

International Journal of Management Cases

Capital Budgeting Practices in the
German Automotive Industry

Sustainable marketing as a response
to contemporary challenges facing
companies in Poland

Palliative Well-being increased by
Art-Therapy

Achieving Organizational Change
Through Servant Leadership: Jack
Rooney as Exemplar

2016 - Volume 18 Issue 4

EDITORS**Editor in Chief****Dr. Tomasz Wisniewski**

The University of Szczecin Poland

t.wisniewski@univ.szczecin.pl**Europe****Professor Darko Tipuric**

Graduate School of Economics, University of

Zagreb dtipuric@efzg.hr**The Rest of the World****Dr. Gianpaolo Vignali**

University of Manchester

gianpaolo.vignali@manchester.ac.uk**EDITORIAL BOARD****Professor Claudio Vignali**

University of Vitez, BH

c.vignali@leedsmet.ac.uk**Dr. Mirko Palic**

Graduate School of Economics, University of

Zagreb mpalic@efzg.hr**Dr. Leo Dana**

University of Canterbury, New Zealand

leo.dana@cantebury.ac.nz**Professor Barry J. Davies**

Professor of Marketing, University of

Gloucestershire, UK bdavies@glos.ac.uk.**Professor Alberto Mattiacci**

Professor of Retailing and Marketing, The University of

Sienna, Italy

mattiacci@bunisi.it**Dr. Hans-Rüdiger Kaufmann**

University of Nicosia, Cyprus

kaufmann.r@unic.ac.cy**Professor Dr. Jürgen Polke**

Virtual University of Munich, Germany

jurgen.polke@fhv.at**Professor Carlo A. Pratesi**

Professor of Retailing Marketing, University of

Urbino, Italy capbox@tin.it**Professor Brenda Sternquist**

Professor, International Retail Management,

Michigan State University, USA

steinqui@msu.edu**Dr Ulrich Scholz**

Fontys Fachhochschule, Nederlands

u.scholz@fontys.nl**Professor Vitor Ambrosio**

University of Estoril, Portugal

vitor.ambrosio@esthe.pt**Professor Bernd Britzelmaier**

Pforzeim University, Germany

bernd.britzelmaier@hs-pfrozeim.de**Professor Ihn Hee Chung**

Kumoh Institute of Technology, South Korea

ihnhee@kumoh.ac.kr**Professor Gianpaolo Basile**

University of Salerno, Italia

gibasile@unisa.it**Professor Carmen Rodriguez Santos**

Universidad de Leon, Espania

carmen.santos@unileon.es**Dr. Razaq Raj**

Leeds Metropolitan University, UK

r.raj@leedsmet.ac.ukwww.ijmc.orgwww.circleinternational.co.uk**ISSN 1741-6264**

International Journal of Management Cases is published by:

Access Press UK,
1 Hillside Gardens ,
Darwen,
Lancashire,
BB3 2NJ
UK

Copyright © Access Press UK, 2016

Contents

Capital Budgeting Practices in the German Automotive Industry <i>Dennis Schlegel</i>	4
Sustainable marketing as a response to contemporary challenges facing companies in Poland <i>Edyta Rudawska, Ewa Frąckiewicz & Małgorzata Wiścicka</i>	15
Palliative Well-being increased by Art-Therapy <i>Marie-Christin Hallier</i>	30
Achieving Organizational Change Through Servant Leadership: Jack Rooney as Exemplar <i>Bethany Davidson & Joseph P. Lakatos</i>	43

Capital Budgeting Practices in the German Automotive Industry

Dennis Schlegel
Pforzheim University, Germany

Abstract

The automotive industry is one of the most investment-intense industries. The aim of this paper is to examine which capital budgeting techniques are applied by automotive companies headquartered in Germany to make investment decisions. This includes the examination of investment appraisal methods, as well as questions concerning hurdle rates and cost-of-capital models.

The study is based on an analysis of empirical data that were collected in a survey of finance and accounting professionals. The sample consists of eight German companies from the automotive industry, which include both automobile manufacturers (original equipment manufacturers, OEMs) and automotive suppliers ranging from very large to medium-sized companies.

The results show that the net present value (NPV) technique is the most widely used quantitative method of investment appraisal. Moreover, many of the companies make qualitative considerations in their investment decisions. The largest companies included in the survey additionally use value-based measures to evaluate investment opportunities. In terms of hurdle rates, most companies use the weighted average cost-of-capital (WACC) as discount rate.

This paper contributes to knowledge by providing new empirical data on capital budgeting in German automotive companies. Additionally, the author makes recommendations for further research opportunities in the field.

Key Words: *Automotive, Capital Budgeting, Investment Appraisal, Investments, Cost-of-Capital*

Introduction

Capital budgeting decisions – i.e. decisions about investments in tangible or intangible assets – have a high impact on the future financial situation of the firm. Finance theory provides a number of capital budgeting techniques based on comparison of costs and benefits as well as methods based on net present value calculations. In previous studies, capital budgeting techniques have been analyzed in different countries and industry sectors (e.g. Ryan and Ryan, 2002, Hermes et al., 2007, Bennouna et al., 2010 and Block, 2005).

The objective of this paper is to examine how German automotive companies use capital budgeting techniques based on a small dataset from a survey.

In section 3, a short introduction to the investments in the automotive industry is given. Next, a brief literature review on capital budgeting and comparable previous results is presented. Subsequently, the empirical methods are discussed before the empirical findings are presented. Finally, a conclusion is drawn.

Investments in the automotive industry

Current trends in the automotive industry highlight the importance of strategic investments. The high level of innovation in fields such as autonomous driving and e-mobility requires companies to make large investments in research and development (R&D). New players entering the automotive market reinforce this trend – including Google that recently presented their autonomously driving car and Tesla that succeeded in developing an electric car out of nowhere. Hence, it is not surprising that six automotive OEMs (original equipment manufacturers) are among the 20 companies with the largest R&D spending according to the statistics by Jaruzelski et al. (2014). Among them, there are also two German car builders – Volkswagen and Daimler.

However, not only OEMs are influenced by this trend but also automotive suppliers. As KPMG (2014) points out, the capabilities to develop and produce essential components of e-mobility are especially found among automotive suppliers. According to the authors, financially strong suppliers that can afford R&D investments will benefit from the new trends. This might result in a shift of expertise and power towards the successful suppliers.

Apart from these investment in intangible assets, important investments in the automotive industry are made in the modernization of existing production plants, international production sites and development of international markets.

The high volume of investments also shows that effective and efficient capital budgeting must be crucial for companies in the industry.

Capital budgeting in the literature

In section 3.1, a brief overview of the capital budgeting techniques as discussed in theory that were considered in this study is given. Subsequently, previous empirical results about the use of these methods in practice are reviewed.

Capital budgeting techniques

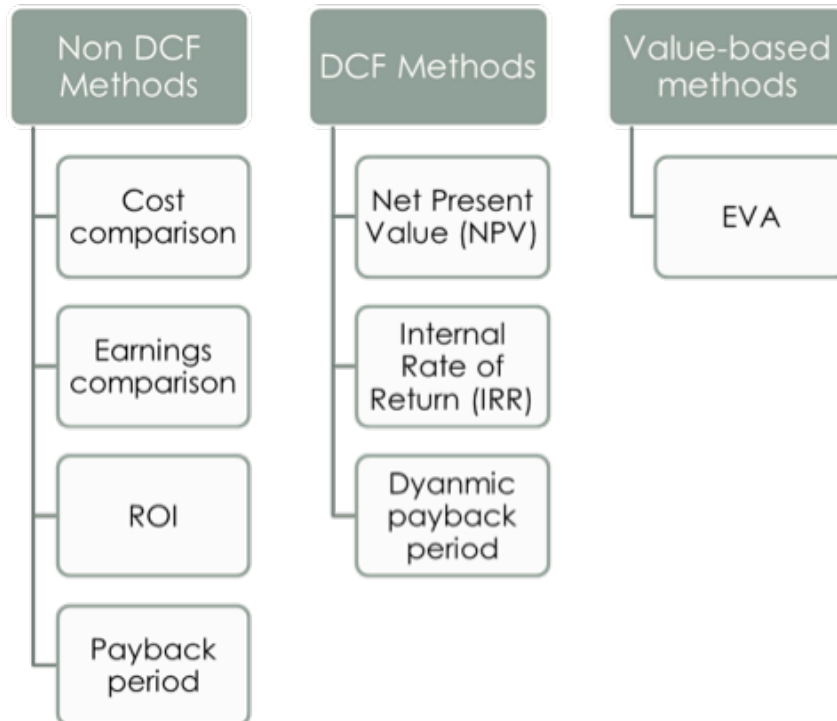
In the literature, the methods are often broadly classified into two categories: the non-discounted cash flow (non-DCF) and discounted cash flow (DCF) methods. In this paper, value-based methods are considered as a third category.

First of all, two methods that have traditionally been used in Germany are included in the survey: cost comparison and earnings comparison. When using a cost comparison, managers compare different projects and select the most cost-efficient one. A disadvantage of this method is that the cost allocation is based on average costs and there is not any consideration of revenues. However the earnings comparison includes besides costs also the revenues of the projects. This technique developed from the cost comparison. Therefore, the same points of criticism such as the consideration of an average period remain (Britzelmaier, 2013).

Moreover, the accounting return or return on investment (ROI) is included as a non-DCF method. As all other non-DCF models, ROI does not use cash flows and ignores the time value of money. This does not conform to the principles of maximizing

shareholders' value. However, as it is simple and easy to use, many financial managers are familiar with it (Kalyebara and Islam, 2014).

Figure 1: Classification of capital budgeting techniques



Commonly, managers also look at the project's payback period. In practice it is often used when capital investment is small. As mentioned before, it ignores discounting and also the cash flows beyond the acceptable payback period (Brealey et al., 2009). Furthermore it does not take into account project or business risk or time value of money as the other non-DCF techniques (Kalyebara and Islam, 2014).

However, a central feature of any theoretically grounded investment analysis is taking into consideration the time value of money. All DCF methods are based on this idea and thus are regarded as theoretically correct in the Finance literature. DCF methods include at least three different discounting models: net present value (NPV) as the basic technique, internal rate of return (IRR) and the dynamic payback period (Brigham and Ehrhardt, 2002). In theory, the most popular capital budgeting method to appraise capital investment projects is the NPV. With this model the present value of future cash flows is generated and when compared with initial outflows, an investment project is seen as acceptable whenever a positive NPV is the outcome (Kalyebara and Islam, 2014). Continuing, the IRR is a percentage rate that equates the present value of future cash inflows with the present value of its investment outlay. In the past throughout the literature, NPV has always trailed IRR in management preference because managers have argued that the perception of a percentage return is more easily understood and comparable than an absolute dollar value increase (Ryan and Ryan, 2002). But now the use of IRR is decreasing while the use of NPV is increasing due to the convenience and ease of understanding (Kalyebara and Islam, 2014). Reasons for this superiority may be that NPV presents the expected change in shareholder wealth given a set of projected cash flows and a discount rate or that it represents the expected dollar

amount that shareholder wealth would increase or decrease upon the acceptance of a project (Ryan, 2002).

As mentioned before, a drawback of the payback period is the disregard of the time value of money. This can be partly overcome and modified with the dynamic payback method which uses the discounted cash flows to calculate the payback period (Kalyebara and Islam, 2014). It is easy to understand but still takes no account of cash flows after the cutoff date (Brealey et al., 2009).

Besides the DCF and non-DCF methods there are also value-based methods to evaluate investment projects. The value-based management places company value as benchmark for high performance and control parameter in the centre of their entrepreneurial target system. An important performance indicator is the Economic Value Added (EVA™) developed by Stern and Stewart (Stern et al., 1996). They argue that EVA™ is the financial performance method that comes closer than any other to capturing the economic profit of a corporation. EVA™ is defined as the difference between a firm's net operating after tax income and its cost of capital. With this method it can be seen whether the strategies used are value-destroying or value-improving. But the fact that it is a single-period model is a drawback (Britzelmaier, 2013).

Apart from these quantitative methods, in this study qualitative assessment has been included as a broad type of methods. Qualitative assessment is often required in practice in order to take into consideration strategic issues that are difficult to quantify. New and very sophisticated theoretical approaches such as real options have not been taken into account in the study due to their limited relevance among practitioners.

When companies use discounting techniques like NPV or IRR, it is necessary to use hurdle rates. Finance theory suggests to use the weighted average cost of capital (WACC) as a hurdle rate (Schlegel, 2015). Furthermore, in order to consider different risk, not the same WACC rate should be used for different projects (Brealey et al., 2009). The WACC is the required rate of return on any investment project that carries the same level of risk as the company's existing assets. It is advisable to adjust it up or down, depending on the type of project, e.g., replacement projects have a lower risk whereas expansion projects have a higher risk. It is also possible to use different WACC for different organisational units of the company (Bennouna et al., 2010). Large firms are aware of the difficulty of differentiated WACC and many companies try working on developing separate divisional costs of capital (Ross et al., 2005). But many corporations fail to use differentiated hurdle rates. A failure to consider divisional cost of capital may lead to suboptimal decisions as the divisions have different degrees of risk than the parent corporation. With a single corporate hurdle rate incorrect decisions are made which lead to a failure of maximising stockholder wealth. The reason is that capital is not allocated correctly with high risk divisions receiving too much capital and low risk divisions receiving too little capital (Schlegel, 2015, Block, 2005, Brealey et al., 2009).

Previous results

Over the past decades, various survey results of capital budgeting techniques have been published. In the following the main findings of a selection of seminal previous studies will be briefly discussed.

Table 1 gives an overview of the surveys that will reviewed:

Table 1: Overview of previous surveys

Authors	Journal	Year Published	Population	Most popular capital budgeting tool	Least popular capital budgeting tool
Ryan and Ryan	Journal of Business and Management	2002	Fortune 1000 companies	NPV	modified IRR
Hermes et al.	International Business Review	2007	250 Dutch and 300 Chinese companies	NPV (for Dutch CFO), IRR (for Chinese CFO)	Accounting rate of return
Bennouna et al.	Management Decision	2010	FP500	NPV	modified IRR

In the survey of Ryan and Ryan (2002), Chief Financial Officers (CFO) reported NPV to be the most preferred method over IRR and all other capital budgeting models. The question was how frequently managers used capital budgeting methods. 85.1% of the respondents answer that they always and often use NPV whereas IRR is used by 76.7%. The third favoured model is the payback method and the fourth favoured the discounted payback model. Only 9.3% place high premium on the modified IRR which is therefore the least popular model among the CFO. NPV gains the highest positive response and is the preferred tool together with the IRR. This result shows notable alignment of theory and practice (Ryan and Ryan, 2002).

