

OPINIONS OF ENTREPRENEURS AND MANAGERS ON MANAGEMENT IMPROVEMENT IN ENTERPRISES OF DIFFERENT SIZE CLASSES

Preliminary notes

During the years of 2007–2008 we completed a research project aimed at evaluating opinions of entrepreneurs and managers representing small and medium enterprises located in Lower Silesia with regard to various aspects (prerequisites, scope, results) of improvements in the management system. Similar research, as far as the object and aims are concerned, was conducted during the years 2005–2006 in the following environments: independent scientists, consultants and entrepreneurs and managers of big enterprises, located in eight selected voivodeships. In this case study we refer to the results of a survey conducted at that time among businessmen and managers (the results were published in „Przegląd Organizacji” issue 10 of 2006). We treat these results as a reference point for the above mentioned results, later research in small and medium enterprises (SME). By such collation and comparative analysis of the results of studies from all size classes of businesses, we can observe an opportunity to enter the discussion on the specificity of management and problems related to it in the small and medium enterprises sector (or the lack of them). This is our main intention of this work.

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Previous and postulated scope of research

We started the research with general assessment of abilities and inclination of businesses to apply the scientific achievements related to management, issued by respondents representing these businesses. The result of this research, presented in Fig. 1 shows that approximately 80% of businessmen and managers in all three size classes of enterprises evaluates the aforesaid feature relatively high. Quite small share of low and very low evaluations in the group of medium businesses (9,09%) draws attention, in comparison to big enterprises (22,86%) and small ones (15,21%). The lack of extreme rates, i.e. very high and very low, in the group of small size businesses, is also worth noticing.

The result of the response to the question about the tendency of changes in ability and inclination to implement scientific achievements in management in an enterprise, looks particularly favourable (Fig. 2). According to the opinion of a prevailing number of respondents in each of the research group of enterprises, it is on the increase and stable. Comparable indications of a decline in the tendency of the said abilities and inclinations by respondents in the group of big enterprises (12,86%) and in the group of small ones (13,04%) as well as the complete lack of indications of a decline of this tendency in medium businesses should be noticed.

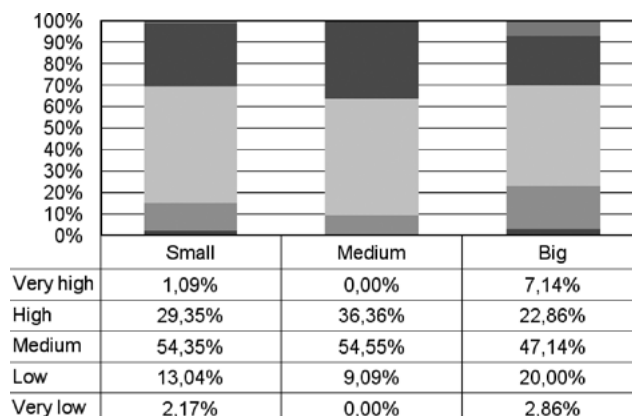


Figure 1. Ability and inclination of an enterprise to apply the scientific achievements in management

Source: own work

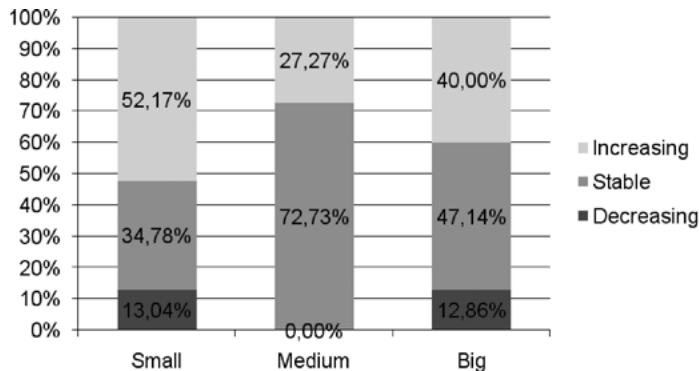


Figure 2. Tendency of abilities and inclinations to implement scientific achievements in enterprise management

