

The non-financial factors of enterprise value growth of brewing industry in Poland – research results

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Abstract. Changes in the business environment result in a change in the structure of the competition potential, in which a dominant role is gained by intangible resources. Enterprises are facing, therefore, a necessity of creating knowledge resources, and thus of identifying the key intangible factors determining their current and future supply of capital. The key objective of this article is to identify the intangible factors that determine the value of a selected group of enterprises. The presented results of the expert research in the analysis of which, among others, ANOVA test was used, allowed verifying the hypothesis positively that regardless of the enterprise size and market share, the key determinants of the present and future enterprise value should be sought in the area of customers as well as innovation and processes.

Keywords: enterprise value, competitive potential, innovation, customer relations, intellectual capital

JEL classification: M 31, O 3

1. The resources as a determinant of the enterprise value

In the conditions of a growing demand barrier, and hence the intensity of struggle for customers, the ability to compete becomes a core business competency, that determines its duration and development. This ability is related to the competition potential of the company, which can be defined as: a set of assets used in the operations and processes as well as the skills and competencies concerning the development and utilization of information and knowledge remaining at enterprise's disposal, enabling the conceptualization and implementation of the capital multiplication strategy, what results in efficiency and effectiveness improvement, finding its reflection in the economic results of the company (Rokita, 2005, pp. 50), (Stankiewicz, 2002, p. 88).

The competition potential understood in such way encompasses two groups of resources:

1. "resources - assets", which mostly come down to the components traditionally presented in financial statements as business assets, which acquisition is a result of market transaction.
2. "resources - competencies" that can be internally created through the development of internal skills and/or through the development of cooperation with other entities. These resources are often defined as: a strategically significant behavioral and social phenomena occurring within the company (Barney, Zajac, 2004), or the collective learning skills used in organizational processes. (Bratnicki, 2004, p. 23) Therefore, these resources are often identified as knowledge resources (intellectual capital), the most commonly sought in people, organizational structure, customers. (Sankowski, 2000, pp. 1), (Stewart, 1999, p. 67-68), (Szwajca, 2010, p. 212-223)

It is not disputed that in the conditions of increasing struggle for customers, special significance is gained by strategic resources, and thus unique resources, difficult to copy and imitate quickly and possible to develop continuously. (Barney, 1991, p. 99-120). The

opportunity to meet such conditions is possessed by the resources based on knowledge and abilities of people. They allow the company: to be sensitive to changes, offer new innovative products, implement process innovation, improve the efficiency of processes and operations, maintain mutually beneficial relationships with the external partners, what in the conditions of constantly increasingly turbulence of environment becomes a condition securing the business continuity and development. (Kaplan, Norton, 2001, p. 23), (Szwajca, 2012, p. 88-95)

It should be noted, however, that knowledge is created in connection with the need to solve a particular problem, it is formed internally in cooperation with the environment through the continuous acquisition, conversion of data and information, their use in activity and through the accumulation of experience. The power of knowledge, and thus the capacity to generate future benefits is inextricably linked to its potential, which the business develops through systematic learning, resulting in the development of this resource, what allows undertaking prudent and appropriate actions and choices (Caputa, 2015a, p. 53-55). In effect, creating knowledge resources and what follows it, the enterprise value is combined with the need to identify and monitor changes in the primary factors determining the current and future growth of the enterprise value. The identification of these factors allows the company to create such a combination of measures which provide an opportunity for the efficient use of resources, and thus maintain and increase the enterprise value. A special place in the creation of knowledge resources is taken by the customer who, being the source of the direct and indirect capital supply for the enterprise, becomes not only a recipient but also a creator of value. (Caputa 2015b, p.13-15). This means in consequence that in the process of creating enterprise value, special significance is gained by knowledge enabling the creation and delivery of customer value while protecting the own interests of the entrepreneur.

