.724	.284
Perceived quality	Assumed equality of variances	3.824	.051	–.505	573	.614
	No assumed equality of variances			–.495	447.517	.621
Brand knowledge	Assumed equality of variances	3.800	.052	–.539	573	.590
	No assumed equality of variances			–.531	456.953	.596
Financial result	Assumed equality of variances	1.096	.296	–.455	573	.649
	No assumed equality of variances			–.449	459.669	.653
Costs	Assumed equality of variances	2.325	.128	–.607	573	.544
	No assumed equality of variances			–.604	470.600	.546
Value of the firm	Assumed equality of variances	2.903	.089	–.574	573	.566
	No assumed equality of variances			–.567	461.761	.571
Sales	Assumed equality of variances	.061	.805	1.050	573	.294
	No assumed equality of variances			1.045	472.664	.297

Source: elaboration based on own research.

Appendix 2

T-test and correlation analysis for the perceived significance of marketing and financial outcomes in company evaluation – grouping variable: respondent's role in the organisation

Table 1. T-test for equality of the mean values for the perceived significance of marketing and financial outcomes in company evaluation – grouping variable: executives vs. marketing managers

		Levene's test		T-test for equality of mean values		
		F	Significance	*t*	df	Significance (double-sided)
Customer loyalty	Assumed equality of variances	3.521	.061	–.457	333	.648
	No assumed equality of variances			–.453	307.963	.651
Customer satisfaction	Assumed equality of variances	8.954	.003	–1.733	333	.084
	No assumed equality of variances			–1.701	282.825	.090
Brand attitude	Assumed equality of variances	4.535	.034	–1.406	333	.161
	No assumed equality of variances			–1.392	308.336	.165
Perceived quality	Assumed equality of variances	.039	.843	1.264	333	.207
	No assumed equality of variances			1.262	325.459	.208
Brand knowledge	Assumed equality of variances	1.745	.187	–.328	333	.743
	No assumed equality of variances			–.325	313.265	.745
Financial result	Assumed equality of variances	1.870	.172	–1.470	333	.143
	No assumed equality of variances			–1.450	298.645	.148
Costs	Assumed equality of variances	2.138	.145	–2.143	333	**.033**
	No assumed equality of variances			–2.103	284.134	**.036**
Value of the firm	Assumed equality of variances	1.269	.261	–1.296	333	.196
	No assumed equality of variances			–1.287	315.759	.199
Sales	Assumed equality of variances	1.679	.196	–2.199	333	**.029**
	No assumed equality of variances			–2.168	298.059	**.031**

Source: elaboration based on own research.

Table 2. T-test for equality of the mean values for the perceived significance of marketing and financial outcomes in company evaluation – grouping variable: executives vs. investors

		Levene's test		T-test for equality of mean values		
		F	Significance	*t*	df	Significance (double-sided)
Customer loyalty	Assumed equality of variances	.068	.794	3.971	395	.000
	No assumed equality of variances			3.872	304.957	**.000**
Customer satisfaction	Assumed equality of variances	.010	.919	4.295	395	**.000**
	No assumed equality of variances			4.322	340.633	**.000**
Brand attitude	Assumed equality of variances	9.300	.002	.949	395	.343
	No assumed equality of variances			.899	272.950	.369
Perceived quality	Assumed equality of variances	1.018	.314	3.500	395	**.001**
	No assumed equality of variances			3.430	310.693	**.001**
Brand knowledge	Assumed equality of variances	1.372	.242	4.250	395	**.000**
	No assumed equality of variances			4.278	341.066	**.000**
Financial result	Assumed equality of variances	4.079	.044	.773	395	.440
	No assumed equality of variances			.732	272.448	.465
Costs	Assumed equality of variances	.040	.841	.978	395	.329
	No assumed equality of variances			.955	306.960	.340
Value of the firm	Assumed equality of variances	.005	.942	2.407	395	.017
	No assumed equality of variances			2.352	307.452	.019
Sales	Assumed equality of variances	5.528	.019	–.811	395	.418
	No assumed equality of variances			–.761	263.412	.447

Source: elaboration based on own research.