Source: own work

The next part of the research regarded an identification of the types of projects previously undertaken by enterprises (previous tendencies) concerning management improvement and the assessment of needs in this area. The respondents were given a compilation of preferable types of undertakings. These were marked with successive letters of the alphabet. Such 'operation' allowed us to accumulate results. Compilation of undertakings included:

- a) Ordering of structures and organizational bylaws,
- b) Increasing flexibility of organizational structures (e.g. implementation of task type structures, etc.),
- c) Improvement of management in selected, traditional resource areas (such as fixed assets; tangible and financial current assets; staff),
- d) Improvement of management in selected, traditional functional areas (such as delivery; manufacturing; sale; investments; R&D; etc.),
- e) Improvement of selected (single) components of management process (planning; motivation; control),
- f) Implementation and development of strategic management,
- g) Implementation and/or development of more general cross-sectional methods of management type: management by objectives; controlling; logistics,
- h) Implementation and/or development of pro-quality orientation and methods of quality management,
- i) Implementation and/or development of marketing orientation methods applicable to it,
- j) Implementation and/or development of HRM orientation,
- k) Implementation and/or development of knowledge management and learning organization model,
- l) Implementation and/or development of value management,

- m) Implementation and/or development of process orientation (including project management),
- n) Implementation and/or development of network systems (including virtual ones),
- o) Modification of features of organizational culture,
- p) Other (what)
- q) I don't have an opinion in this matter.

Graphical and numerical compilation of the results in the three analysed size classes of enterprises is presented in Fig. 3, Fig. 4 and Fig. 5.

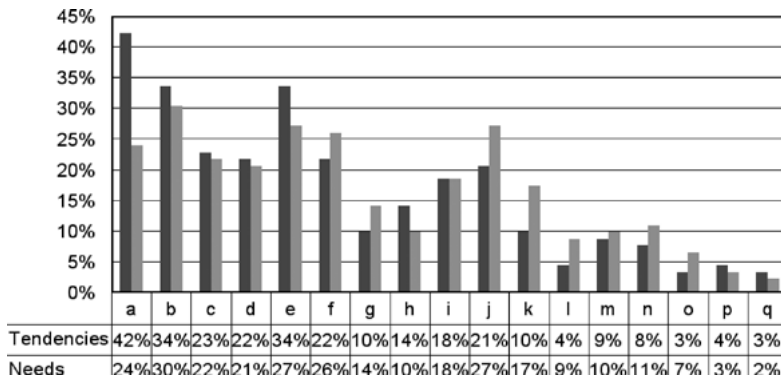


Figure 3. Tendencies and needs in the selection of types of undertakings used for improvement in enterprise management (small)

Source: own work

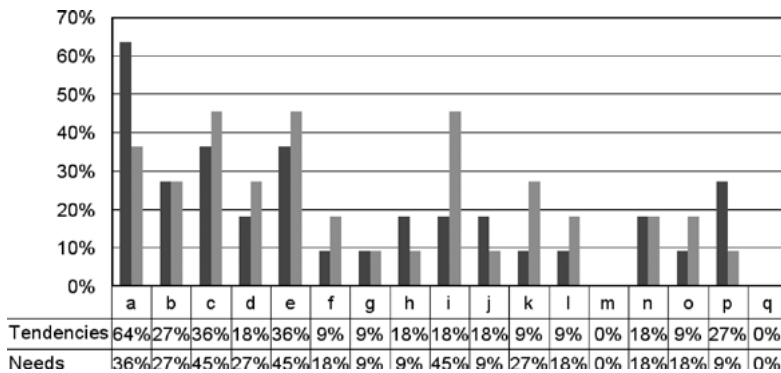


Figure 4. Tendencies and needs in the selection of types of undertakings used for improvement in enterprise management (medium)