2. The methodical assumptions of research

Taking into account the considerations above, an attempt was made to identify the intangible factors determining the value of enterprises from the brewing industry in Poland, adopting the hypothesis that regardless of the enterprise size and market share, the key determinants of the present and future enterprise value should be sought in the area of customers as well as innovation and processes.

The verification of the hypothesis formulated in this way was based on the expert research carried out in 2013, and it was subject to statistical analysis, in which ANOVA test was used, among others. The expert group comprised of 15 people representing the managerial staff of the largest beer producers in Poland. All the experts were those directly involved in building the corporate strategies in the areas of marketing, finance, production, logistics and sales.

When conducting the operationalization of the factors taken into account in the research, apart from the results of literature studies, a reference was made to the experience of domestic and foreign researchers. (Fischer, Wenzel, 2004), (Skoczylas, 2007, p. 202-225) A set of factors gathered in this way was divided into four areas referring to the concept of balanced scorecard by RS Kaplan and D. P. Norton: customer, internal business process, personnel and management, suppliers and supply markets. On this basis, a questionnaire was developed, in which the experts assessed the importance of factors in the process of creating the enterprise value presently and in the future, using the 5-point Likert scale. The reliability of the questionnaire was assessed using the Cronbach's alpha coefficient, which equaled to 0.95.

3. The key determinants of the enterprise value – research results

On the basis of the research 41 intangible factors were identified determining the present and future growth of enterprise value now and in the future. To each of the four areas of identification the factors were assigned that are subject to expert evaluation who, on a scale from 1 (unimportant factor) to 5 (very important factor), assessed the status of a factor in the process of building enterprise value, currently and in the future. On the basis of expert evaluation the significance of the particular areas for the process of creating the enterprise value was established in the indicated time perspectives. (Table. 1)

Table. 1 The significance of the indicated research areas in the process of creating the enterprise value

AVERAGE RANK	TOTAL			PRESENT			FUTURE		
	Xsr	SD	Me	Xsr	SD	Me	Xsr	SD	Me
TOTAL	4.08	0.7	4.17	3.96	0.7	3.95	4.2	0.7	4.39
CUSTOMER	4.23	0.69	4.34	4.15	0.69	4.19	4.31	0.69	4.5
PERSONNEL AND MANAGEMENT	4.19	0.74	4.25	4.1	0.75	4	4.28	0.74	4.5
INTERNAL BUSINESS PROCESSES	4.11	0.66	4.25	3.91	0.67	3.92	4.32	0.65	4.58
SUPPLIERS AND SUPPLY MARKETS	3.37	0.77	3.3	3.29	0.73	3.2	3.45	0.82	3.4

Key: XSR - arithmetic mean, SD - standard deviation, Me – Median.

Source: own work

The presented results clearly support the hypothesis of the work assuming a key significance of the areas of customer internal business processes in building the enterprise value, regardless of the adopted time perspective. It is not difficult to notice, however, that although the current growth of the enterprise value is determined by the factors encompassing the customer area (4.15 ± 0.69) in particular, and their importance in the opinion of experts will increase (4.31 ± 0.69), but in the future the foreground will belong to the factors describing the area of internal business processes. The average rank of these factors increases from the level of 3.91 ± 0.67 to 4.32 ± 0.65 . At the same time the significance of the factors characterizing the aforementioned area is basically the same as of the factors that describe the customer area. The importance of the factors including the area of personnel and management was highly rated too. Nevertheless, it should be noted that their growing importance in the creation of enterprise value in the future is not so clear. In this case the average of ranks increases from the level of 4.1 ± 0.75 to the level of 4.28 ± 0.74 . Undoubtedly, the lowest importance is attributed to the factors directly related to the supply markets and the subjects on this market, regardless of the time perspective.