Table 3. T-test for equality of the mean values for the perceived significance of marketing and financial outcomes in company evaluation – grouping variable: marketing managers vs. investors

		Levene's test		T-test for equality of mean values		
		F	Significance	*t*	df	Significance (double-sided)
Customer loyalty	Assumed equality of variances	4.375	.037	4.950	416	**.000**
	No assumed equality of variances			4.980	389.813	**.000**
Customer satisfaction	Assumed equality of variances	9.723	.002	6.777	416	.000
	No assumed equality of variances			7.116	415.321	**.000**
Brand attitude	Assumed equality of variances	.312	.577	2.849	416	**.005**
	No assumed equality of variances			2.805	358.091	**.005**
Perceived quality	Assumed equality of variances	1.724	.190	2.193	416	**.029**
	No assumed equality of variances			2.171	366.097	**.031**
Brand knowledge	Assumed equality of variances	7.782	.006	4.983	416	**.000**
	No assumed equality of variances			5.101	407.830	**.000**
Financial result	Assumed equality of variances	.364	.547	2.763	416	**.006**
	No assumed equality of variances			2.744	371.323	**.006**
Costs	Assumed equality of variances	4.417	.036	3.628	416	**.000**
	No assumed equality of variances			3.732	411.179	**.000**
Value of the firm	Assumed equality of variances	1.884	.171	4.130	416	**.000**
	No assumed equality of variances			4.130	381.280	**.000**
Sales	Assumed equality of variances	1.147	.285	1.936	416	.054
	No assumed equality of variances			1.910	361.838	.057

Source: elaboration based on own research.

Table 4. Correlation matrix for marketing and financial outcomes in evaluation of an organisation – grouping variable: Executives (n=157)

		Customer loyalty	Customer satisfaction	Brand attitude	Perceived quality	Brand knowledge	Financial result	Costs	Value of the firm	Sales
Customer loyalty	Pearson correlation	1								
	Significance (double-sided)									
Customer satisfaction	Pearson correlation	$.36^{**}$	1							
	Significance (double-sided)	.000								
Brand attitude	Pearson correlation	$.18^{*}$	$.43^{**}$	1						
	Significance (double-sided)	.026	.000							
Perceived quality	Pearson correlation	$.18^{*}$	$.48^{**}$	$.29^{**}$	1					
	Significance (double-sided)	.021	.000	.000						
Brand knowledge	Pearson correlation	$.38^{**}$	$.46^{**}$	$.20^{*}$	$.38^{**}$	1				
	Significance (double-sided)	.000	.000	.012	.000					
Financial result	Pearson correlation	$.21^{**}$	.13	.11	$.17^{*}$	$.23^{**}$	1			
	Significance (double-sided)	.007	.106	.165	.035	.004				
Costs	Pearson correlation	$.19^{*}$	.09	$.24^{**}$	.02	$.27^{**}$	$\mathbf{.51}^{**}$	1		
	Significance (double-sided)	.020	.258	.003	.786	.001	.000			
Value of the firm	Pearson correlation	$.271^{**}$	$.18^{*}$	$.18^{*}$	.14	$.31^{**}$	$.37^{**}$	$.20^{*}$	1	
	Significance (double-sided)	.001	.027	.026	.086	.000	.000	.015		
Sales	Pearson correlation	.02	.06	.06	$.18^{*}$	$.21^{**}$	.11	.11	$\mathbf{.53}^{**}$	1
	Significance (double-sided)	.782	.445	.475	.022	.008	.157	.171	.000	

** Significant correlation at 0.01 (double-sided).

Source: elaboration based on own research.

Table 5. Correlation matrix for marketing and financial outcomes in evaluation of an organisation – grouping variable: Marketing managers (n=178)

		Customer loyalty	Customer satisfaction	Brand attitude	Perceived quality	Brand knowledge	Financial result	Costs	Value of the firm	Sales
Customer loyalty	Pearson correlation	1								
	Significance (double-sided)									
Customer satisfaction	Pearson correlation	.46**	1							
	Significance (double-sided)	.000								
Brand attitude	Pearson correlation	.32**	.29**	1						
	Significance (double-sided)	.000	.000							
Perceived quality	Pearson correlation	.36**	.33**	.32**	1					
	Significance (double-sided)	.000	.000	.000						
Brand knowledge	Pearson correlation	.44**	.42**	.37**	.49**	1				
	Significance (double-sided)	.000	.000	.000	.000					
Financial result	Pearson correlation	.35**	.38**	.26**	.28**	**.50****	1			
	Significance (double-sided)	.000	.000	.001	.000	.000				
Costs	Pearson correlation	**.61****	.35**	.30**	.37**	.37**	**.56****	1		
	Significance (double-sided)	.000	.000	.000	.000	.000	.000			
Value of the firm	Pearson correlation	.40**	.29**	.45**	.14	.22**	.43**	.43**	1	
	Significance (double-sided)	.000	.000	.000	.064	.003	.000	.000		
Sales	Pearson correlation	**.56****	.23**	.39**	.12	.27**	.42**	.45**	**.61****	1
	Significance (double-sided)	.000	.002	.000	.101	.000	.000	.000	.000	

** Significant correlation at 0.01 (double-sided).

Source: elaboration based on own research.