Source: own work

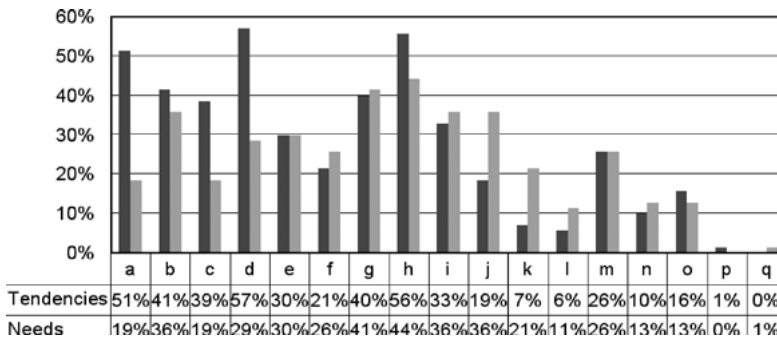


Figure 5. Tendencies and needs in the selection of types of undertakings used for improvement in enterprise management (big)

Source: own work

Identification of previous tendencies indicates the domination of traditional enterprises, oriented on management improvement, in all three size classes of analysed enterprises i.e.:

- Ordering of structures and organizational bylaws,
- Increasing flexibility of organizational structures (e.g. implementation of task type structures, etc.).
- Improvement of management in selected, traditional resource areas (such as fixed assets; tangible and financial current assets; staff),
- Improvement of management in selected, traditional functional areas (such as delivery; manufacturing; sale; investments; R&D; etc.),
- Improvement of selected (single) components of management process (planning; motivation; control),

Indications on some elements of modern approach (f, g, h, i, j) should also be noted, though they are not very explicit. Among them, there are also the least explicit ones, the mostly recommended in contemporary literature on management science, directions of activities improving an enterprise (m, n, o, k, l).

The needs of undertaking the said actions generally correspond to the above recognized tendencies relating to the use of traditional undertakings which improve management. The respondents also indicate the needs to undertake modern actions: (f, i, j) in small enterprises (i, k) in medium enterprises and (f, g, h, i, j, k) and even (l, m, n, o) in big enterprises. Some of these needs are emphasized relatively explicitly (h, i, j).

Prerequisites (motives) of actions improving management and obstacles accompanying them

Responses in reference to prerequisites of undertaking actions which improve management are presented on Fig. 6. They concerned a set of the following motives set by us:

- a) Need to solve particular practical problems,
- b) Aiming at increase of competitiveness (by costs reduction, increase of efficiency, etc.),
- c) Care for the outside (including marketing) image of a company,
- d) Care for personal prestige and professional promotion,
- e) Agitation activity of consulting companies,
- f) Fashion for a specific conception or method of management,
- g) Other reasons (what).....
- h) I don't have an opinion in this matter.

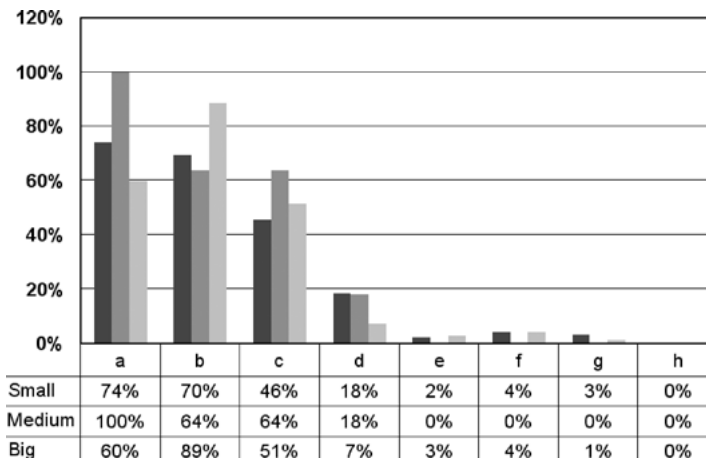


Figure 6. Main prerequisites of undertaking and introducing changes

Source: own work

Entrepreneurs and managers in all size classes indicate the first three among the motives mentioned.