Similar results are evident in the survey of Hermes et al. (2007). The NPV method is the most popular method among Dutch CFO (89%). But IRR and payback period method are quite comparable (74% and 79%). Only 2% of the CFO use the accounting rate of return which is therefore the least popular model. Compared to Chinese CFO, the IRR and payback period models are most frequently used (89% and 84%). Only 49% of the respondents report they use the NPV. But again the accounting rate of return is the least popular method with 9%. It can be seen that Dutch CFO are using the most sophisticated capital budgeting techniques (i.e. NPV) on a more regular basis than their Chinese colleagues do. Obviously, DCF methods have become more popular as financial markets have developed over time making the use of these methods more applicable and necessary (Hermes et al., 2007).

To strengthen the outcomes of previous studies, Bennouna et al. (2010) reveal in their survey that NPV is widely utilized among Canadian corporations (94.2%) but a sizeable percentage use IRR as their primary model in capital decision making (87.7%). Despite the drawbacks of IRR, managers prefer it because it appraises investment value in percentage terms which can be easily compared across capital budgeting projects. 78.5% of the respondents still use the payback period model. Re-approved the modified IRR was the least prevalent discounting method. Nevertheless the theory-practice gap is a recurrent theme in the capital budgeting literature, in particular with regard to NPV (Bennouna et al., 2010).

Regarding the use of differentiated discount rates across investment projects, the survey of Bennouna et al. (2010) shows that only 63.4% of the companies use different hurdle rates for different types of projects, which is not consistent with finance theory. This research in the USA shows that there is still a theory-practice gap. Also the survey by Block (2005) mentions a similar finding where divisional cost of capital was used by 51.3% of the respondents. Concerning determinants, the use of divisional cost of capital is more a function of centralized versus decentralized nature of the company than the industry it is in, according to Block (2015).

Empirical methods

This study is based on data from a large sample survey among 96 German companies from the real economy sector that has been conducted in 2012/13 with a focus on cost-of-capital practices, published by the author (Schlegel, 2015). However, the analysis for this paper is based on a subset of the overall sample consisting of eight automotive companies.

The survey instrument consisted of three main themes: First, questions on cost-of-capital and capital budgeting techniques were asked. Second, the use and determination of hurdle rates was inquired. Third, the respondents were asked to provide company data such as number of employees in order to analyse systematic differences between the companies as well as the composition of the sample. In this paper, questions on capital budgeting techniques from the survey instrument that were not analyzed in the above-mentioned study are considered.

For the questions on capital budgeting techniques, a five-point ordinal rating scale was used. The different methods or models were rated in terms of how relevant they are on a scale ranging from “not relevant” to “relevant”. A rating scale was used instead of a dichotomous scale in order to be able to not only know whether a method is applied at all, but also to be able to compare the importance of different methods.

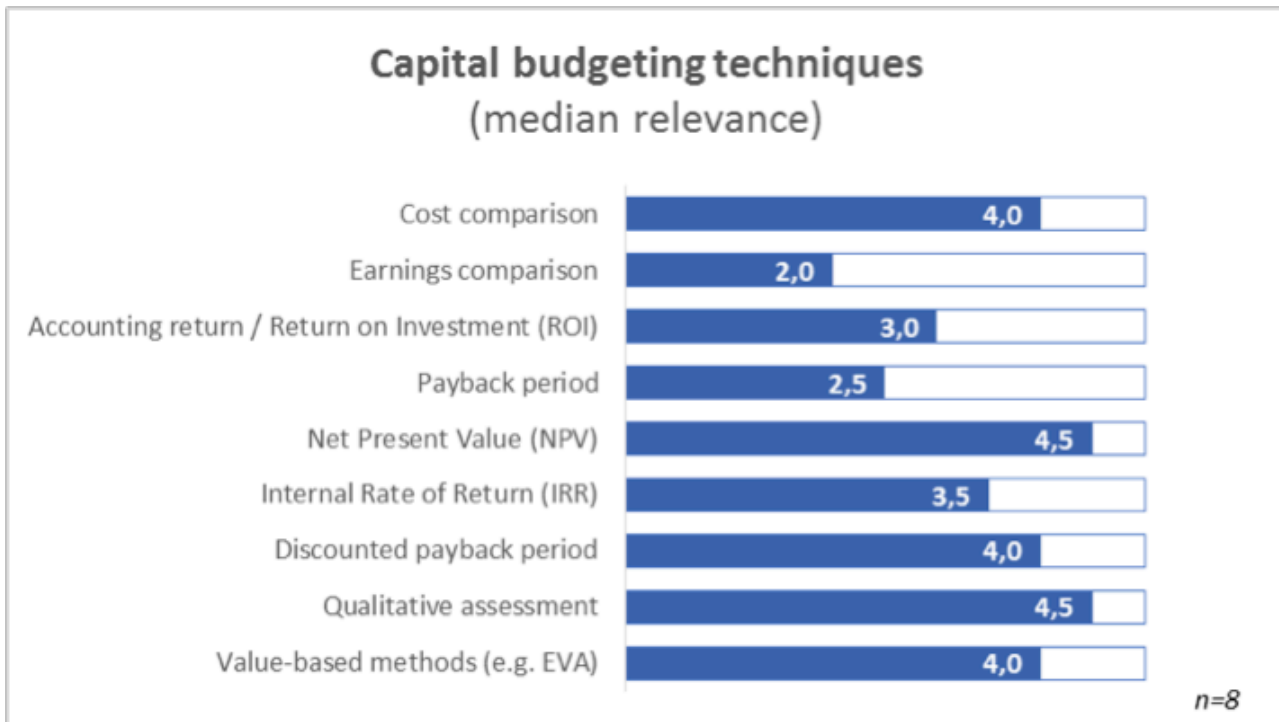
Sample descriptives

The sample of this study includes eight companies from the German automotive industries from different size groups. While two companies are small or medium sized enterprises with below 1,000 employees, there are also four firms with over 100,000 employees. Thus, it is evident that the sample consists of both suppliers and OEMs. In the chart below, the firms are classified into four categories depending on their company size.

Empirical findings

Capital budgeting techniques

First, firms were asked to rate the different capital budgeting methods based on the relevance for their company. In the following figure, the median relevance of the respective capital budgeting techniques can be seen. As previously explained, the scale is running from 1 to 5, where 1 means a low relevance and 5 a high relevance of the technique.

Figure 2: Relevance of each capital budgeting technique

As outlined in section 3.1, finance theory suggests applying DCF methods. In Figure 2 it can be seen that NPV is the most relevant quantitative method for companies when using capital budgeting techniques as suggested in finance theory. This finding is in line with the previous studies by Ryan and Ryan (2002) and Bennouna et al. (2010). However, a qualitative assessment of investments is equally important for the automotive firms in the sample. Moreover, the traditional cost comparison method is still relevant in spite of its disadvantages.

Hurdle rates

As suggested in finance theory, the used hurdle rates should be differentiated for different investment projects as they are exposed to a different level of risk. The companies were asked whether they use identical hurdle rates for all projects or whether they use rates differentiated by business units, geographical location, type of project or individual project.

Figure 3: Differentiation of hurdle rates

Interestingly, the procedure of the companies is in line with theoretical suggestions. Using identical hurdle rates for all projects appears to be not very relevant for the companies in the sample. In contrast, differentiating hurdle rates by line of business is considered to be a relevant method by the companies. This can generally be evaluated as a good approach, as the systematic risk of a business is mainly influenced by the industry sector, which is often reflected in the structure of a company's business units. The next question was how hurdle rates are determined by companies, which can be seen in Figure 5:

Figure 3: Differentiation of hurdle rates

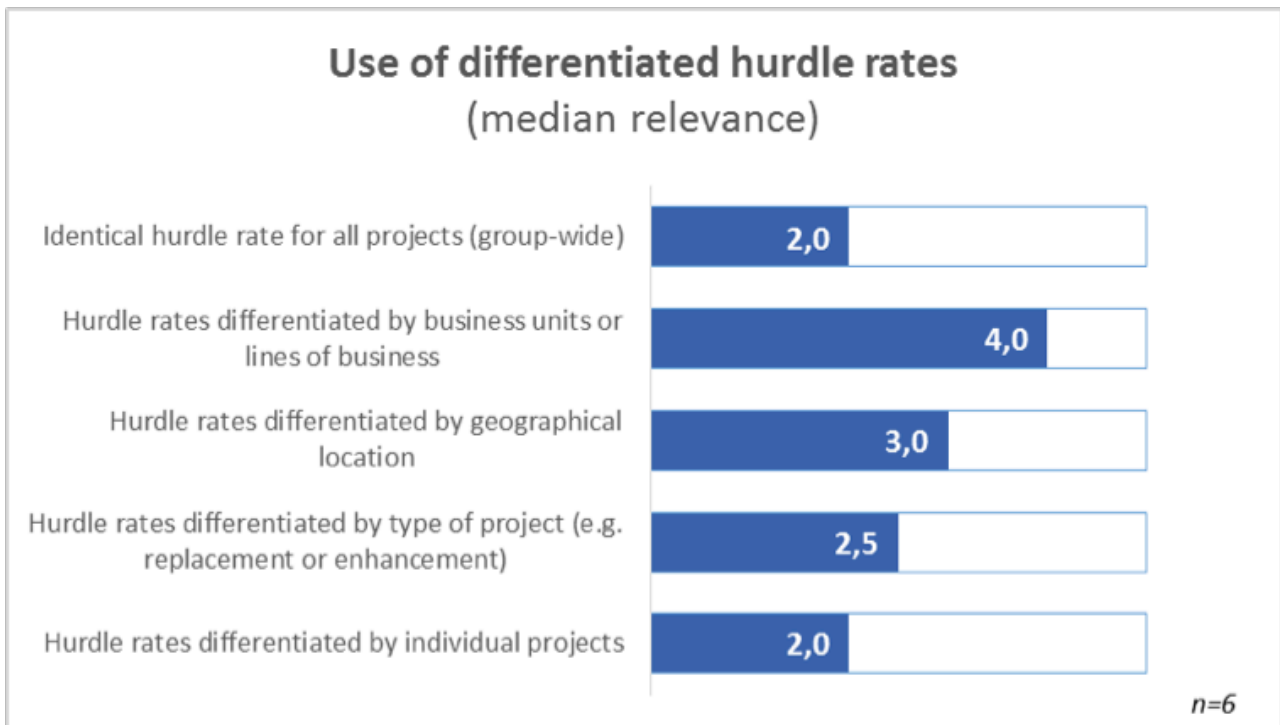
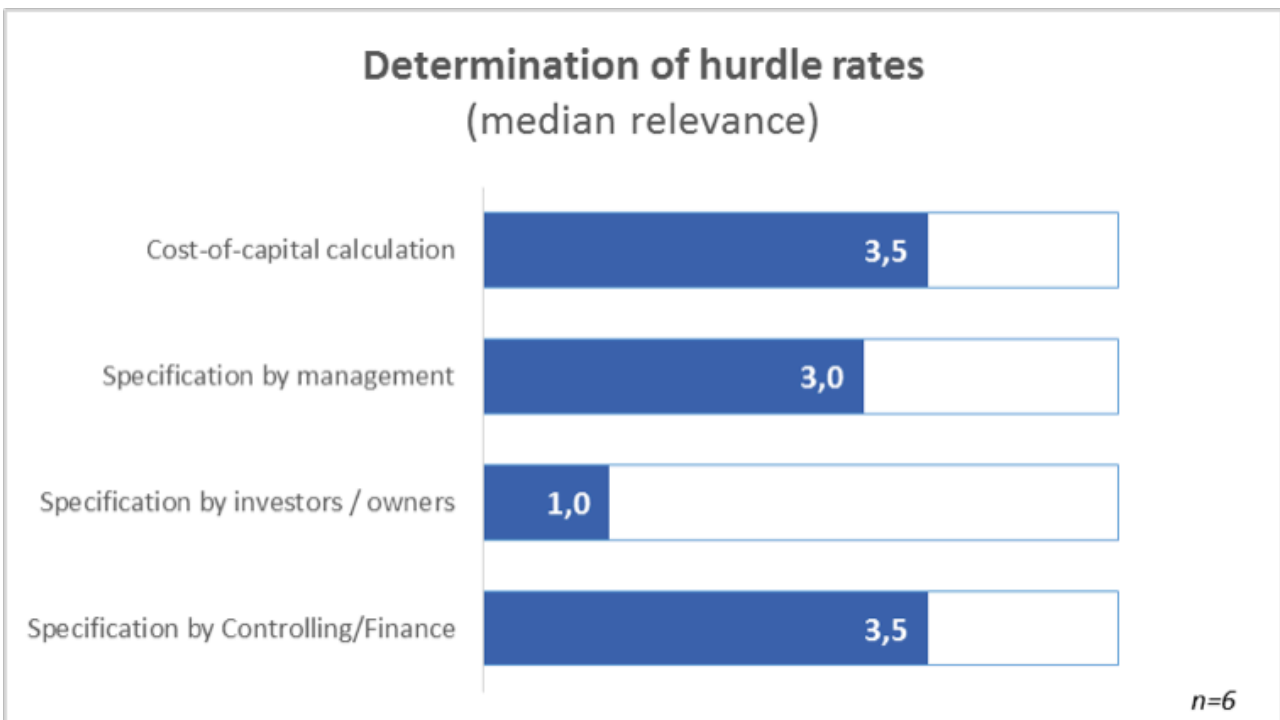


Figure 4: Determination of hurdle rates



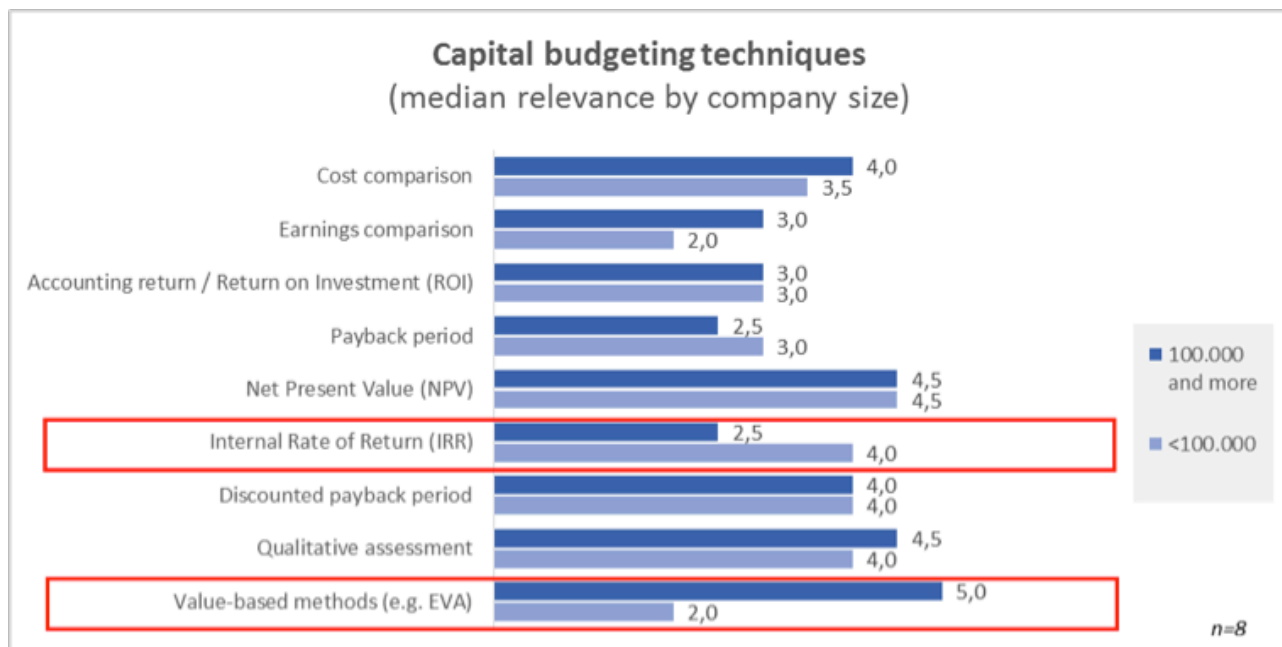
Also in this respect, the companies seem to comply with theory and rate cost-of-capital calculation as very relevant for their hurdle rate determination. With the same relevance, a specification of the hurdle rate by the Controlling/Finance department is mentioned.