In this context it is worth mentioning the results of the research, which in 2006 was carried out among the Polish managers and financial analysts, who assessed the importance of the aforementioned areas characterized by the similar factors in the context of their role in building the enterprise value, using a scale from 1- unimportant factor to 4 - very important factor (Table. 2)

Table 2 Ranking of the research areas – research from 2006

RESEARCH AREAS	MANAGERS		FINANCIAL ANALYSTS	
	past	future	past	future
CLIENTS AND MARKETS	3.0	3.41	2.82	3.42
SUPPLIERS AND SUPPLY MARKETS	2.59	2.89	2.66	3.11
PERSONNEL AND MANAGEMENT	2.89	3.21	2.49	3.02
INTERNAL BUSINESS PROCESSES	2.49	2.84	2.57	3.02

Source: (Gąsior-Żarska 2007, p.205)

As it results from Table 2, the customer area in creating the enterprise value used to be and still is of fundamental significance. At the same time the attention should be paid that the growing importance of the area of internal business processes was clearly emphasized, especially by the group of financial analysts. It is worth noting that in 2006 both financial analysts and managers assessed the significance of the areas of suppliers and supply markets higher, which in the ranking of research areas took the second position, while in the research conducted in 2013, this is the area whose importance was rated the lowest. (Gąsior-Żarska, 2007, p. 205) Therefore, the research results presented clearly points out the need to definitely direct the activities at creating the value desired by the customer and at continuous improvement of internal processes focused on high quality, product innovation and a constant cost reduction at the same time.

In the context of the analyzed problem it is worth paying attention to the detailed results of the ranks of the factors' importance characterizing the research areas indicated. (table 3) The results of the experts' evaluation presented in the table indicate that in the set of factors, to which experts attributed the highest ranks, were:

- in the area of customer:

- relationship with clients (4.87 ± 0.34)
- image of the product and service (4.73 ± 0.57)
- customer retention (4.67 ± 0.60)
- brand image (4.67 ± 0.47)
- customer satisfaction (4.60 ± 0.61)
- brand value (4.47 ± 0.72).

- in the area of internal business processes:

- product and process quality (4.67 ± 0.47)
- level of product and process errors (4.33 ± 0.70)
- sales revenues from the existing products (4.27 ± 0.57)
- investments in progress and development (4.27 ± 0.68)
- order delivery time (4.13 ± 0.81).

- in the area of personnel and management:

- productivity of employees (4.53 ± 0.62)
- management quality (4.47 ± 0.72)
- staff qualifications (4.40 ± 0.61)

- in the area of suppliers and supply markets

- permanent relationship with contractors (3.93 ± 0.57)

- savings in the supply sphere (3.80 ± 0.75)
- price changes on the supply markets (3.80 ± 0.75)