The number of indications within particular motives is formed on a relatively similar level. An exception are the indications of respondents representing medium enterprises regarding the motive a (100%), and indications of respondents in the group of big enterprises with regard to motive b. Care for personal prestige and professional promotion also is of some importance to managers and small and medium entrepreneurs (d) which was expressed by 18,18% of studied individuals. It appears

to be justified from the point of view of the size of these two groups of enterprises. Generally, they do not admit being influenced by irrational factors (e, f).

In the course of the research we also tried to identify the sources of ideas and initiatives for the implementation of changes oriented on management improvement. The range of available answer options presented to the respondents covered:

- a) Executive workers
- b) Medium level managers
- c) Representatives of top executives
- d) Owners
- e) Representatives of supervisory bodies or institutions
- f) Representatives of economic partners (suppliers, recipients, financial institutions, etc.)
- g) Consulting companies
- h) I don't have an opinion in this matter.

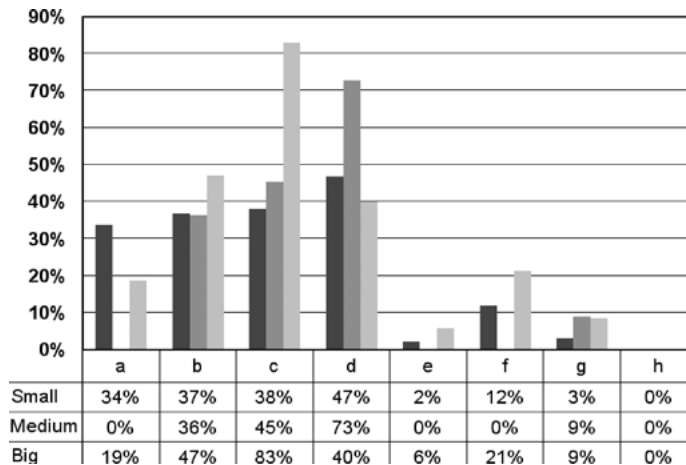


Figure 7. Sources of ideas and initiatives of implementation of changes in an enterprise

Source: own work

The structure of responses to the above question is presented in Figure 8. The results show that the top executives were indicated the most frequently – (as much as 82,86% of indications in the class of big enterprises) and owners (as much as 72,73% indications in the size class of medium enterprises) as a source of changes improving management. A much smaller number of indications was observed among junior executives (47,14% in big enterprises and a little above 36% in small and medium enterprises) and executive employees (33,70% in small enterprises). Representatives of supervisory bodies and institutions as well as consulting companies present a very weak position in this compilation.

In order to recognize the forces which, according to the respondents, hinder the initiation and the implementation of changes in an enterprise, the following set of answers was suggested:

- a) Managers' overloading with current duties
- b) Lack of financial means
- c) Fear of reluctance among the staff
- d) Insufficient knowledge and managerial skills
- e) Lack of a real necessity to implement changes
- f) Other reasons (what)
- g) I don't have an opinion on this matter.

The structure of answers obtained during conducted research is shown in 8. The structure shows that, according to the respondents, the main obstacles hindering the implementation of changes in all study groups are:

- d) Insufficient knowledge and managerial skills,
- b) Lack of financial means,
- a) Managers' overloading with current duties.

A relatively high level of indications about fears of the events of reluctance among staff (c) should also be noted, however, only among the respondents representing big enterprises (47,14%). In all study groups of enterprises insufficient knowledge and managerial skills were indicated the most often as a block of change. This severe self-assessment of managerial competence of respondents is, as it seems, justified. In our opinion, a very low evaluation of the importance of other causes of changes which improve management in all three size classes of the studied enterprises, is also realistic.