Company size differences

Another interesting question is whether there are systematic differences between companies that allow explaining the different behaviour of the organisations. Although this cannot be analyzed in a statistically significant way with the small sample size of this study, a descriptive comparison of companies from different size classes shows interesting findings. For this analysis, the sample was stratified into two size groups: below 100,000 employees and 100,000 employees and more. Each of the subset consists of four companies.

The highest difference between the size groups can be found for the value-based methods. While it has the highest rating among the very large companies, it is not very relevant for the smaller size groups. This is not surprising as in general, value-based methods seem to be less prominent among smaller companies. One reason might be that larger companies are more often listed at the stock market and stock market investors demand such figures to be reported. Another reason might be the higher professional qualification of the Finance and Accounting departments in large companies (Schlegel, 2015).

Figure 5: Company size differences in the median relevance of the techniques



Conclusion

Summary of results

This paper examined capital budgeting sophistication with field data from automotive firms in Germany. The results provide interesting insights into company practice.

Financial theory advocates using the superior NPV or other DCF techniques. Also in practice, NPV is the most frequently cited quantitative capital budgeting tool of choice among the German automotive companies in the sample, being equally relevant as a qualitative assessment.

In context of hurdle rates, the majority of firms uses hurdle rates differentiated by business units. When determining hurdle rates, firms most frequently used the cost-of-capital calculation or the rates are specified by the Finance/Accounting department.

In general, it can be stated that in this study, the often cited 'theory-practice gap' in corporate finance seems to be rather small, as in most questions, answers in line with theory are given.

Limitations and further research

This research was limited to a small sample of German automotive companies and thus is not representative of the population. Thus, the results are not be generalizable to the whole population of German automotive companies or to the situation in other countries. However, it provides interesintg exploratory insights into the topic as a basis for further research.

Moreover, further research should be conducted concerning possible influencing factors of capital budgeting practices. While the analysis by company size in this study has shown interesting results, there might be also other determinants. This question might as well be complemented by a qualitative research design in order to find underlying reasons of the companies' behaviour.

References

Bennouna, K., Meredith, G.G. and Marchant, T. (2010) 'Improved capital budgeting decision making: evidence from Canada', *Management Decision*, 27 September 2010, Vol. 48, No. 2, pp.225-247.

Block, S. (2005) 'Are there differences in capital budgeting procedures between industries? An empirical study', *The Engineering Economist*, Vol. 50, No. 1, pp.55-67.

Brealey, R.A., Myers, S.C. and Marcus, A.J. (2009) *Fundamentals of Corporate Finance*, McGraw-Hill, New York.

Brigham, E.F. and Ehrhardt, M.C. (2002) *Financial Management: Theory and Practice*, 10th ed., South-Western, Mason, OH.

Britzelmaier, B. (2013) *Controlling*, Pearson, München.

Hermes, N., Smid, P. And Yao, L. (2007) 'Capital budgeting practices: a comparative study of the Netherlands and China', *International Business Review*, Vol. 16, No. 5, pp. 630-654.

Jaruzelski, B., Staack, V. And Goehle, B. (2014) 'Proven Paths to Innovation Success', *strategy+business*, Issue 44

Kalyebara, B. and Islam, S.M.N. (2014) *Corporate Governance, Capital Markets, and Capital Budgeting*, Physica-Verlag, Heidelberg.

KPMG (2014) 'Im Umbruch: Die Zukunft der Zuliefererindustrie', *Automotive Now*, Vol. 1/2014

Ross, S.A., Westerfield, R.W. and Jordan, B.D. (2000) *Fundamentals of Corporate Finance*, McGraw-Hill, Boston.

Ryan, P.A. and Ryan, G.P. (2002) 'Capital budgeting practices of the Fortune 1000: how have things changed?', *Journal of Business & Management*, Vol. 8, No. 4, pp.355-364.

Schlegel, D. (2015) *Cost-of-Capital in Managerial Finance: An Examination of Practices in the German Real Economy Sector*, Cham Heidelberg New York Dordrecht London, Springer

Stern, J.M., Stewart, G.B. and Chew, D.H. Jr. (1996) 'EVA®: An integrated financial management system', *European Financial Management*, Vol. 2, No. 2, pp.223-245.

Sustainable marketing as a response to contemporary challenges facing companies in Poland

Edyta Rudawska
University of Szczecin, Poland

Ewa Frąckiewicz
University of Szczecin, Poland

Małgorzata Wiścicka
University of Szczecin, Poland

Research grant financed by the National Science Centre in Poland, Harmonia Funding, registration no. 2014/14/M/HS4/00891 (Head: prof. US Edyta Rudawska)

Abstract

The fact, that the volatility of the environment affects the way the companies operate in the market is evident (Kotler and Keller 2013, Herman and Szablewski 1999, Obłój 1989) However, changes taking place outside the company have different sources, different nature and strength of influence, and thus induce different responses (Drucker 2009). A strong trend in recent years is the search for formulas of activity related to sustainable development. The authors state a hypothesis that the adaptation of sustainable development concept in marketing activity is an adequate answer to changes occurring in the environment.

Some important attempts of integrating non-economic company goals with marketing strategy are made in the literature. However the concept of sustainable marketing is the most complex one. The aim of the paper is to characterize a contemporary business environment of polish companies, to identify sources of crisis of traditional marketing activities as well as conceptualize sustainable marketing concept. The authors have also analysed research results run so far on polish market regarding the scope of use of sustainable marketing in order to indicate existing research gaps in this field. To achieve these goals a deduction technic had been used as well as secondary sources of information, like research reports prepared by external research agencies.

The analysis of research results run among companies operating in Poland drives to conclusion that sustainable activities regard mainly the general company strategy connected with pro-social and pro-ecological activities, not stricte marketing activities. Research results presented in the paper also lead to the conclusion that there is no comprehensive research on the instrumental approach to sustainable marketing activities.

Key words: sustainable marketing, polish market, CSR, marketing orientation

Changes in the business environment of companies

The development and success of modern business ventures is strongly determined by the changes that occur beyond their boundaries. Identifying these changes and, consequently, taking adequate action is becoming increasingly difficult due to the intensity and variety of new emergent phenomena. Simultaneously, the environment

itself constitutes a basic independent variable that influences the way in which specific areas of the company function. For many years, source literature has stressed that despite the importance of internal factors at a company's disposal, it is the environment that plays the more significant role in the company's life because it is a source of uncertainty (e.g.: Kotler and Keller, 2013, Herman and Szablewski 1999, Obłój, 1989, Koźmiński and Piotrowski 2007). Therefore, one ought to agree with G. Nizard's (1998 p 11) statement that 'what happens in the surroundings has greater meaning for the survival of an organisation than that which happens within it'.

M. Castells (2004 p. 4, p 48) describes the world as a 'space of flows' that occur in a manner that is unlimited and dynamic, and create, enrich, or destroy the bonds between units on both economic and social grounds. These relations are not limited to one or several systems but are spreading on a global scale. Due to the revolution in information-communication technology, globalisation has accelerated considerably, which brought on positive consequences, i.e. civilizational progress, increased democratisation of societies, increased client awareness, and the reinforcement of consumer organisations. At the same time, however, it has revealed and strengthened the following negative consequences (Adamczyk 2009, p 16, Kramer 2014, pp 25-26):

1. Intensifying the disparity in people's living standards and quality of life.
2. Excessive consumerism.
3. The violent degradation of the natural environment.
4. The excessive exploitation of natural resources.
5. Economic scandals.
6. The financial crisis.

Parallel to the processes of globalisation, other phenomena are growing in intensity, i.e. the expansion of ICT, the shift from an industrial society into one of information and knowledge, the increasing number of highly saturated markets, the radical change in the growth curve of market phases, the shortening of products' life cycle, the permanent search for new sources of competitive advantages, the growing internationalisation of companies, and other (Herman and Szablewski 1999, pp 14-17; Morawski, 2006, pp 82-83). Their consequences become apparent in many different areas, also in the changing of relationships between companies and their clients, because they are reflected in the changes of client behaviour as well. Due to the access to rich sources of information, the ease and speed of acquiring them, the position of clients in relation to companies has undergone significant reinforcement.

The environment in which today's companies' function is unstable, but more importantly – it is increasingly unforgiving. P. Drucker (2009, pp. 7-8) writes about deep transformations, often drastic ones, which do not allow for utilising old models of behaviour because the challenges faced by companies today are completely different from those in the past. That is why these companies, as well as the managers running them, are met with completely new expectations, also ones beyond economics.

These violent, varied, and global transformations are leading to the ascertainment that one of their consequences should be the abandonment of the current management paradigm aimed at profit maximisation, and taking a path of social responsibility and steady, constant progress. The goal of this approach is to gain the acceptance for company activities within both its internal and external environments. A justification of such an approach is the fact that business itself constitutes a part of social life, a logical

consequence of which is that business should serve society and its natural environment, not harm it. Thereby increases the significance of following moral principles and business ethics, as does social and ecological involvement of market entities, which should also be reflected in the company's marketing management. Meanwhile, the current marketing practices of numerous businesses keep arousing controversy in this regard, which serves as a source of much criticism toward the concept in question.

Criticism against marketing theory and practice

While considering the process of marketing development, its character interdisciplinary should be stressed. In its initial stages of development, marketing was connected directly with economics, while its current evolution associates marketing with management. There is also a third area of research in marketing, a behavioural one, which is associated with social paradigms (Mazurek-Łopacińska and Sobocińska 2013, pp 5-15.). Marketing knowledge combines elements of other fields and sciences, including philosophy and psychology. This disciplinary variety contributes to the multidirectional development of marketing, but also fuels frequent criticism from the representatives closely associated with a given field. Critics such as E. Fromm, for instance, believe that linking marketing with psychology contributes to: confusing the consumer, moral degradation, authorising the dictate of fashion and consumerism, supporting a climate of unrest, facilitating price discrimination and 'invading' private lives, devaluating human rights, and drawing attention away from important social goals (Gugin, Langer and Mróz 1998, pp 35-39).

Another reason behind the conflicts is the fact that marketing combines theoretical consideration and practice. This prompts some researchers to stress its insignificant theoretical (scientific) character, while others find its practical aspect difficult to measure. Scholars most often accuse marketing of lacking its own academic achievements and research methods. At the same time, business representatives point out the imprecise measurability of the effects of marketing, the low efficiency, and the ungrounded costs of marketing activity. Other areas of conflict regarding the essence of marketing include: seeing marketing as sales or advertising, confusing marketing with product management and customer support (McDonald and Wilson 2013, pp 30-31.).

Hence the negative assessment of traditional marketing increased in recent years, particularly of its status and meaning, which is apparent in numerous publications. Understanding and seeing marketing as a company-running philosophy and concept is becoming increasingly popular. Such a mindset is a factor in the success of a company (Rudawska 2012, pp 69-80). The customer focus, generally defined as providing the values they appreciate, should be fundamental.

For decades, marketing has been treated as a tool for maximising sales and profit, which contributed greatly to increasing the environmental and social hazard. The reason behind this is acknowledging that an important marketing goal is to increase consumption and maximise profit through satisfying all the client's needs. Despite it adopting the concept of sustainability, even modern marketing remains anthropocentric, which is due to striving toward the fulfilment of the client's needs above all else. This means that the world and its resources revolve around the consumer, and their needs must be satisfied. Such a view of marketing activity is opposed to the ecocentric concept as well as the actual sustainability concept.

Increasingly more attention is drawn towards marketing activities that focus on product innovation, which contributes to the increase in new products while simultaneously shortening the product life cycle. The excessive exploitation of natural resources needed to create new products, polluting the environment with 'old' products and their packaging, as well as intense distribution are all conducive to the development of irrational consumer behaviour. Mass marketing activities are also seen as responsible for the changes in consumer behaviour, stemming from progressing consumerism. Overconsumption, consumer anxiety, hurried shopping, on-impulse decisions, striving for personal gain, virtualisation, and servitisation are behaviours characteristic of economic consumers. Sustainable consumer behaviour stands in direct opposition (Pabian 2013, pp 183-193.) and is characterised, among other things, by greening, dematerialisation, prosumption, and deconsumption (Mazurek-Łopacińska and Sobocińska 2011, p 15.).

The constant stimulation of clients' needs through marketing activities makes the modern client engage in mutually exclusive behaviours. On one hand the client is rational, on the other – erratic, rash, and prone to shopping on impulse.

Also noticeable is the fact that consumers are enjoying increasing access to information and the possibility of confronting it, which is due to the faster spread of new media, information technology, and artificial intelligence. This makes consumers more critical of mass marketing activities and the products they are offered. They are also growing desensitised to promotional activities, rendering traditional marketing methods ineffective. The challenges faced by marketing today are time, social expectation, environmental needs, business ethics, and outcome awareness. Considering the aforementioned multifacetedness of marketing, especially that stemming from modern companies' unprecedented dynamic environmental changes, new research is required. Topics that need to be undertaken include: value-based marketing, ethical problems in marketing, social reception of marketing, and the role of marketing in social, environmental, and business domains.