Table 3 Intangible factors enterprise value growth now and in the future

FACTORS	PRESENT					FUTURE					p
	X̄r	SD	Me	X̄r-SD	X̄r+SD	X̄r	SD	Me	X̄r-SD	X̄r+SD	
CUSTOMERS											
customer retention	4.67	±0.60	5.0	4.07	5.26	4.80	±0.40	5.0	4.40	5.20	NS
customer satisfaction	4.60	±0.61	5.0	3.99	5.21	4.73	±0.57	5.0	4.16	5.31	NS
market growth	4.00	±0.82	4.0	3.18	4.82	4.20	±0.75	4.0	3.45	4.95	NS
range of products variety	3.40	±0.71	3.0	2.69	4.11	4.00	±0.97	4.0	3.03	4.97	NS
number of new customers	3.87	±0.81	4.0	3.06	4.67	4.27	±0.85	5.0	3.41	5.12	NS
brand image	4.67	±0.47	5.0	4.20	5.14	4.80	±0.40	5.0	4.40	5.20	NS
profitability of new customers	4.07	±0.85	4.0	3.21	4.92	4.13	±0.88	4.0	3.25	5.02	NS
image of the product and service	4.73	±0.57	5.0	4.16	5.31	4.73	±0.44	5.0	4.29	5.18	NS
customer structure	3.47	±0.72	3.0	2.75	4.18	3.67	±0.70	4.0	2.97	4.37	NS
market share	4.20	±0.83	4.0	3.37	5.03	4.33	±0.70	4.0	3.63	5.03	NS
number of existing customers	4.00	±0.63	4.0	3.37	4.63	4.00	±0.73	4.0	3.27	4.73	NS
brand equity	4.47	±0.72	5.0	3.75	5.18	4.60	±0.71	5.0	3.89	5.31	NS
Distribution channels	4.00	±0.73	4.0	3.27	4.73	4.27	±0.85	5.0	3.41	5.12	NS
Dependence on individual customers	3.20	±0.83	3.0	2.37	4.03	3.20	±0.91	3.0	2.29	4.11	NS
Expenditure on advertising and marketing	4.13	±0.81	4.0	3.33	4.94	4.33	±0.79	5.0	3.54	5.12	NS
Customer Relationships	4.87	±0.34	5.0	4.53	5.21	4.87	±0.34	5.0	4.53	5.21	NS
EMPLOYMENT AND MANAGEMENT											
employee productivity	4.53	±0.62	5.0	3.92	5.15	4.53	±0.62	5.0	3.92	5.15	NS
employee qualification	4.40	±0.61	4.0	3.79	5.01	4.73	±0.57	5.0	4.16	5.31	NS
management quality	4.47	±0.72	5.0	3.75	5.18	4.67	±0.60	5.0	4.07	5.26	NS
managers remuneration	3.53	±0.81	3.0	2.73	4.34	3.73	±0.85	4.0	2.88	4.59	NS
employee satisfaction	3.93	±0.85	4.0	3.08	4.79	4.20	±0.83	4.0	3.37	5.03	NS
knowledge management	4.20	±0.65	4.0	3.55	4.85	4.47	±0.62	5.0	3.85	5.08	NS
employee security	3.53	±0.96	3.0	2.58	4.49	3.53	±1.15	4.0	2.39	4.68	NS
investments in qualified employees	4.20	±0.75	4.0	3.45	4.95	4.33	±0.70	4.0	3.63	5.03	NS
SUPPLIERS AND SUPPLY MARKETS											
savings in the supply sphere	3.80	±0.75	4.0	3.05	4.55	4.13	±0.96	4.0	3.18	5.09	NS
price changes on the supply market	3.80	±0.75	4.0	3.05	4.55	4.00	±0.89	4.0	3.11	4.89	NS
stable relationships with contractors	3.93	±0.57	4.0	3.36	4.51	4.07	±0.68	4.0	3.39	4.75	NS
dependence on individual contractors	3.13	±0.62	3.0	2.52	3.75	3.13	±0.62	3.0	2.52	3.75	NS
country of contractor's origin	1.80	±0.98	1.0	0.82	2.78	1.93	±0.93	2.0	1.00	2.86	NS
INTERNAL BUSINESS PROCESSES											
quality of the product and process	4.67	±0.47	5.0	4.20	5.14	4.87	±0.34	5.0	4.53	5.21	NS
sales revenues from the existing products	4.27	±0.57	4.0	3.69	4.84	4.07	±0.68	4.0	3.39	4.75	NS

sales revenues from the new products	4.00	±0.73	4.0	3.27	4.73	4.73	±0.57	5.0	4.16	5.31	0.006
order delivery time	4.13	±0.81	4.0	3.33	4.94	4.47	±0.72	5.0	3.75	5.18	NS
level of production capacity utilization	3.80	±0.75	4.0	3.05	4.55	4.27	±0.85	5.0	3.41	5.12	NS
investments in progress and development	4.27	±0.68	4.0	3.59	4.95	4.80	±0.40	5.0	4.40	5.20	0.023
level of service and product errors	4.33	±0.70	4.0	3.63	5.03	4.53	±0.62	5.0	3.92	5.15	NS
Number of new products	3.67	±0.70	4.0	2.97	4.37	4.47	±0.62	5.0	3.85	5.08	0.004
share of new products in sales	3.53	±0.72	3.0	2.82	4.25	4.13	±0.62	4.0	3.52	4.75	0.023
IT expenditure	3.47	±0.88	4.0	2.58	4.35	3.73	±1.12	4.0	2.61	4.86	NS
average service response time	3.80	±0.65	4.0	3.15	4.45	4.20	±0.54	4.0	3.66	4.74	NS