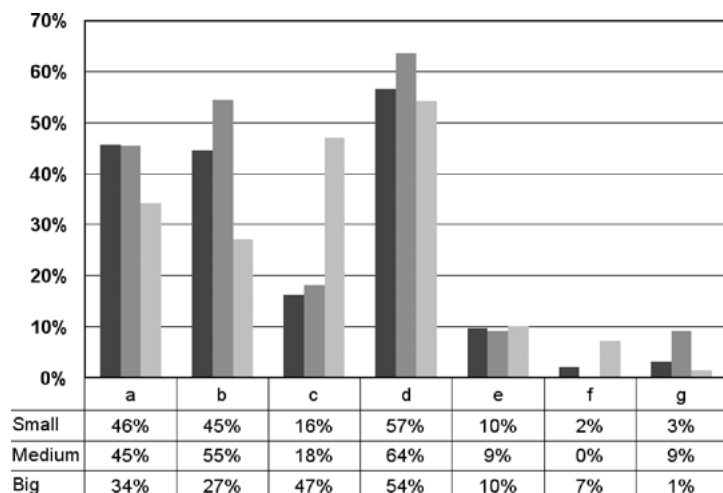


Figure 8. Main forces hindering and initiating implementation of changes in an enterprise

Source: own work

Assessment of ideas, modification projects as well as efficiency and productivity of implementations

A major aspect of changes is the methodological rationality of their preparation and implementation process, and then the efficiency and productivity of implementations. Because of the limited content of the survey used in the research, we managed to cover these complex issues only in a small scope. We asked the respondents about the scope and character of project assessment, giving them three possible options of responses:

- In all stages of their development (by dominating persons) rather briefly, intuitively, generally,
- In earlier stages briefly, but in later ones more in detail and professionally,
- In all stages in detail and professionally,
- I don't have an opinion in this matter.

The responses received are presented in Fig. 9.

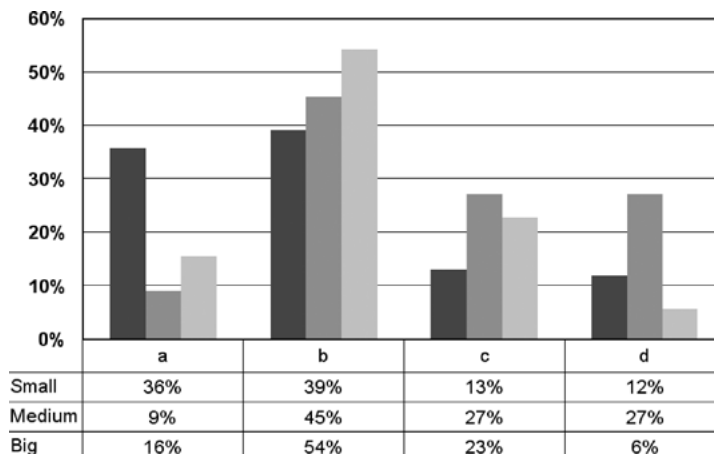


Figure 9. Evaluation of ideas and project of changes

Source: own work

The decisive dominance of answers b in the group of medium and big enterprises and its small advantage over the other answers indicates a moderately correct practice procedure in this scope. We hope that it constitutes a satisfactory protection against making more serious mistakes at the preparation of changes.

In order to illustrate the level of success (efficiency, productivity) of performed changes, we asked if undertakings performed to trigger changes in management:

- End in complete failure (ineffective implementation, lack of effects),

- b) Generally end in only a partial and temporary success (after some time the previous state returns),
- c) Generally end in partial and permanent success,
- d) Only in a small part end in full success,
- e) Generally end in full, permanent success,
- f) The level of success is different and depends on the level of complexity and difficulty of an undertaking
- g) I don't have an opinion in this matter