Green marketing, social marketing, responsible marketing ... in search of an adequate answer

Despite various determinants regarding how a company functions, marketing expresses the company's activities that are closest to the consumer. This denotes knowledge of the consumer's needs and preferences. Marketing acts as a 'catalyst' for the interests of the company and the client, and it undergoes transformations, as does the particular environment where marketing takes place. A list of successive definitions provided by the American Marketing Association (AMA) may serve to visualise the changes in perceiving the role of marketing:

1. 1935: Marketing is a business activity that facilitates the transfer of goods and services from producers to consumers.
2. 1985: Marketing is the process of planning and implementing concepts, managing prices, promotion, and distribution of ideas, services, and goods in order to lead to an exchange that will satisfy the needs of individual and institutional buyers.
3. 2004: Marketing is an organisational function and a set of processes whose goal is to create, communicate, and provide value to consumers, as well as to manage relations

with consumers in a way that benefits the organisation and its shareholders (Darroch, Miles and Cooke 2004, p 31).

4. 2013: Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (<https://www.ama.org/AboutAMA/Pages/Definition-of-Marketing.aspx>, access 28.11.2015).

Upon analysing the definitions above, one may conclude that the essence of marketing 'shifts' from representing primarily the interests of the company to an increasing acknowledgement of the important role of the client and, finally, society in general. Therefore, it comes as no surprise that when clients show an interest in ecology or seek products that are both healthy and environment-friendly, companies exhibit innovation regarding new offers. At the turn of the 1990s this innovative thinking was embodied in so-called green marketing (also known as environmental or ecological marketing). The idea initially referred to how the product is made, and later incorporated protecting the environment and saving energy as well. Nowadays, green marketing is associated with activities such as (Kramer 2014, p 31.):

1. Care for locally-sourced raw materials and health-promoting effects of products.
2. Dignified and fair treatment of employees, suppliers, and clients, broader practice of presumption.
3. Creating cooperative consumption projects, enhancing media statements with information on the projects and effects of presumption and cooperative consumption.

However, the discussions on the role that marketing ought to fulfil in relation to society had been undertaken in the literature before. Its goal of stimulating increasingly high and mass consumption has been questioned, and attention has been drawn to increased social sensitivity. Social marketing according to Ph. Kotler and G. Zaltman (1971, p 5) was defined in 1971 as 'design, implementation and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution, and marketing research'. Currently, Ph. Kotler and K.L. Keller (2013, p 26) note that due to the wide spread of goods and consumers' increased social awareness, for many companies it is engaging in socially responsible programs that constitutes a key source of competitive advantage, as well as means of building consumers' preferences. This, in turn, allows for significant benefits in terms of sales and profit. Like never before, marketing is facing a challenge of merging three elements that have hitherto been discrete: generating profit, providing stakeholders with value, and caring for public interest. This way of seeing marketing undoubtedly corresponds to the now widespread concept of sustainability.

The concept of sustainable marketing

The aforementioned changes in companies' business environment as well as criticism against marketing theory and practice imply the necessity for changing the assumptions on which the modern marketing concept is based. For many markets and organisations, issues associated with sustainable market activities have gained much significance and have become a key factor in business strategies. A view that has been enforced for many years is that a company's competitive position depends on efficiently implementing a market orientation. Faced with the indicated changes, it seems today that a modification of this approach in favour of a sustainable marketing concept is becoming necessary.

In contrast to a market orientation that aims to maximise short-term economic value, the sustainable concept of marketing additionally looks for sources of business success in creating long-term social and environmental value. It is understood as a process of marketing management wherein companies implement rules for sustainable activities in order to satisfy the needs of a given organisation's clients and stakeholders by following value systems that are profitable and socially responsible. This results in generating positive long-term economic, social, and environmental results (Mitchell, Wooliscroft and Higham 2010, pp 160-170). The sustainable concept of marketing thus creates possibilities of supporting the marketing concept by eliminating or at least minimising its negative influence on the environment and boosting its positive effect on society.

Although sustainability has become an influential concept in different fields of business management, its development seems to motivate changes in marketing to the greatest extent. Marketing, whether seen as the philosophy behind a company's actions or one of the key elements (functions) of an organisation, being the most involved in the relations between a company and its environment, ought to serve as the business's central focus on sustainability and be its main source (Rudawska 2013, p 79). Apart from the necessity to fulfil needs and to profit, its current definition also talks about creating, communicating, and providing value for consumers, partners, and society. In this context it is difficult to disagree with Ph. Kotler's ascertainment from 2010: that we have entered the stage of marketing 3.0, wherein success will depend, among other things, on the ability to consider ethical, environmental, and social values in our consumer-oriented activities, and not only functional or emotional values. In his book *Confronting Capitalism: Real Solutions for a Troubled Economic System* he also poses a question about what to do in order for capitalism to share its profits with a larger group of stakeholders (Kotler 2015). The author points out the necessity of designing and implementing policies whose goal is to create social, ethical, and environmental value. Therefore, by focusing on implementing pro-social and pro-environmental activities and retaining economic efficiency, marketing can be seen as an element included within the concept of sustainability, as well as an activity that supports it (Hunt 2011, pp 7-20.) This has been reflected in the way that the concept of marketing is conceptualised, and it is called sustainable marketing.

A review of the literature leads to the conclusion that this concept, like marketing itself, is subject to various interpretations. Directly referring to the traditional concept of marketing, F. Belz and K. Peattie (2014, p 29) define it as the planning, organisation, implementing, and control of marketing resources and programs aimed at client satisfaction, while also taking into account the company's economic goals. Referring to the concept of relationship marketing, they define sustainable marketing as the creating and maintaining of relations with customers, social and natural environment entities. As their basis, D. Martin and J. Schouten (2014, p 18) have adopted the AMA-proposed concept of marketing, officially accepted in 2013, and consider it still valid today. They view marketing as the creating, communicating, and providing of value for clients in such a way that natural capital (the ecosystem) as well as human capital (labour, talent, creativity) are retained or enhanced in the long term.

The significance of marketing for implementing the concept of sustainability can be considered in micro- and macroscale. On one hand, it encompasses strategic marketing decisions on an organisational level, i.e. establishing marketing values and goals of a sustainable nature, as well as decisions associated with planning sustainable marketing

mix strategies. Taking into account the three aforementioned aspects of the sustainability concept on a microscale it involves relations and attitudes of market entities across the entire value chain. On the other hand, on a macroscale, sustainable marketing is seen as an activity that serves to improve society's quality of life and to solve socio-environmental issues (Kilbourne 2008, p 189). Sustainable marketing activities can translate to changes in consumer models and lifestyles with undesirable social, environmental, and economic impact.

Figure 1. Respondents' opinions on social marketing activities (in %, N=387).



Source: (Wojnarowska 2014, p. 200)

Although, as presented above, the concept of sustainable marketing and its theoretical background are not a finished process, analysis of business activity is present in the literature. The cases analysed, however, are markets and companies that have significantly greater marketing experience than their Polish counterparts.

The scope of implementing the concept of sustainable marketing in Polish companies Marketing is naturally associated with markets wherein competitive mechanics are at work. In Poland, such conditions arose in 1989 when political, social, and economic transformations took place. The process of change cannot be considered finished, since Polish economy became a part of global economy, which undergoes constant transformation. Nevertheless, Polish companies are adjusting to the new conditions created by market rivalry, albeit to varying degrees.

Considering what has been said above, it comes as no surprise that the first research projects aiming to diagnose the degree of companies' market orientation arose in the early 1990s. Their subject was the level of managers' knowledge on marketing and the extent to which it was used within companies in question (Fonfara 1994, pp 22-26). Although similar projects have been conducted by various institutions and on varying

scales in the following years, they allow for the conclusion that a clear shift in Polish companies' market orientation is taking place in favour of spreading marketing concepts and rules of behaviour in a competitive market. The most recent research was conducted in 2013, on the 25th anniversary of Poland adopting the rules of a market economy. Social marketing was one of the elements researched as part of managers' opinions on new marketing concepts.

According to the collected data it is impossible to draw a clear conclusion regarding Polish managers' attitude towards this concept (Figure 1). More than half of the researched firms (53.2%) practise it despite their ambivalent attitude, or do not practise it despite their positive attitude. Almost a third of the respondents declared a positive assessment of the concept of social marketing, pointing out that instances of not implementing it are due to not having the possibility. Only 20% of the subjects have been practising social marketing for an extended period and accepted it completely. Every fourth subject has no opinion on the matter, regardless of business type or its main market.

Among the socially responsible marketing activities undertaken, the top one was the organisational, financial, and in-kind support of public benefit institutions (e.g. orphanages, hospitals, foundations) (Figure 2). The sponsorship of social programs (e.g. in the fields of education, culture, science, environmental protection, benefitting the local community) came in second, while activities aimed at protecting the natural environment – third. Relatively few companies have organised social marketing campaigns or engaged their employees in these ways. The researchers noticed that undertaking such activities was most often associated with the scope of the given business (mainly producers of consumer goods) as well as workforce size (generally companies employing more than 1,000 people).

Figure 2. Social marketing activities (in %, N=422)

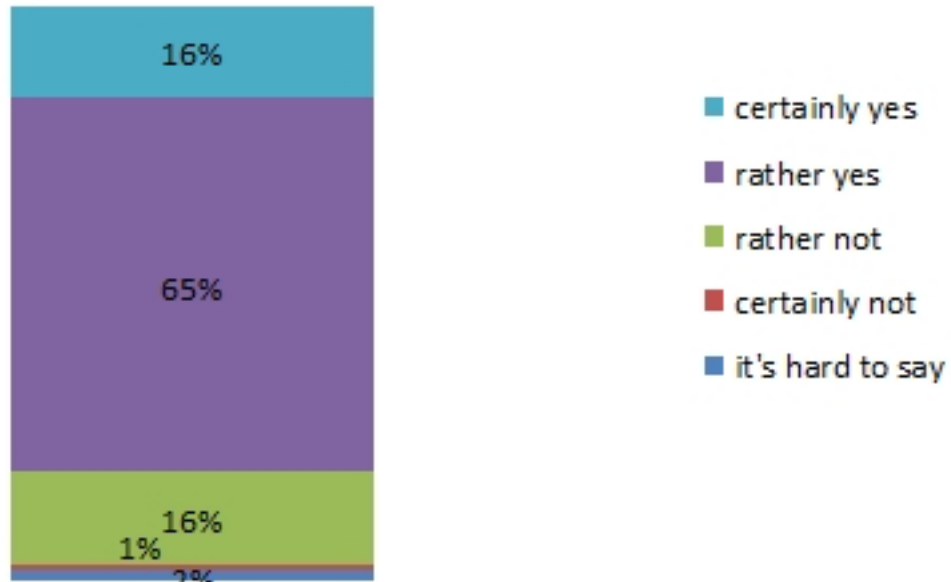


Source: Ibidem, p. 204.

The research presented is the first and as yet the only one conducted by a scientific institution on such a large scale. Practitioners have also made an attempt to research sustainable marketing. Qualitative research conducted in 2011, in the form of individual in-depth interviews among 8 representatives of mid-sized and large companies, shows that respondents associate sustainable marketing activities mainly with the process of marketing communication. Managers stressed that responsible marketing constitutes communication activities that convey information about a product or service honestly and clearly, without any falsehoods or confusion. Activities that involve offering a responsible product, i.e. environment-friendly packaging, was considered the second most important association. Respondents also underlined the educational nature of marketing activities – the promotion of a healthy lifestyle, safe consumption of products classed as stimulants (Ćwik 2012, p140-149).

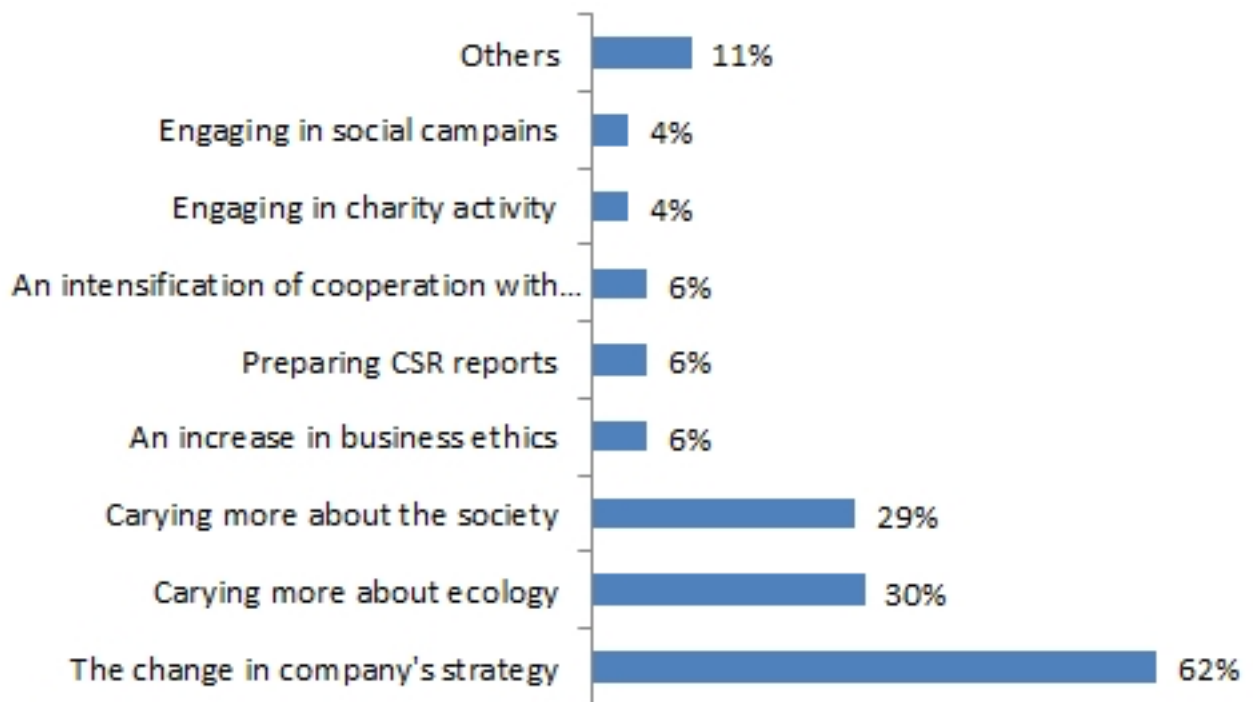
The concept of social responsibility of Polish companies' is far more researched than the concept of sustainable marketing. This seems natural due to both the original character of the CSR concept in relation to sustainable marketing and the fact that in the early 1990s the Polish market saw new managerial concepts being adapted by the introduction of foreign capital and know-how. The oldest CSR institution in Poland is FOB (*Responsible Business Forum*), and it examines various aspects of CSR. It originally studied knowledge of the CSR concept itself, but the most recent report (from 2015) includes opinions on CSR achievements in Polish business in the last 15 years, as well as opinions on the perspectives of its development in the nearest future. According to the majority (81%) of managers who participated in the research in 2015, CSR has exerted influence on the way Polish businesses operate (Figure 3). Most often this influence became apparent in the changing business strategy. The influence was also clearly visible in caring for the environment and the society (Figure 4). The managers agreed that CSR helped in tackling social challenges in Poland (according to 65% of respondents), most notably those associated with education, social assistance, and environmental protection. The greatest inhibitor of CSR development in the past 15 years was found to be a lack of understanding of the concept on part of companies' managerial staff (46% of the indicated cases) (Andrejczuk and Grzybek 2015, pp12-13).