Source: own work

In general, it should be stated that in the opinion of experts, the significance of the factors indicated will grow in the future. Only in the case of sales from the existing products, the experts predict a fall in their importance. The average rank decreases from the level of 4.27 to 4.07. It is worth paying attention in this moment to the results of ANOVA test, which besides the abovementioned factor, points out the existence of statistically significant differences in assessing the significance of such factors determining the current and future enterprise value as: sales revenues from new products, $p = 0.006$, investments in progress and development $p = 0.023$, the number of new products, $p = 0.004$, the share of new products in sales, $p = 0.023$. Expert assessments clearly indicate that the decline in the significance of sales revenues from the existing products must be compensated in the future by the constant enriching and diversifying the product range. This generates the basis to state that the growing importance of the factors describing the area of internal business processes remain in a direct relation with building customer relationships, which on one hand requires offering new products on the market, on the other hand putting emphasis on launching the activities aimed at minimizing the cost of customer satisfaction .

This observation is fully confirmed by the research conducted by the author on the beer market in Poland. They show, among others, growing beer consumption among women, which is connected with the necessity to enrich the existing range of flavored beer market, increasing interest, especially of consumers who hold a high income potential, in "new" products based on the traditional methods of production. At the same time, due to the increasing pressure from the competition, including small producers, more often one of the main instruments of customer acquisition becomes a low price and promotional campaigns used. (Caputa, 2013). In effect, the maintenance of market share or its growth rises the need for the systematic implementation of product and process innovations that in a greater extent are developed and implemented with the cooperation and participation of both consumers (crowdsourcing) as well as institutional clients.

The necessity to undertake such actions is noticed by all the examined enterprises, regardless of their market share. It should be emphasized that statistically significant differences in the average assessment of the significance of these factors for the ranks ascribed by the representatives of the aforementioned enterprises occurred only incidentally

and more often took place in the case of evaluating the factor significance of in the process of building the present value of the company.

In the time perspective used, differences were found for the following factors:

- in the area of customer: customer satisfaction ($p = 0.0393$), wide range ($p = 0.0408$), the number of new clients ($p = 0.0513$), distribution channels ($p = 0.0592$),

- in the area of internal business processes: the number of new products ($p = 0.048$), IT expenditure (0.0166), the average service response time (0.0324),

- in the area of personnel and management: employee productivity ($p = 0.0485$), employee satisfaction (0.0240), knowledge management ($p = 0.031$), investment in employee skills ($p = 0.0444$),

- in the area of suppliers and supply markets: price changes on the supply market ($p = 0.0416$) and country of contractor's origin ($p = 0.0416$).

In the case of assessing the significance of the identified factors in the future, the statistical significance of the differences concerned only five factors, that is: customer structure ($p = 0.045$), distribution channels ($p = 0.035$), number of patents and licenses ($p = 0.272$), employee productivity ($p = 0.0485$) and the country of contractor's origin ($p = 0.0416$). These differences occurred most often among experts representing the leaders of the beer market in Poland and the experts representing small producers. (Caputa, 2015, p. 247-256).

4. Summary

The theoretical considerations presented as well as the results of empirical research confirm the hypothesis stating, that in the process of building the enterprise value the key significance belongs to the factors remaining in a direct relation with the area of customers and internal business processes. This hypothesis finds its justification in all the examined enterprises, regardless of their size and market share. The radically growing importance of such factors as: the number of new customers, sales revenues from new products or average service response time, with a growing pressure from the competition and customer requirements, clearly indicates not only the necessity of continuous creation of knowledge resources, but also inclusion of the customer in the process of building value.

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