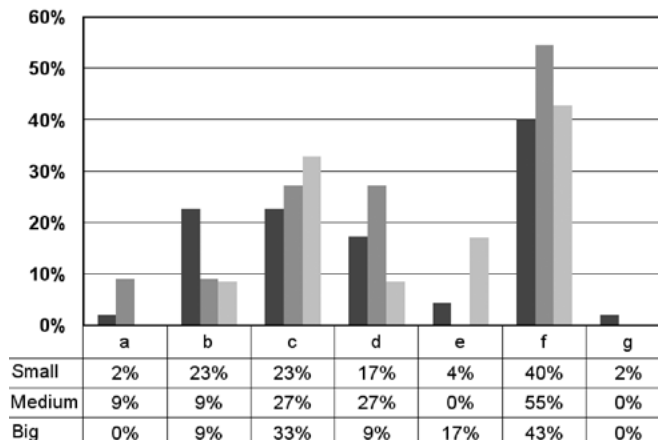


Figure 10. Effects of undertakings performed to trigger changes

Source: own work

The structure of answers to this question is reflected by Fig. 10. The results show that the dominant answers are f and c of the respondents representing enterprises of all size classes as well as answers d (medium enterprises) and b (small enterprises). These answers suggest a moderate, diversified level of the success of undertakings. According to us, this indicates the need for strengthening managers' efforts to improve the efficiency and productivity of implementation.

Assessment of the value of scientific achievements and cooperation with scientific and consulting environment

Application values of scientific achievements should be considered as one of the more important factors influencing the introduction and the results of changes within the area of enterprises' organization and management. With regard to quantitative and qualitative richness of these achievements, its vast diversity, dissipation,

various methods and techniques, different language, etc., the use of these achievements in management practice may encounter some problems. Therefore, we asked a question concerning the evaluation of its applicability. The answers received are presented in Fig. 11.

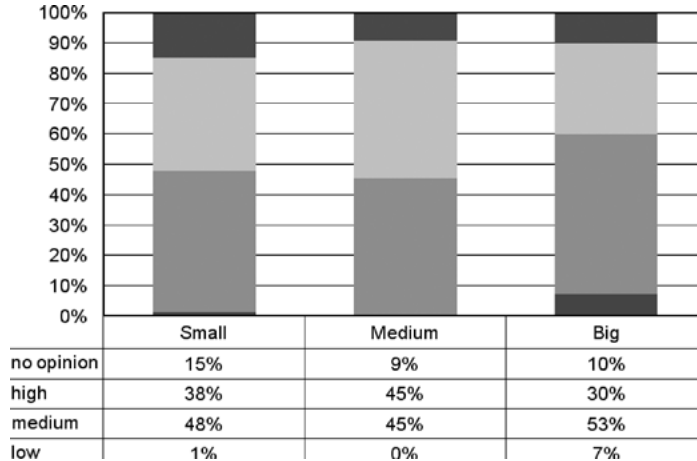


Figure 11. Evaluation of application values of scientific achievements in marketing

Source: own work

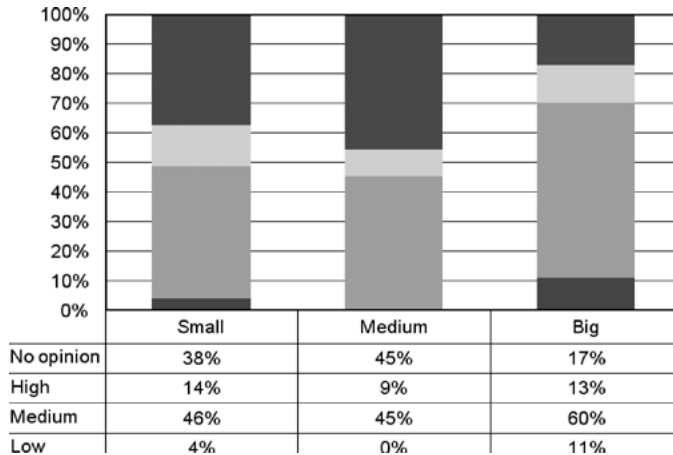


Figure 12. Evaluation of professional approach and operation effectiveness of consulting companies