Figure 3. Has CSR influenced business? (N=133)



Source: (Andrejczuk and Grzybek 2015, p. 13)

Figure 4. How has CSR influenced business? (N=133)



Source: Ibidem, p. 13

Based on FOB's findings it is possible to indicate the most significant benefits and key barriers associated with implementing CSR. Currently, the most important benefits pointed out by respondents are: raising the level of employees' awareness in terms of ethics and their involvement (74% and 71% of the indications, respectively). While in 2003 and 2010 improving the image and reputation was regarded as the most important benefit, and increasing customer loyalty as the fifth one, according to the most recent research they occupy fifth and sixth place, respectively (i.e. 62% and 61%). The research was run among 500 managers. The final sample was: 2003 N=170, 2010 N=173, 2015 N=133, while in 2015 a new methodology was implemented). The barriers of running a socially responsible business according to respondents are: first and foremost, a lack of involvement and knowledge of managerial staff, a lack of knowledge on the benefits of implementing CSR, and identifying it with sponsoring activities. 44% of respondents regard a lack of consumer pressure as a barrier for future CSR development in Poland.

Other analyses conducted among the 500 largest Polish businesses indicate that relatively few companies inform their stakeholders about CSR online. Only 9% of company websites include information about social responsibility and/or social involvement in their mission statement. 44% of the companies have a distinct section dedicated to social involvement, which is accessible from the main page, or a section that is located deeper and dedicated to the company's social activities. However, the largest group (212 businesses) provides no such information whatsoever. The analyses have been prepared on the base of BI-NGO 2010 Index, a systematic research verifying information regarding social engagement, which is available in internet sites of the biggest polish companies out of 500 list of "Rzeczpospolita" (Zaplanowane zaangażowanie, p 10).

According to the assessment of managers who were subjected to FOB research, the next 15 years are going to be optimistic for CSR in Poland. The largest group of respondents predicts that CSR will enter a stage of maturity, characterised by the implementation of social and environmental matters in business models. According to them, CSR is going to have its renaissance when more and more companies join the network of responsible businesses. At the same time, none of the respondents are worried that CSR will experience a downturn once companies lose interest in this topic (Andrejczuk and Grzybek 2015, p 13).

Such a prediction of future trends results from several factors. The first refer to EU regulations, which have gained new significance due to the 2014 directive concerning the disclosure of non-financial and diversity information. According to respondents, human rights organisations will play an important role as well. With all probability, pressure will arise in particular sectors due to their leaders being active in responsible business. It is the opinion of managers that the business environment shall also have increasingly high requirements and is going to articulate its expectations regarding the use of responsible action standards.

Respondents strongly agree that the development of CSR is going to be reflected in companies' influence on Poland's socio-economical development in the future. It will primarily take place in aspects such as: shaping an economy based on knowledge and intellectual capital (89% of responses positive, including 43% that agree completely), as

well as building social capital (89% of responses positive, including 35% that agree completely) (Andrejczuk and Grzybek 2015 p 16).

Customers' increase in awareness of the needs in respect to CSR is also the reason for a broader, pro-social, and pro-environmental approach to marketing. According to Polish public opinion, the development of CSR is hindered mainly by: the desire for quick and short-term profit, the lack of a long-term strategy, and the absence of authorities on the CSR scene (Gasiński and Piskalski 2012).

Conclusion

Companies, as social organisations, undoubtedly constitute a key element of a complex global system - one they need to adapt to, but can also shape. Under conditions of competitive rivalry it is difficult to overestimate the role of marketing, although the way it was understood and practised changed over the years.

Overall, it can be said that the approach to the concept of marketing is twofold: one is strictly business like, where marketing instruments serve chiefly to maximise company profit, whereas the other is that of social activities, where marketing contributes to improve clients' quality of life by informing, educating, and introducing innovation. Changes arising on an unprecedented scale that can be observed in business environments are virtually forcing the latter direction.

The use of responsible and sustainable marketing practices has become a significant challenge for large, mid-sized, and small companies, and they need to face it in order to gain a lasting competitive advantage. Companies' comprehensive and consciously applied reaction to the concept of sustainability has a chance to benefit business players, the natural environment, and society. On one hand, implementing the values of sustainability into marketing strategies and a skilful use of available marketing tools can translate to quantifiable business gains. On the other hand, in a time of Internet and global networks, where marketing information has the power to change attitudes and behaviours of a wide range of recipients, companies can play an important role in the promotion of sustainable activities.

Observing the Polish market today provokes one to reflect that companies are growing increasingly aware of the validity of using CSR. They do not know much, however, about the sustainability approach to marketing. In their undertakings, companies are becoming interested in taking into account social and environmental aspects alongside economic ones. They implement them in their strategies in a conscious and organised fashion. Without a doubt, the models and tools created or adjusted for Polish conditions serve as valuable indicators. The announcement of the long-awaited ISO 26000 standard regarding social responsibility in business is an important fact, and nearly a third of Polish companies are adhering to it already (Polski CSR 2010 p 3, Ówik 2012, p 6).

It seems, however, that as in markets where businesses have greater and longer experience with implementing the marketing approach, one of the conditions for practising sustainable marketing will be the customer. As stressed by Drucker, the customer does not buy what the seller offers, but what the customer personally considers as highly regarded values. Therefore, it is vital that the customer is able to

recognise the offers of sustainable marketing. Ultimately these should be the offers that he will search for.

References

- Adamczyk J., 2009 Społeczna odpowiedzialność przedsiębiorstw, PWE, Warszawa
- Beltz B.F., Peattie K., 2012 Sustainability marketing. A global perspective, Wiley, Chichester
- Andrejczuk M., Grzybek M. 2015 Menedżerowie CSR. Wyniki badania, http://odpowiedzialnybiznes.pl/wp-content/uploads/2015/10/Menedzerowie-CSR_raport_podglad.pdf (access dated 8.12.2015)
- Castells M., 2004 The network society. A cross-cultural perspective, (ed.) M. Castell, Edward Elgar, Chetenham, Northampton
- Ćwik N., (ed.), 2012 Wspólna odpowiedzialność. Rola marketingu, Forum Odpowiedzialnego Biznesu, <https://odpowiedzialnybiznes.pl/wpcontent/uploads/2012/04/Wspolna-odpowiedzialnosc.-Rola-marketingu-13.pdf>, (access dated 20.12.2015)
- Ćwik N., 2012 CSR w badaniach: rzeczywistość vs. Deklaracje, Odpowiedzialny Biznes. Kompendium CSR, Media Planet, Gazeta Prawna No 9
- Darroch J., Miles M.P., Jardine A., Cooke E.F., 2004 The 2004 AMA definition of marketing and its relationship to a market orientation: an extention of cooke, rayburb, & abercrombie (1992), „Journal of Marketing Theory and Practice”
- Drucker P., 2009 Zarządzanie XXI wieku – wyzwania, MIT Biznes, Warszawa
- Fonfara K., 1994 Marketingowa orientacja polskich przedsiębiorstw, Marketing i Rynek, No 3
- Gasiński T., Piskalski G., Zrównoważony biznes. Podręcznik dla małych i średnich przedsiębiorstw, <http://www.mg.gov.pl/files/upload/7904/podrecznik.pdf>, (access dated 26.11.2015)
- Gugin A., Langer W., 1998 Mróz M., Ewolucja pojęcia marketingu, Zeszyty Naukowe No 3/1998, WSiLiZ Rzeszów
- Herman A., Szablewski A., (ed.), 1999 Zarządzanie wartością firmy, Poltext, Warszawa.
- Hunt S., 2011 Sustainable marketing, equity, and economic growth: a resource-advantage, economic freedom approach, „Journal of the Academy of Marketing Science”, Vol. 39, No 1
- Kilbourne W., 2008 How macro should macromarketing be?, „Journal of Macromarketing”

Kotler Ph., 2015 Confronting capitalism: real solutions for a troubled economic system, Amacom

Kotler Ph., Keller K.L., 2013 Marketing, Wydawnictwo Rebis, Warszawa

Kotler Ph., Zaltman G., 1971 Social marketing: an approach to planned social change, Journal of Marketing, Vol. 35

Kramer J., 2014 Marketing a koncepcja zrównoważonego rozwoju W: Marketing w 25-leciu gospodarki rynkowej w Polsce, (ed.) A. Czubała, P. Hadrian, J.W. Wiktor, PWE, Warszawa

Martin D., Schouten J., 2014 Sustainable marketing, Pearson, UK

Mazurek-Łopacińska K., Sobocińska M., 2011 Rozwój badań marketingowych- w kierunku nowych podejść i kontekstów badawczych związanych z funkcjonowaniem przedsiębiorstw, in: Badania marketingowe- metody, nowe podejścia i konteksty badawcze, (ed.) K. Mazurek-Łopacińska, M. Sobocińska., Prace Naukowe UE Wrocław

Mazurek-Łopacińska K., Sobocińska M., 2013 Ewolucja ram konceptualnych marketingu a zmiany w obszarach, metodach i technikach badawczych, Metody analizy danych, ZN, No. 909, UE Kraków

McDonald M., Wilson H., 2013 Plan marketingowy, Oficyna Wolters Kluwer Business, Warszawa

Menedżerowie CSR. Raport 2015 <http://odpowiedzialnybiznes.pl/publikacje/wyniki-badania-menedzerowie-csr> (access dated 8.12.2015)

Mitchell R., Wooliscroft B., Higham J., 2013 Sustainable market orientation: A new approach to managing market strategy, Journal of Macromarketing 2010, Vol. 30, No. 2

Morawski M., 2006 Zarządzanie wiedzą. Organizacja-system-pracownik, Wydawnictwo AE Wrocław, Wrocław

Nizard G., 1998 Metamorfozy przedsiębiorstwa. Zarządzanie w zmiennym otoczeniu organizacji, PWB, Warszawa

Obłój K., 2007 Ekspansja rynkowa, Zarządzanie 1989, No. 6-7

Koźmiński A.K., Piotrowski W., (ed.), 2007, Zarządzanie. Teoria i praktyka, WN PWN, Warszawa

Pabian A., 2013 Zrównoważona konsumpcja w społeczeństwie przyszłości, Handel Wewnętrzny, No. 4

Polski CSR, Kompendium CSR, 2010 Media Planet, Gazeta Prawna No. 5, December 2010

Rudawska E., 2012 Marketing zrównoważony jako element koncepcji zrównoważonego rozwoju, in: Wzrost zrównoważony a procesy restrukturyzacji, (ed.) Bartkowiak P., Bernat T., Zeszyty Naukowe No. 243, Uniwersytet Ekonomiczny, Poznań

Rudawska E., 2013 Marketing zrównoważony - nowe oblicze kapitalizmu?, *Ekonomia*, Vol. 3, No. 24

Wojnarowska H., 2014 Nowe koncepcje marketingowe w praktyce, in: *Marketing polskich przedsiębiorstw w 25 – lecie gospodarki rynkowej*, (ed.) R. Niestrój, P. Hadrian, Fundacja UEK, Kraków

Zaplanowane zaangażowanie, 2010 Kompendium CSR, Media Planet, *Gazeta Prawna* No. 5

<https://www.ama.org/AboutAMA/Pages/Definition-of-Marketing.aspx>, (access dated 28.11.2015)

Palliative Well-being increased by Art-Therapy

Marie-Christin Hallier
Alanus University, Germany

The palliative status starts when it becomes obvious that the patient will not be healed by traditional medical measures - but that he will definitely die.

The lecture/article is based on a testing period of nine months as part of a Master-thesis on Art Therapy.

The case is a documentation of effects stabilizing the subjective life-quality of a 40 year old patient suffering from ALS (Amyotrophe Lateralsklerose / amyotrophic lateral sclerosis).



In addition to her muscle atrophy, she cannot speak anymore due to the medical treatment of her main disease.

Communication was only possible from her side by nodding with her head meaning a „yes,, or „no".

The patient considered to shut down her mechanical breather in December 2014 – as her last will she wished that her children would do art-therapy beside her bed/ wheelchair.

The intention of the mother was to see her children happy while painting. She thought that this would help also her to die more peacefully.

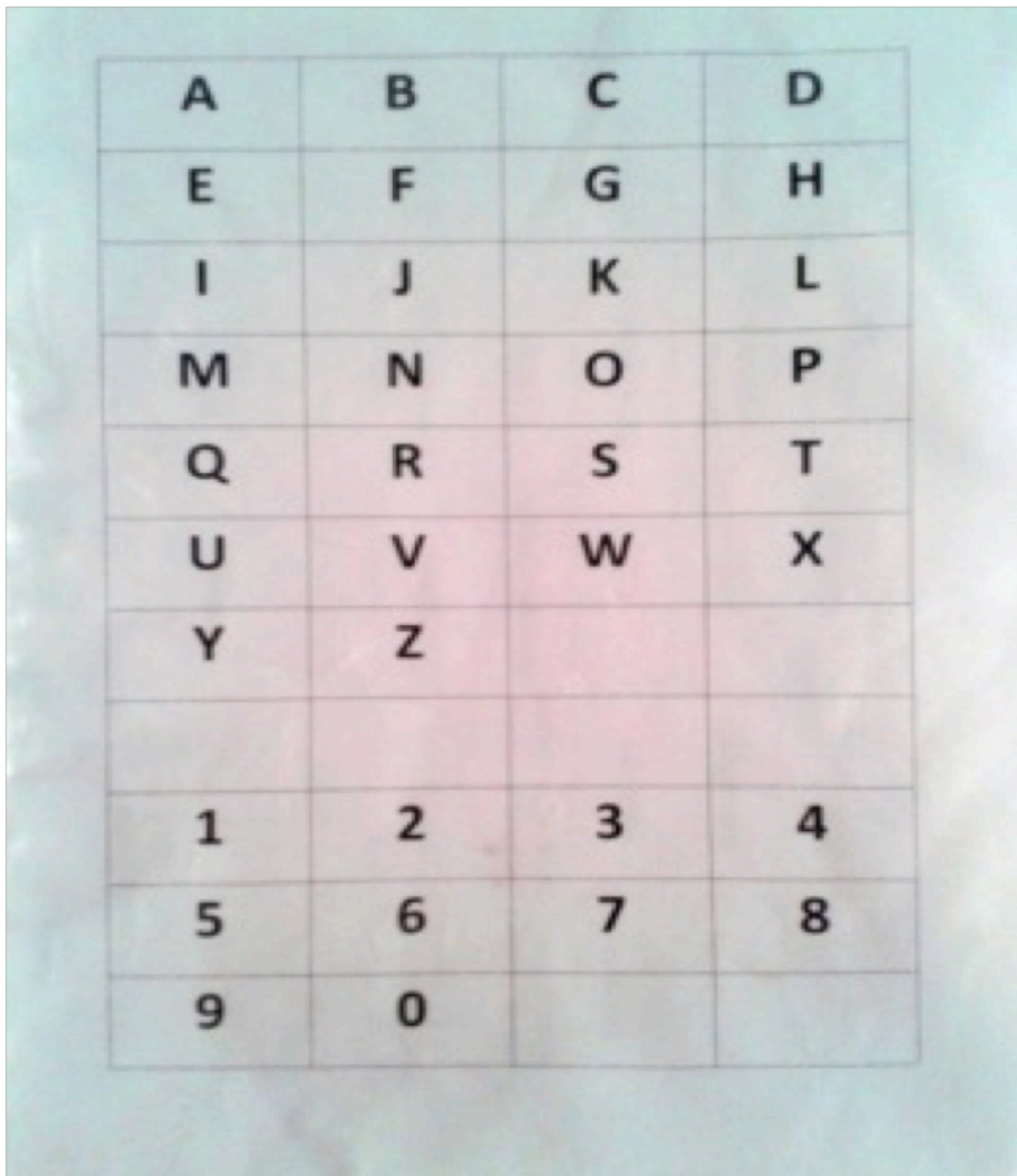
Due to her illness she did not see herself to be physically/ psychologically/ mentally able to work with an art therapist herself.