Table 6. Correlation matrix for marketing and financial outcomes in evaluation of an organisation – grouping variable: Investors (n=240)

		Customer loyalty	Customer satisfaction	Brand attitude	Perceived quality	Brand knowledge	Financial result	Costs	Value of the firm	Sales
Customer loyalty	Pearson correlation	1								
	Significance (double-sided)									
Customer satisfaction	Pearson correlation	.47**	1							
	Significance (double-sided)	.000								
Brand attitude	Pearson correlation	.46**	.50**	1						
	Significance (double-sided)	.000	.000							
Perceived quality	Pearson correlation	.29**	**.59****	.38**	1					
	Significance (double-sided)	.000	.000	.000						
Brand knowledge	Pearson correlation	.46**	.38**	**.59****	.37**	1				
	Significance (double-sided)	.000	.000	.000	.000					
Financial result	Pearson correlation	.29**	.27**	.39**	.32**	.26**	1			
	Significance (double-sided)	.000	.000	.000	.000	.000				
Costs	Pearson correlation	.28**	.23**	.26**	.14*	.29**	.51**	1		
	Significance (double-sided)	.000	.000	.000	.027	.000	.000			
Value of the firm	Pearson correlation	.38**	.25**	.41**	.15*	.29**	**.52****	**.55****	1	
	Significance (double-sided)	.000	.000	.000	.021	.000	.000	.000		
Sales	Pearson correlation	.22**	.19**	.29**	.11	.15*	.48**	**.60****	**.50****	1
	Significance (double-sided)	.001	.003	.000	.089	.021	.000	.000	.000	

** Significant correlation at 0.01 (double-sided).

Source: elaboration based on own research.

Appendix 3

Map of mean impact scores and coefficient of variation for marketing and financial outcomes in SOE

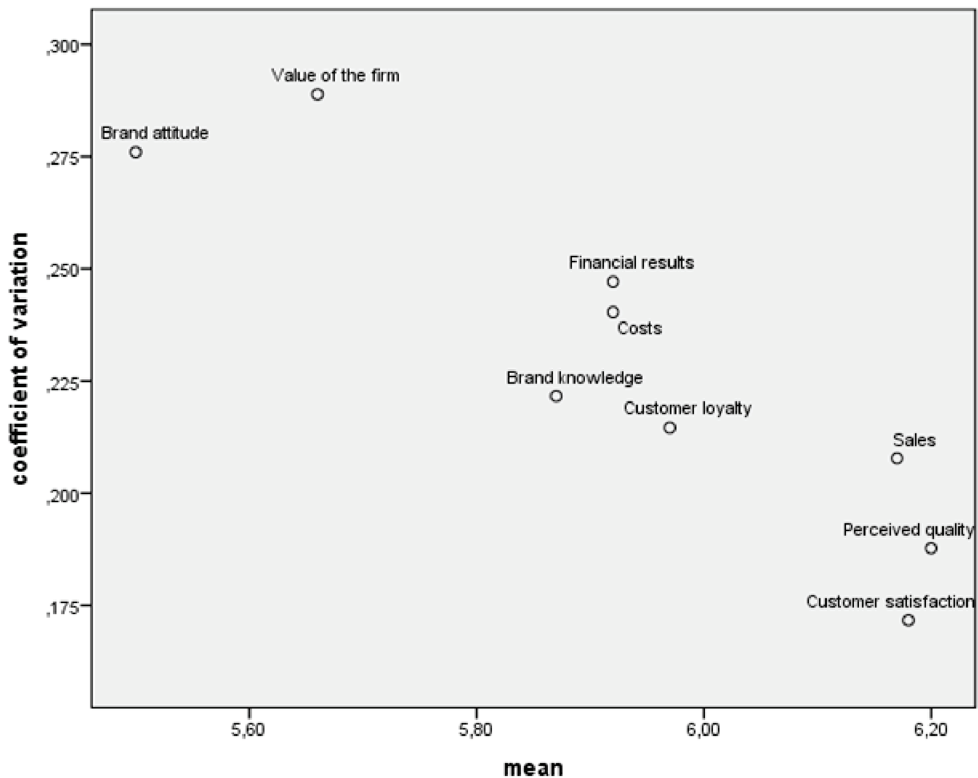

Fig. 1. Map of mean impact scores and coefficient of variation for marketing and financial outcomes in SOE – Executives

Source: elaboration based on own research.