Source: own work

Respondents in all enterprises studied groups rated application values of scientific achievements in management favourably. These achievements were generally considered as average and high (in at least 80%) in all the size classes of the studied enterprises. One of the conditions of efficiency of the scientific achievements application in the sphere of organization and management is the professional approach of consulting companies. Its evaluation performed by the respondents is presented in Fig.12. This evaluation is not so favourable as the previously presented scientific achievements' assessment, due to the fact that the professional approach and efficiency of consulting companies is rated high by as much as 14, 13% of the respondents (small enterprises). It is, however, still a moderately good evaluation, considering a relatively high level of medium assessments in all groups of enterprises. The option of "no opinion" is chosen surprisingly often, especially in small and medium companies.

The last question of those asked to our respondents – entrepreneurs considered their readiness to cooperate with representatives of scientific environment. The answers obtained are presented in Fig. 13.

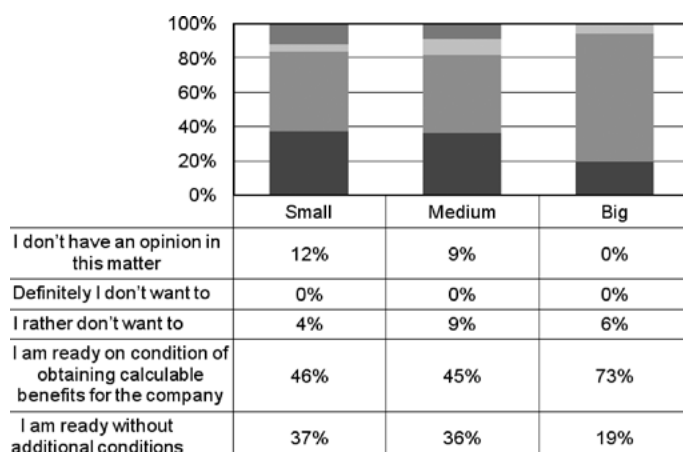


Figure 13. Entrepreneurs' readiness to cooperate with representatives of scientific environment

Source: own work

These show that unconditional readiness to cooperate with scientists is indicated by over one third of the respondents in small and medium enterprises. Such readiness, but on condition of obtaining calculable benefits, is reported by nearly half of the respondents in both of these groups of enterprises and almost three fourths (72,86%) of the respondents in big companies. Such a result may be considered satisfactory for the people of science.

Final remarks

The conducted research provided quite complex and diversified image of the scale and directions of the previous, postulated activities aiming at the improvement of management systems in enterprises operating on the Polish market. The study result is also the picture of predispositions, some features of the progress and also the consequences of these activities seen with the eyes of entrepreneurs and managers.

All generalizations, for many reasons such as e.g. necessary simplifications and unavoidable, imperfections of the research process, limitations of its representativeness, etc., are difficult and risky. However, it seems that there is a possibility of formulating a few highly reasonably anticipated conclusions which are not always consistent with colloquial opinions on the studied area of activity.

And so, for example, it occurs that entrepreneurs and managers tend to notice an opportunity of support in solving various problems vital for the companies' existence and development in organizational activities. They mostly seem to have a quite balanced and rational opinion regarding predispositions and possible results of these activities.

Respondents are aware of the risk of partial failures in the process of changes in management systems, but scepticism, or the fear of making changes because of the threat of limited efficiency of implementations, is not expressed explicitly in their attitudes. The aforesaid opinions and attitudes imply that the will of their further introduction prevails quite explicitly.

Though, the most important conclusion seems to be that both on the side of prerequisites, object and also the progress and consequences of change processes in management systems it is difficult to notice vital, systematic differences between enterprises of different size classes. In view of these results the SME sector does not have a profound individuality, the one that would justify the search for separate theories, methods and tools of management for this class of enterprises. The conclusion might be different or less emphatic if microenterprises (1–9 employees) were differentiated. These were our intentions, but due to the mistakes of a large part of the respondents in the identification of the company size, they were abandoned.