Beginning with the children, after a short time the mother took part already in the art-therapy.

The tools being used are:

- An alphanumerical chart
- A qualitative approach
- A quantitative approach

An alphanumerical chart



A	B	C	D
E	F	G	H
I	J	K	L
M	N	O	P
Q	R	S	T
U	V	W	X
Y	Z		
1	2	3	4
5	6	7	8
9	0		

To enable a "dialogue" between the art therapist and the patient an alphanumerical chart was developed where she was asked for a „key-word " for a picture she would like to be painted.

The finger of the therapist goes to the „A" and then step by step to the next letters: waiting for the nodding patient meaning „yes".

After the first letter is defined the finger goes again to the „A" in search for the second letter...

By this method the therapist could paint pictures according to the wishes of the patient.

A qualitative approach

The qualitative approach is the art work as a result of the dialogue between the patient and the therapist.



According to the wishes/topics explored by the alphanumerical chart the therapist painted pictures.

Within the nine months of the testing period the picture contents and the colours can be interpreted in terms of well-being.

The following picture shows symbolic tears in-between her husband and children during she cried:

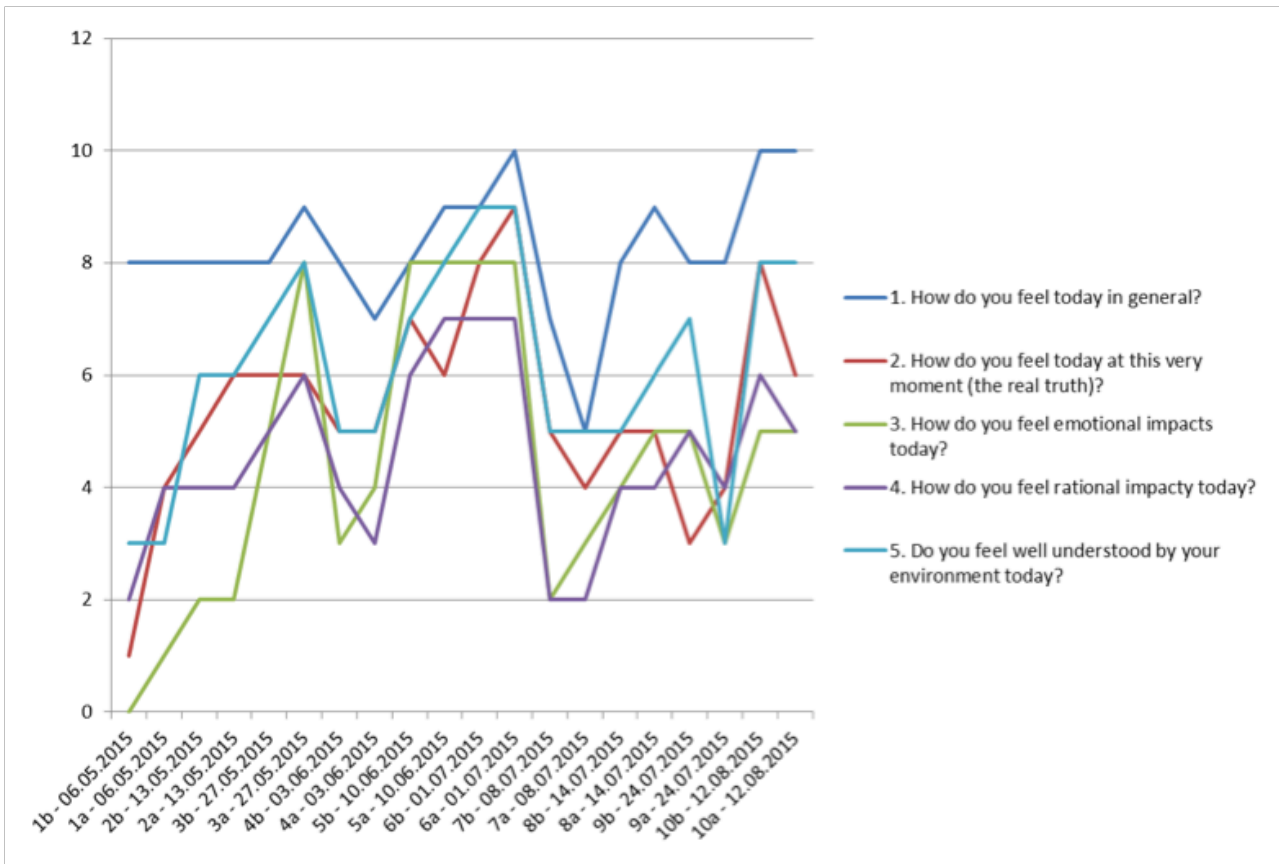


A quantitative approach

To measure the mood of the patient per session, 5 questions in the beginning (– being repeated in the end) were asked with a scale of 0-10 reflecting very bad feelings up to feeling very well.

By this the well-being could be tracked over a period and it is also possible to cross-check each of the five questions with data from the other four categories within the question-panel.

Primary raw data – Mood Barometer



This case-study is based upon literature on art-therapy in connection with cancer patients

- while ALS and especially a patient who is not able to speak and move anymore has never been a matter of discussion yet:

especially in connection with a stabilization over such a long period.

The qualitative aspects can be followed by the quality of the paintings, the choice of the colours and materials but also by the details within the pictures.

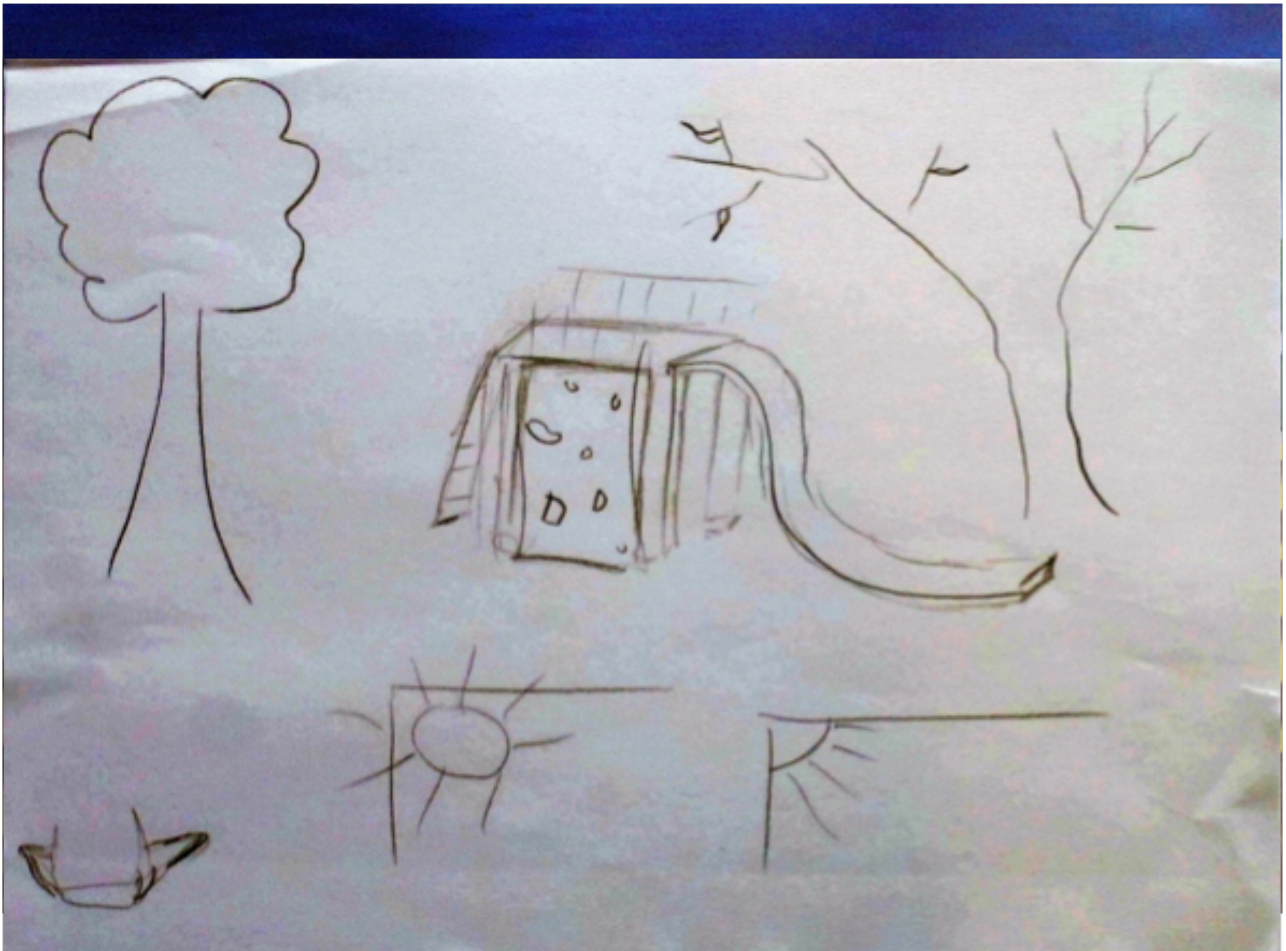
Within the first period the patient saw her self departing: like in the wedding picture seen from behind and with the sunset.



In the next phase she recognized already how nice her garden used to look in spring.



Within the next painting the sunshine gets a dominant position.



In summer she decided to cooperate for a period of 6 sessions to work for one picture called playground.

The wish itself and will to invest strength did come from her for the first time and can be interpreted as an indicator for the will to survive within the next sessions.







The therapy was finalized by painting a lilac in September 2015.

The colours of the lilac include in its mixture also „red“ which is the colour of life.

Beside this indicator there is another indicator in connection with the picture: the patient asked the therapist to sign the painting which clearly shows that she herself wants to remember the time of art therapy.

Only people who see a future for themselves keep items to remember the past.

Review of the development:

- December 2014 wish to cut off the breathing machine
- January 2015 start of art therapy with the children
- February 2015 start of art therapy with the mother
- May 2015 concentration of the therapy for the mother
- July 2015 start of the playground picture
- September 2015 lilac painting

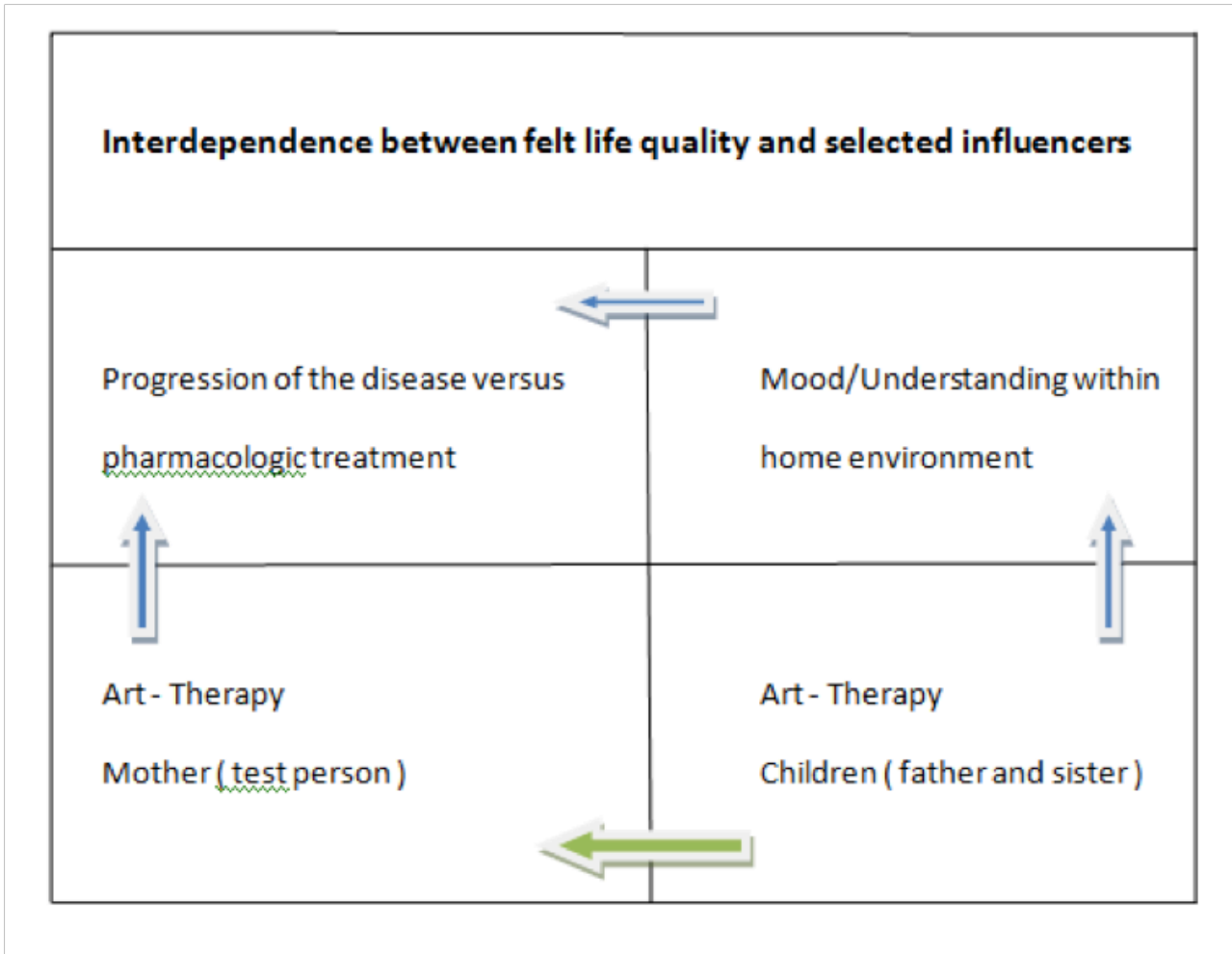
Combined with the lilac picture the patient expressed her strong feeling to survive at least till christmas 2015 or even beyond.