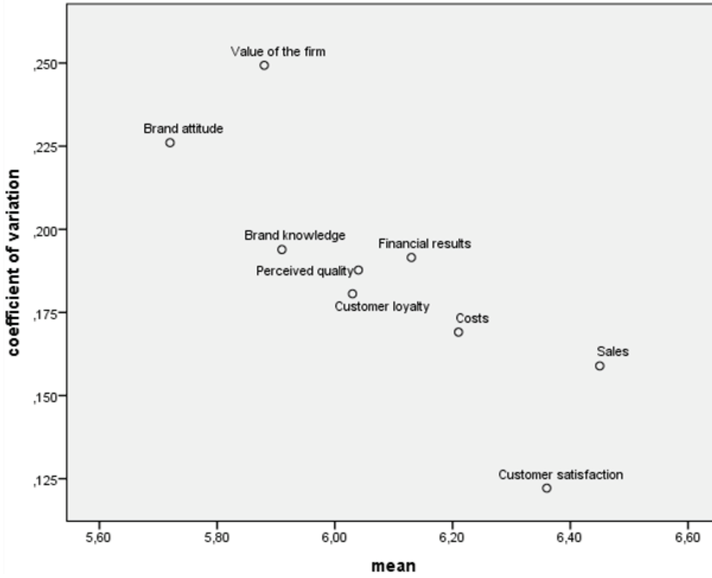

Fig. 2. Map of mean impact scores and coefficient of variation for marketing and financial outcomes in SOE – Marketing managers

Source: elaboration based on own research.

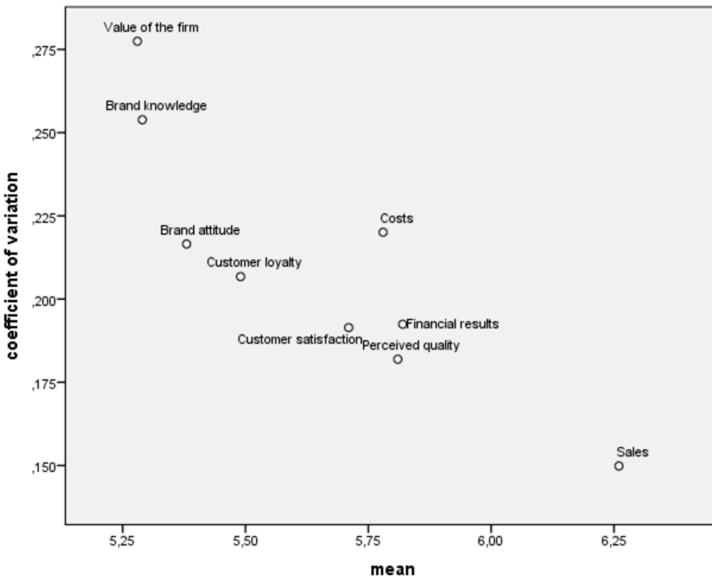

Fig. 3. Map of mean impact scores and coefficient of variation for marketing and financial outcomes in SOE – Investors

Source: elaboration based on own research.

Appendix 4

Discriminant analysis – grouping variable: offensive group vs. defensive group (the analysis carried out using SPSS and Statistica)

Table 1. Tests of Equality of Group Means (SPSS)

	Wilks' Lambda	*F*	*df*1	*df*2	Sig.
Customer loyalty	.997	1.726	1	573	.189
Customer satisfaction	1.000	.022	1	573	.882
Brand attitude	.994	3.671	1	573	.056
Perceived quality	1.000	.092	1	573	.761
Brand knowledge	.996	2.372	1	573	.124
Financial result	.998	1.082	1	573	.299
Costs	.998	1.323	1	573	.251
Value of the firm	.989	6.227	1	573	.013
Sales	.998	1.102	1	573	.294

Source: elaboration based on own research.

Table 2. Wilks' Lambda (SPSS)

Test of Function(s)	Wilks' Lambda	Chi-kwadrat	*df*	Sig.
1	.969	18.067	9	.034

Source: elaboration based on own research.