In the beginning of 2016 she wished me luck for the presentation of her case-study at CIRCLE in Naples.

But not only the relationship of thr Patient-Therapist is important:
it is also an intertwine with the family of the patient, the total environment!

Art-Therapy is a Holistic Approach



Achieving Organizational Change Through Servant Leadership: Jack Rooney as Exemplar

Bethany Davidson
Western Carolina University, USA

Joseph P. Lakatos
Western Carolina University, USA

Abstract

John “Jack” E. Rooney III took over as Chief Executive Officer (CEO) of U.S. Cellular in 2000, when it was a relatively small telecommunications company with 1,900 employees and \$1.4 billion in annual revenues generated primarily from roaming fees charged to competitors (Pletz, 2010). When CEO Rooney retired in 2010, the company had grown to \$5.8 billion in revenues and the nation's sixth-largest wireless carrier with 8,900 full-time equivalent associates providing a wide variety of products and services for 6.1 million customers across 26 states (U.S. Cellular, 2010). The company's expansion resulted in large part from the major cultural and operational changes implemented by Rooney. This case study explores the leadership style of Rooney and the large-scale changes he accomplished in the culture and operations of the organizations he led. It focuses primarily on Rooney's transformation of U.S. Cellular through his instillation of his Dynamic Organization Model. This case study also explores the attributes Rooney demonstrated as a servant leader and his persistent efforts to create a corporate culture that nurtured employees, grew strong leaders, and built strong customer relationships.

Jack Rooney's Path to U.S. Cellular

Jack Rooney's path to U.S. Cellular, his belief in servant leadership, and his vision of leading an organization that nurtured its employees and built strong customer relations, developed over his lifetime. Rooney was born and raised on Chicago's South Side, earning a bachelor's degree in business administration from John Carroll University and an MBA in finance from Loyola University (Kukec, 2011). Rooney saw his father's influence and his Jesuit university education as the greatest contributors to his moral and ethical development (Esler & Kruger, 2008; HEC-TV, 2010). Discussing how his time at college affected his perspective and framed his approach to leadership, Rooney said:

Taking logic and metaphysics taught me how to think. Reading Plato, for instance, helped me realize that people always act for the good, as they see it. So in business, I always try to give people a noble goal, not just appeal to their selfishness. They will strive hard for something noble, especially if you reinforce their efforts with recognition (Esler & Kruger, 2008, p. 32).

Rooney began his professional career as a financial analyst with the Federal Reserve Bank of Chicago, later gaining a reputation as a problem-solving Treasurer and CFO (Esler & Kruger, 2008). He followed that with financial positions at companies such as Firestone before landing at Ameritech (Kukec, 2011) as Corporate Treasurer in 1990 at the age of 46 (Esler & Kruger, 2008). Rooney became president of Ameritech Cellular Services in 1992 and moved to president of Ameritech Consumer Services in 1997 (Esler & Kruger, 2008).

Upon taking his role at Ameritech Cellular, Rooney saw that the company's culture needed to change. Up to this point in his career, Rooney experienced the idea of culture change as simply being a topic of discussion without implementation (Esler & Kruger, 2008). While Rooney was developing his vision and strategy for implementation, he met Myra Kruger, a cultural change consultant. Kruger, along with her partner Dave Esler, had been working with various units at Ameritech (Esler & Kruger, 2008). She began to work with Rooney to articulate his cultural vision and business model that eventually became codified as the "Virtual Organization" (Esler & Kruger, 2008).

The term "Virtual Organization" embodied Rooney's belief in a corporate culture that supported "virtuality" - the idea that employees could complete their work in a setting outside of the typical office (Esler & Kruger, 2008), a concept more commonly referred to today as "telecommuting". According to Esler & Kruger (2008), Rooney believed that employees would work well away from the formal business structure if:

...the company's goals and values and behaviours were so thoroughly ingrained that they become reflexive. In other words, a strong culture that was closely aligned with the company's business strategy could produce employees who did not need to be closely supervised and controlled. They would be driven by their own passion and sense of common purpose to achieve at extraordinary levels (p. 37).

Rooney began his quest to revitalize Ameritech Cellular through his model of Virtual Organization by bringing together a group of young leaders who followed his business model and cultural vision (Esler & Kruger, 2008). This core group of individuals helped to communicate and diffuse the vision and culture of the Virtual Organization throughout the organization, facilitating change from within. The results of this changing culture became apparent when, according to Esler and Kruger (2008):

Customers were amazed to have their calls answered by service reps who not only knew what they were doing, but actually enjoyed their jobs. As word of these good experiences spread through the Midwest, prospective employees clamoured to get in the doors, and call centres filled with college graduates and... business boomed (p. 38-39).

The changes stirred by the Virtual Organization model led to Ameritech Cellular winning the first of five consecutive J.D. Power Awards for customer satisfaction in 1995 (Esler & Kruger, 2008). Moreover, the company grew from \$450 million to \$2.5 billion in annual revenues (Alleven, 2010). This success led to the company being acquired in 1999 by SBC Communications, Inc. (SBC). While SBC was interested in having Rooney stay, they were not interested in the culture he had built; one of the members of the SBC transition team even commented that "culture is for wimps" (Esler & Kruger, 2008, p. 43). SBC's distaste for the corporate culture Rooney caused him to reject SBC's offer to stay on board (Esler & Kruger, 2008). In 2000, Rooney joined U.S. Cellular as President and CEO.

When Rooney arrived at U.S. Cellular, he found it to be a business in trouble. From Rooney's standpoint, there was no unified vision, coordinated strategy, or overarching culture within the organization (Cottrill, 2009). He also found that ethical behaviour, customer service, and teamwork were missing from its operations (Stancave, 2010). Rooney believed that infusing servant leadership into every aspect of the U.S. Cellular business model was the key to U.S. Cellular's future success and from his first day at U.S. Cellular he worked to achieve that goal (Cottrill, 2009).

Servant Leadership

Servant leadership is a form of ethical leadership focused on empathy and caring for followers (Keith, 2008; Northouse, 2007). The primary motivation for the servant leader is to serve others rather than their own self-interest (Focht & Ponton, 2015; Griffin & Gustafson, 2007; Keith, 2008; Russell & Stone, 2002), reflecting a moral desire and motivation to serve and make life better for others. Attributes associated with servant leaders include having a vision, integrity, empowering followers, being a role model, being encouraging to others, stewardship, commitment to the growth of others, building community (Avolio et al., 2009; Keith, 2008; Russell & Stone, 2002) and learning from others (Focht & Ponton, 2015). According to Keith (2008), true servant leadership exists when:

...there is a balance of power, the primary commitment is to the larger community, each person joins in defining purpose and deciding what kind of culture the organization will become, and there is a balanced and equitable distribution of rewards" (p. 11).

Servant leaders are distinguished from other leaders by their primary focus and motivation of supporting others with their own self-interest a distant second (Keith, 2008). According to Russell and Stone (2002), a servant leader must model their vision for followers in their behaviour, communicate the vision for the organization effectively, and work with followers to achieve a shared commitment to the vision. A strong vision for a shared future provides followers with a path to realizing their own goals as well as the goals of the organization and a guide to the behaviour necessary to achieve those goals (Kouzes & Pozner, 2002; Northouse, 2007).

Rooney as Servant Leader

With an understanding of U.S. Cellular's shortcomings and its future challenges, Rooney walked into the company seeking to model the attributes and behaviour of a servant leader. He arrived at U.S. Cellular with a distinctive vision for the culture of the organization and a business strategy focused on serving the customer (Alleven, 2010). He believed that his initial role at U.S. Cellular was to drive change by setting the vision and culture and convincing employees, even the most resistant, to believe in the implementation and effectiveness of proposed changes (Cottrill, 2009). The greatest of these changes was Rooney's desire to shift the company to the Dynamic Organization Model (DOM), an adaptation of the Virtual Organization model. Rooney described the DOM as follows:

U.S. Cellular's business model, the Dynamic Organization, starts with leadership excellence which creates passionate associates, who in turn deliver the world's best customer service, leading to customer advocacy that produces superior business results. Leaders ensure that associates have the best training and knowledge so they can act freely to make informed decisions on behalf of our customers. We're guided by our core values of customer focus, respect for associates, ethics, pride, empowerment, diversity and winning. These aren't just words, they're words we live by. (U.S. Cellular, n.d.).

During the first six months of his tenure, Rooney left responsibility for daily operations to the Chief Operating Officer (Cottrill, 2009). Rooney spent that time presenting his vision and strategy for the company to senior leaders and setting the expectation for how leaders in the organization should support the DOM. Rooney also communicated to front line

employees - in his view the most important people in the organization - the ethical and leadership behaviour they should expect from their leaders. He also asked that employees come directly to him if their leaders were not behaving in alignment with those expectations, and he would handle it (Cottrill, 2009).

Rooney believed that ethical behaviour needed to be expanded beyond simply the avoidance of breaking laws to include supporting and respecting fellow workers in the organization (Stancave, 2010), a definition firmly rooted in servant leadership (Allevin, 2010; Cottill, 2009; Esler & Kruger, 2008; Kukec, 2011). Unethical behaviour became an immediate issue for Rooney when, the day after he started, the Iowa Attorney General filed suit against U.S. Cellular alleging violation of state consumer fraud and credit laws (Young, 2001). The suit was based primarily on consumer complaints that U.S. Cellular had advertised special offers but failed to deliver and had refused to allow consumers to cancel long-term contracts (a practice that was illegal in Iowa) (Young, 2001). Rooney believed that the complaints were due, in part, to U.S. Cellular communicating poorly with its customers (Young, 2001).

Rooney strongly believed in having open and effective communication within the organization and with its customers. He believed soliciting feedback was vital not only for U.S. Cellular's relationships with its customers, but also for its relationships with its employees (Stancave, 2010). Rooney knew that implementing a customer-focused strategy would require changing the culture at U.S. Cellular, training employees, and introducing a new model of leadership (Cottrill, 2009).

Rooney sought to shift U.S. Cellular's strategic focus from acquiring as many new customers as possible to retaining existing customers. He believed that losing 20-25% of their customer-base each year was unacceptable, especially since customers were leaving primarily due to poor customer service rather than issues with the products they were paying for (Young, 2001). As part of the new customer strategy, Rooney proposed screening potential customers to ensure that U.S. Cellular could provide the services the customer wanted before signing them on as a subscriber. Rooney felt it was better to turn away a customer than to make them unhappy (Young, 2001).

Instituting best practices at U.S. Cellular's customer service centres (referred to as "call centres") played an important part in Rooney's strategy for delivering an excellent customer experience. Rooney instituted several practices that are atypical for call centres, such as limiting the number of customer service representatives (CSRs) at each U.S. Cellular customer service call centre to 400 in an effort to prevent what Rooney called a "hunker mentality" (Vittore, 2005) and providing each CSR with an individual desk rather than hoteling them as is standard practice in the industry (Cottrill, 2009). The U.S. Cellular customer service representative (CSR) training program became a reflection of Rooney's focus on delivering an excellent customer experience (Vittore, 2005). New CSRs received four weeks of training (Staff, 2003) followed by a period of intense mentoring once they began taking calls (Vittore, 2005). Rooney also instituted evaluation methods for CSRs based on the percentage of subscriber issues a CSR was able to complete on the first call from the customer. Other organizations evaluated CSRs based on the number of calls they could handle within a specific period (Staff, 2003; Vittore, 2005).

Tied to improving the experience of customers was Rooney's approach of stewardship and partnership with employees, which was reflected in his use of the title "associates" rather than employees. Rooney interacted with associates as collaborators and colleagues

working toward a common goal (Alleven, 2010). Rooney created an email address, “Listen Jack”, where any employee in the company could send him feedback or ask questions on anything (Alleven, 2010; Stancave, 2010). Some managers in the company were unhappy with the process and the employee feedback they received and tried to prevent their subordinates from communicating with and sending emails directly to Rooney. Rooney terminated those managers (Cottrill, 2009; Stancave, 2010).

Rooney knew that it was not enough to simply share his vision, but that it was also necessary to provide training and support to associates who were being asked to make significant changes in how they approached their work and customers (Cottrill, 2009). Rooney realized that it would take time for associates to understand and embrace the new culture and was willing to coach and support associates as they made the transition as long as they were prepared to change (Cottrill, 2009).

Leadership Development at U.S. Cellular

Rooney integrated leadership development into every aspect of U.S. Cellular’s culture. He understood that a culture of servant leadership could not be maintained by his actions alone, but that the employees had to share ownership of and responsibility for maintaining the culture and vision of the organization. In 2002, Rooney launched the “U.S. Cellular Servant-Leadership Workshop” (Spears & Jones, 2010). The workshop, designed in collaboration with the Greenleaf Center, gave frontline associates the opportunity to be assessed for leadership potential (Development Dimensions International, Inc., 2009; Spears & Jones, 2010). In 2003, an assessment was developed to aid in identifying high-performing frontline associates that were potential candidates for store and sales management positions; unfortunately, only 57% of those taking the assessment passed (DDI, 2009). It became clear that the organization needed to improve its leadership development activities as U.S. Cellular’s culture and strategy depended upon leadership development throughout the organization (Spears & Jones, 2010; DDI, 2009).

In 2008, U.S. Cellular launched a new training program Leader of the Future focused on providing frontline employees with the opportunity, leadership development training, and support to move into managerial roles (DDI, 2009). Employees were nominated to participate in the training program with participants attending workshops to learn the competencies that are required for selection as a store or sales manager, completing leadership and workforce development courses, and then receiving mentoring to help them prepare for the assessment (DDI, 2009). A year after the implementation of the Leader of the Future program, the pass rate on the assessment reached 89% (DDI, 2009). U.S. Cellular’s integrated relationship of culture and strategy makes promoting from within important as it puts managers in place that are already immersed in U.S. Cellular’s servant leadership culture. As of 2009, 90% of leaders within the company had been promoted from within (DDI, 2009). Encouraging, supporting, and facilitating the development of others is a foundational attribute of servant leadership (Cottrill, 2009; Stancave, 2010). Rooney utilized the U.S. Cellular leadership training programs to build a rich pool of associates with the skills and attitude necessary to lead and develop future leaders while at the same time inculcating associates to the principles of servant leadership.

The Impact of the Dynamic Organization Model

The permeation of Rooney’s Dynamic Organization Model (DOM) throughout U.S. Cellular fostered a culture that supported employees and focused on customer satisfaction (Kukec,

2010). The DOM model provides leaders with a holistic view of the organization and a context for understanding the importance of the customer-focused strategy. Additionally, the model provides the foundation for communicating that strategy to associates creating a shared context and sense of ownership in customer satisfaction and a shared sense of purpose and pride in their work (Griffin & Gustafson, 2007). All members of the organization came to share a common paradigm for how to behave and interact with each other and with customers.

Leaders and associates with U.S. Cellular became united as servant leaders seeking to serve customers while supporting one another. The mantra at U.S. Cellular focused on putting customers first and giving employees the tools, training, and structure they needed to serve the customer and to support their own goals for personal and professional growth and development.

Rooney's model for a DOM consisted of four parts (Esler & Kruger, 2008, p.46):

1. The Preamble, setting out the visions of a values-driven organization where the behaviours of every associate reflexively follow from those core beliefs.
2. Seven Key Components: brief descriptions of what the company will be like for its leaders and associates and customer when the culture is fully in place. These idealized descriptions are the standard against which workplace realities are measured.
3. Six Core Values: customer focus, respect for associates, empowerment, ethics, pride, and diversity. These represent bedrock, ultimate principles against which any action, any proposal, any decision can be tested. None can be bent or compromised.
4. Ten Desired Behaviors: the behavioral qualities that Rooney expects to emerge in a company that is truly guided by the core values.

Figure 1 (below) presents the basic tenants of U.S. Cellular's DOM as described by Esler & Kruger (2008).

In a Dynamic Organization, there are two bottom lines: business results and people results. Rooney understood that the success of the organization and its leaders is measured by (1) economic and financial results, and (2) organizational culture and employee development (Griffin & Gustafson, 2007).

Table 1 (below) provides a financial snapshot of U.S. Cellular's operations including the number of retail customers, operating revenues, and annual operating income or losses for 1999, the year before Rooney took over as CEO, and for 2007 through 2014, spanning the last few years of Rooney's tenure until his retirement in 2010 and its post-Rooney operations through 2014. It is important to note that the DOM was fully implemented within the company by 2007. The results in the table are one context from which to evaluate the impact Rooney had on U.S. Cellular.

Figure 1 - Anatomy of a Dynamic Organization (Esler & Kruger, 2008, p. 48-49)

U.S. Cellular will be an organization that understands its vision, goals, and standards so well that its values are obvious, and its behaviors are automatically an outcome of the beliefs that have been instilled.

The 7 Key Components:

1. Associates relentlessly and zealously direct their efforts to gaining, retaining, and serving customers.
2. Associates operate close to their customers and are free from the distractions of running the business. The support systems required to serve customers are provided for them.
3. Leaders passionately display and continuously promote the vision, values, standards of conduct, and achievements of a winning organization.
4. Leaders lead through inspiration, not by regulation, and ensure that other leaders do likewise.
5. The organization provides a challenging, learning, rewarding experience for those who work in it, it is fun working here.
6. The organization is goal driven, not task oriented. The customer's experience with the company is more important than the product provided.
7. Associates – especially leaders – have a customer's perspective and the ability to visualize the ideal customer experience.

The 6 Core Values of the Dynamic Organization: customer focus, respect for associates, empowerment, ethical behavior, pride, and diversity

The 10 Desired Behaviors in the Dynamic Organization: common purpose; passion about the company and our jobs; trust; willingness to learn; openness; motivation by values, not fear; enthusiasm; unselfishness; flexibility; and confidence in the company, its leaders and each other

The 10 Desired Behaviors in the Dynamic Organization: common purpose; passion about the company and our jobs; trust; willingness to learn; openness; motivation by values, not fear; enthusiasm; unselfishness; flexibility; and confidence in the company, its leaders and each other

Table 1 - U.S. Cellular Total Retail Customers, Operating Revenues, and Operating Income/(Loss) for 1999 and 2007-2014.

	2014	2013	2012	2011	2010	2009	2008	2007	1999
Retail Customers (in thousands)	4,760	4,774	5,798	5,302	5,729	5,744	5,707	5,564	2,602
Operating Revenues (in millions)	\$3,893	\$3,919	\$4,452	\$4,343	\$4,178	\$4,215	\$4,423	\$3,946	\$1,417
Operating Income (in millions)	\$(143)	\$147	\$157	\$281	\$201	\$326	\$28	\$396	\$256

(U.S. Cellular Annual Reports, SEC Edgar Database, 1999, 2009, 2011, 2014)

While Rooney viewed financial growth and sustainability as one measure of a company's success, he was more concerned with whether the DOM was having a positive impact on associates and the leaders in the organization. He worked with Kruger's firm to develop an annual "Culture Survey" and a 360-degree evaluation process in which the performance of leaders, including Rooney, and their progression towards implementing the DOM were evaluated (Stancave, 2010). The company's 2009 annual Culture Survey revealed that of the 90 percent of associates who participated in the survey, 96 percent felt they were well-trained to do their jobs, 98 percent had a positive overall opinion of U.S. Cellular and what it was accomplishing, and 95 percent were confident in senior leadership (Alleven, 2010). The survey validated Rooney's belief that a DOM, founded on a collective pattern of principles, values, and behaviours focused on servant leadership, would create strong employee satisfaction, which in turn leads to improved customer satisfaction, and better business results (Avolio et al., 2009; Griffin & Gustafson, 2007; Spears & Jones, 2010).

The Servant Leader as Change Agent

John "Jack" Rooney was a leader who effected real organizational change, completely shifting company culture, on a scale that would not be possible in most organizations. Russell and Stone (2002) point out some of the challenges of organizational change and in particular the implementation of a culture of servant leadership:

However, mediating or intervening variables, such as organizational culture and employee attitudes, may influence the effectiveness of servant leadership and have a governing effect upon organizational performance. Likewise, pre-existing organizational values might promote or limit servant leadership. There may also be powerful persons or groups in organizations that mediate servant leadership (p.153).

Griffin and Gustafson (2007) address the difficulty of instituting change in an organization and the role of the leader and followers in facilitating or blocking the change as:

The true power of the dynamic organization comes not from its description but from its thoughtful implementation, which is the responsibility of leadership, from senior executives to frontline leaders, according to Rooney. The implementation involves setting and communicating strategy, fostering open and honest lines of communication all the way to the top of the organization, highlighting proactive leadership visibility and involvement, and focusing on the critical measures that matter most—customer satisfaction and cultural fitness, robust training and education of associates and leaders, development of supportive systems and processes, and systematic talent acquisition, development, and management (p. 52).

Jack Rooney instituted a servant leader based business model and culture that was very successful, but it took years to achieve, requiring significant changes in personnel, implementation of leadership development training, and relentless communication of the core values of the company to associates and customers. However, the employees' ultimate buy-in to the corporate culture and strategy required not only the continual communication of Rooney's vision, but a shared understanding of the values of and goals for the organization and the skills needed to realize those goals.

Servant leaders create impact through role modelling (Linden, Wayne, Liao, & Meuser, 2014). Rooney's actions as he took over as CEO firmly established with associates that he was not just espousing a vision. He was living and breathing a set of internal principles

for how a company should treat its customers and employees, and how employees should treat each other and customers. His value-based approach, which measured the organization's success in terms of the growth and development of the people who worked there, created a powerful vision of a better company that inspired employees to follow his example.

Rooney's own words (see comments 1-6 below) and those of the people with whom he worked (see comments 7-8 below), demonstrate how rooted in and committed to servant leadership he was and how well he modelled those values for others:

1. *"We have to have it in here (heart) as well as up here (head)."* (Erregragui, 2013, video)
2. *"We should be proud of the product, proud of our people, proud of how we treat each other."* (Erregragui, 2013, video)
3. *"I learned early in my career that I had to help other people do the jobs that they do better than anyone else."* (HEC-TV, 2010, video)
4. *"You have to really want and love the customer. You have to love the people you work with, you have to love the product you're dealing with."* (Erregragui, 2013, video)
5. *"It is not out of the question to love your job."* (Erregragui, 2013, video)
6. *"A company I can be, and all of us can be very proud of because we are doing the right thing. We are effectively serving the most important people in the world to us, our customers."* (HEC-TV, 2010, video)
7. *"Any conversation with him [Rooney] is never more than a paragraph or two away from a reference to the "right" or the "fair" or the "ethical" thing to do".* (Esler & Kruger, 2008, p.32)
8. *"His upbringing and education had endowed him with a moral framework that he was unwilling to divorce from his corporate environment. Categories of right and wrong, he feels, apply to every human situation, including business."* (Esler & Kruger, 2008, p.32)
- 9.

These quotes, while attributed to a specific source, are repeated frequently across articles, interviews, reports, and presentations, both from Rooney and from others in the organization. Rooney's message of what is important to him and the organization was constantly and consistently reinforced during his tenure at U.S. Cellular. One of the most important attributes of servant leaders is that they "walk their talk"; Rooney did.

Exploring the servant leadership attributes and actions of John "Jack" Rooney III should provide readers with a deep understanding of the leadership challenges, commitment and resources needed to implement large-scale change.

To Rooney, leadership is not something you inherit but a privilege. It's not about personal success, but motivating the workforce. 'You get the chance to help other people be successful.' (Alleven, 2010, p. 16)

References

- Alleven, M. (2010). Jack Rooney: U.S. Cellular Chief Puts the Dynamo in Dynamic. *Wireless World*, March, p. 16.
- Avolio, B.J., Walumbwa, F. O., and Weber, T.J. (2009). Leadership: Current Theories, Research, and Future Directions. *Annual Review of Psychology*, 60, 421-449.

Cottrill, M. (2009, November 26). Press 1 for Unity: How John Rooney Got Everyone at U.S. Cellular Dialing the Same Number. Smart Business Chicago. Retrieved from <http://www.sbsonline.com/article/press-1-for-unity-how-john-rooney-got-everyone-at-u-s-cellular-dialing-the-same-number/?all=1>.

Development Dimensions International, Inc. (2009). U.S. Cellular Realized It: Identifying the Best Frontline Leadership Talent. Pittsburgh. Retrieved from <http://www.ddiworld.com>.

Erregragui, R. (2013). Seasons of Love – Waukesha Customer Care Center [Video file]. Retrieved from https://www.youtube.com/watch?v=iev_BwITRxY.

Esler, D. and Kruger, M. (2008). The Pursuit of Something Better: U.S. Cellular's Courageous Journey from Ordinary to Extraordinary (2nd ed.). New Ridge Books.

Focht, A. & Ponton, M. (2015). Identifying Primary Characteristics of Servant Leadership: Delphi Study. International Journal of Leadership Studies, 9(1), 44-61.

Griffin, T. J., & Gustafson, J. (2007). Balancing the leadership paradox. Retrieved from http://www.astd.org/TD/At-C-Level/0705_USCellular.htm

HEC-TV. (2010, June 19). HEC-TV Series Bachmann Book Series: The Pursuit of Something Better. Retrieved from <http://www.hectv.org/video/2331/the-pursuit-of-something-better/>

Kahn, S. (2014). IBISWorld Industry Report 51332: Wireless Telecommunications Carriers in the U.S. IBISWorld.

Keith, K. M. (2008). The Case for Servant Leadership. Greenleaf Center for Servant Leadership.

Kouzes, J.M. and Posner, B.Z. (2002). The Leadership Challenge (3rd ed.). Jossey-Bass: San Francisco.

Kukec, A.M. (2011, July 26). Services Today for Retired U.S. Cellular CEO Rooney. Daily Herald. Retrieved from <http://www.dailyherald.com/article/20110726/business/707269812/>

Linden, R. C., Wayne, S.J., Liao, C. & Meuser, J.D. (2014). Servant Leadership and Serving Culture: Influence on Individual and Unit Performance. Academy of Management Journal, 57(5), 1434-1452.

Pletz, J. (2010, February 24). U.S. Cellular CEO Jack Rooney Will Retire This Year. Crain Chicago Business. Retrieved from <http://www.chicagobusiness.com/article/20100224/NEWS08/200037230>.

Russell, R.F. and Stone, A.G. (2002). A Review of Servant Leadership Attributes: Developing a Practical Model. Leadership & Organization Development Journal, 23(3), 145-157.

Spears, L. (Interviewer) & Jones, K. (Interviewee). (2010). Servant-leadership and U.S. Cellular. The Spears Center for Servant Leadership. Retrieved from <http://>

www.spearscenter.org/about-larry/my-route-66servant-leadership-journey/90-servant-leadership-and-us-cellular-1-8-10.

Staff. (2003, September). It's the End of the Wireless World as We Know It: Number Portability, Subscriber Churn, and the Rebirth of Customer Service. *Wireless Review*, 32-35, 41.

Stancave, J. (2010, June 25). Former CEO: Ethics Important in Business. *TulsaWorld*. Retrieved from http://www.tulsaworld.com/business/technology/former-ceo-ethics-important-in-business/image_cc85d517-bcde-598a-b8c5-e9d6d79ba46b.html.

U.S. Cellular (n.d.). About us. U.S. Cellular Corporate Website. Retrieved from <http://www.uscellular.com/about/index.html>

U.S. Cellular (1999). U.S. Cellular 1999 Annual Report. Retrieved from <http://investors.uscellular.com/financial-reports-and-information/annual-and-proxy-reports/default.aspx>

U.S. Cellular (2009). U.S. Cellular 2009 Annual Report. Retrieved from <http://investors.uscellular.com/financial-reports-and-information/annual-and-proxy-reports/default.aspx>

U.S. Cellular (2010). U.S. Cellular Appoints Mary N. Dillon as President and CEO [Press Release]. Retrieved from <http://www.uscellular.com/about/press-room/2010/mary-dillon-president-ceo.html>

U.S. Cellular (2011). U.S. Cellular 2011 Annual Report. Retrieved from <http://investors.uscellular.com/financial-reports-and-information/annual-and-proxy-reports/default.aspx>

U.S. Cellular (2014). U.S. Cellular 2014 Annual Report. Retrieved from http://investors.uscellular.com/files/doc_financials/annual/2014_United_States_Cellular_AR_v001_y40pvz.pdf

Verizon Wireless (2014). Verizon Wireless 2014 Annual Report. Retrieved from http://www.verizon.com/about/sites/default/files/annual/downloads/14_vz_ar_narrative.pdf.

Vittore, V. (2005). Outsource This! U.S. Cellular Takes Home-Grown Approach to Customer Care. *Telephony*, July, pp. 6-7.

Yin, R.K. (1981). The Case Study Crisis: Some Answers. *Administrative Science Quarterly*, 26(1), 58-65.

Young, D. (2001, February 1). U.S. Cellular's Game Plan. *Wireless Review*, 26-29.