Table 3. Discriminant Function Analysis Summary (Statistica)

	Wilks' Lambda	Partial Lambda	F-remove	*p*	Toler.	1-Toler.
Customer loyalty	0.982	0.986	7.738	0.006	0.647	0.353
Customer satisfaction	0.970	0.999	0.495	0.482	0.596	0.404
Brand attitude	0.972	0.997	1.890	0.170	0.709	0.291
Perceived quality	0.969	1.000	0.001	0.979	0.687	0.313
Brand knowledge	0.973	0.996	2.440	0.119	0.633	0.367
Financial result	0.969	1.000	0.044	0.835	0.629	0.371
Costs	0.969	1.000	0.205	0.651	0.633	0.367
Value of the firm	0.977	0.991	5.042	0.025	0.564	0.436
Sales	0.969	1.000	0.154	0.695	0.676	0.324

Source: elaboration based on own research.

Table 4. Chi-Square Tests (Statistica)

	Eigen-value	Canonical R	Wilks' Lambda	Chi-Sqr.	*df*	*p*
0	0.032	0.177	0.969	18.067	9.000	0.034

Source: elaboration based on own research.

Correlation analysis for marketing and financial outcomes in evaluation of an organisation – grouping variable: offensive group vs. defensive group

Table 1. Correlation matrix for marketing and financial outcomes in evaluation of an organisation – grouping variable: offensive group (n=358)

		Customer loyalty	Customer satisfaction	Brand attitude	Perceived quality	Brand knowledge	Financial result	Costs	Value of the firm	Sales
Customer loyalty	Pearson correlation	1								
	Significance (double-sided)									
Customer satisfaction	Pearson correlation	.415**	1							
	Significance (double-sided)	.000								
Brand attitude	Pearson correlation	**.534****	**.638****	1						
	Significance (double-sided)	.000	.000							
Perceived quality	Pearson correlation	.298**	.486**	.439**	1					
	Significance (double-sided)	.000	.000	.000						
Brand knowledge	Pearson correlation	**.578****	**.528****	.484**	.436**	1				
	Significance (double-sided)	.000	.000	.000	.000					
Financial result	Pearson correlation	.313**	.324**	.308**	.407**	.330**	1			
	Significance (double-sided)	.000	.000	.000	.000	.000				
Costs	Pearson correlation	.442**	.302**	.349**	.274**	.306**	**.586****	1		
	Significance (double-sided)	.000	.000	.000	.000	.000	.000			
Value of the firm	Pearson correlation	**.647****	.458**	.487**	.277**	.374**	.381**	**.521****	1	
	Significance (double-sided)	.000	.000	.000	.000	.000	.000	.000		
Sales	Pearson correlation	.457**	.301**	.396**	.189**	.228**	.403**	**.573****	**.646****	1
	Significance (double-sided)	.000	.000	.000	.000	.000	.000	.000	.000	

** Significant correlation at 0.01 (double-sided).

Source: elaboration based on own research.

Table 2. Correlation matrix for marketing and financial outcomes in evaluation of an organisation – grouping variable: defensive group (n=217)

		Customer loyalty	Customer satisfaction	Brand attitude	Perceived quality	Brand knowledge	Financial result	Costs	Value of the firm	Sales
Customer loyalty	Pearson correlation	1								
	Significance (double-sided)									
Customer satisfaction	Pearson correlation	**.564****	1							
	Significance (double-sided)	.000								
Brand attitude	Pearson correlation	.220**	.249**	1						
	Significance (double-sided)	.001	.000							
Perceived quality	Pearson correlation	.331**	**.510****	.190**	1					
	Significance (double-sided)	.000	.000	.005						
Brand knowledge	Pearson correlation	.496**	.437**	.150*	.411**	1				
	Significance (double-sided)	.000	.000	.027	.000					
Financial result	Pearson correlation	.342**	.181**	.050	.008	.194**	1			
	Significance (double-sided)	.000	.007	.468	.904	.004				
Costs	Pearson correlation	.296**	.159*	.036	–.014	.201**	.403**	1		
	Significance (double-sided)	.000	.019	.600	.841	.003	.000			
Value of the firm	Pearson correlation	.336**	.167*	–.050	–.031	-.018	.421**	.181**	1	
	Significance (double-sided)	.000	.014	.461	.655	.791	.000	.007		
Sales	Pearson correlation	.036	–.001	–.005	.044	.077	.197**	.154*	.438**	1
	Significance (double-sided)	.598	.986	.946	.523	.257	.004	.023	.000	

** Significant correlation at 0.01 (double-sided).

Source: elaboration based on own research.

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