

MANAGEMENT OF SMALL AND MEDIUM-SIZED ENTERPRISE - SELECTED ASPECTS

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Abstract

In the article presents selected aspects of the management of small and medium-sized enterprise. The focus was therefore on such aspects as organizational structure, tasks and functions of the manager, the strategic behaviour of SMES sector.

Keywords: enterprise, management, small & medium, GDP, organisation, competitiveness

Introduction

The sector of small and medium-sized enterprises is the basis for the functioning of modern economy. Commonly stressed its importance in the functioning of the market mechanism. In the countries of the European Union small and medium-sized enterprises account for nearly 99 percent of all enterprises, providing jobs 70 per cent of employed citizens, generating close to sixty per cent of GDP across the EU. Influence through significantly on economic development and competitiveness of the economies of EU countries on the international market. The SME sector is a major source of employment, innovation, entrepreneurship and growth of the European Community countries. In Poland the SME sector also plays a very important role in the economy, influencing important issues as economic growth, competitiveness, economic structure and the size of the unemployment³.

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³ *M. Byczkowska, A. Kaczmarek*, „Finansowanie rozwoju sektora MSP w Polsce- wybrane aspekty, w: Koszt kapitału i źródła finansowania przedsiębiorstw, Zeszyty Naukowe US w Szczecinie nr 636, Finanse, Rynki finansowe, ubezpieczenia nr 36; s. 31.

The company is considered as the basic unit of organisation of the economy, and in the “history of economic development has always been the basis for the creation of national income and wealth of Nations”⁴. In economic terms, the company is a unit, which caters to specific social needs, its activities are focused on the performance of the tasks. This concept can be seen in three dimensions: functional (indicate on the entrepreneur as the leading company), corporate and subject (note focuses on business activities)⁵. The basic characteristics of enterprises includes:

- It is the trader operating in the sphere of production and manufacturing goods and services to the needs of the audience.
- The basis for the operation of the business is capital-consisting of the values of fixed assets and a rotary and the Earth, which in individual units is usually different (now more and more attention to human capital (intellectual), putting him often before the permanent capital, and rotating)⁶.
- This capital-participating in business-is open, it can be used partially or completely and creates a varied combination of manufacturing factors.
- Decisions regarding the direction and activities of the company, its organization, sales of products and services, the division generated a profit, etc. take the entrepreneur.
- The company operates in order to maximise the benefits of the material.
- The company legal personality shall be accompanied by the subjectivity of Economics of an assignment to a natural or legal person the effects of enterprise activities.
- In the economic system the law decide which organizational forms may be present on the market as an enterprise”⁷.

The specificity of the small and medium-sized enterprises

⁴ *Rozwój firmy. Teoria przedsiębiorstwa. Wprowadzenie*, [in:] R. Gajęcki (ed.), Warszawa 1997, s. 7.

⁵ J. Duraj, *Podstawy ekonomiki przedsiębiorstwa*, Warszawa 2000, s. 15; J. Zieleniewski, *Organizacja zespołów ludzkich*, Warszawa 1976, s. 50.

⁶ A. Jarugowa, J. Fijałkowska, *Rachunkowość i zarządzanie kapitałem intelektualnym – koncepcje i praktyka*, Gdańsk 2002, s. 8, L. E. Borne, D. L. Kurtz, *Contemporary Business*, Chicago 1990, s. 292, B. Mikuta, A. Pietruszka- Otrył, A. Potocki, *Zarządzanie przedsiębiorstwem XXI wieku*; G. Probst., B. Knaese, *Führen Sie Ihre <Knowdobbies >richtig?* Management 1998, nr 4.

⁷ T. Gruszecki, *Przedsiębiorca jako teoria ekonomiczna*, w: *Teoria i praktyka przemian gospodarczych*, Wrocław 1989.

In market economy small and medium-sized companies are characterized by the following properties:

- clear and simple organizational structure,
- management of the organization does not depend on third parties, but only from the owner,
- relationships are more direct and less antagonistic,
- operation of the owner caused by personal motivations: satisfaction, position, prestige, safety and family
- the possibility of making rapid and flexible production profile changes,
- realizowanie produkcji w krótkich cyklach uruchomień,
- the simplified procedure as regards the decision-making,⁸
- a negative impact on the behaviour of captive,
- triggering market competition,
- the ability to quickly adapt to frequently changing requirements of the market,⁹
- rapid circulation of information within the company,
- faster implementation of any innovation, due to the dynamism of small groups, in which the need for self-actualization are larger than in large groups,
- a small business is more susceptible to the influence of the environment than the large. Therefore, managers should focus primarily on adapting to these changes and not on shaping the environment.

In small and medium-sized enterprises¹⁰ all decisions frequently take owners and Supervisory Council or close boards (called the parent Coalition). The smaller the company, the greater the role of owners and supervisory boards. The structure of SMES¹¹ are not too extensive, the unit with 1-2 people organisational structures actually do not exist, there is no Division of tasks. Each employee's activity is subordinated to the General aims and goals of the company. Most often, however, there are two or three levels of management from boss to employee serial what is the Queen's autocratic behaviour management solutions (primarily the implementation of

⁸ J. Peters, R. Waterman, *Auf der Suche nach dem Spitzenleistung*, Landsberg/Lech, 1998.

⁹ W. Czernasty, *Małe przedsiębiorstwa w Polsce na tle przeobrażeń systemowych*, Poznań 1994, s. 17.

¹⁰ N. Daszkiewicz, K. Wach, *Małe i średnie przedsiębiorstwa na rynkach międzynarodowych*, Uniwersytet Ekonomiczny Kraków, 2013; A. Sokół, A. Drab-Kurowska, *Małe i średnie przedsiębiorstwa wobec wyzwań rozwoju technologii XXI wieku*, CEDEWU, Warszawa 2010.

¹¹ Z. Patora-Wysocka, *Procesy internacjonalizacji małych i średnich przedsiębiorstw*, DIFIN Warszawa 2012

goals for the Organization's compliance with the requirement of commands work, decision-making without communication with the crew, the advantage of penalties over the prizes-the lack of incentive factor). Shares in the company often belong to several related the company's founders, often so happens that strategic decisions relating to the continued existence of the company shall be taken under the influence of other than rational arguments (prestige).¹² It can be assumed that the owner of a small or medium business is guided by personal motivations are associated with such as: satisfaction, position, perspective, striving to satisfy their own professional ambition, material security of your and your family. Therefore, the cells associated with marketing, finance and other organizations are undervalued or even no extracted. And so, for example:

1. marketing is usually overseen by the Sales Department, which means that it is not the subject of organized activities,
2. research and development cell is equated with the production,
3. cell management control and planning usually does not occur.

As noted W. Grudzewski and I. Hejduk „most small business organisation has the nature of informal, that is to say, lacking in them, in writing, specific organizational structure, and the owners in management functions do not have dedicated staff and linear organizational cells, the company does not as a rule are also hierarchically divided. We say then that the company is “paternalistic” and her boss takes care of everything that is in danger of drowning in everyday life and the lack of opportunities for the implementation of the strategy of the company”¹³.

In addition I. Hejduk draws attention to the differences in the management of the company by the owner and the Manager. And these are:

- Entrepreneur owns and operates according to its own original right; meanwhile, the manager works for a foreign owner and has obligations under the employment contract,
- the operator is responsible for the fate of his company, hence is able to make a sacrifice for her sake; the manager is associated with the company temporarily (this is due to the contract of employment), hence there is no need to identify with her,
- independent owners are responsible for the company's own assets, bear the economic risk, so according to their own rules, managers work on someone else's account and at the risk of someone else's (owners), for its activity is salary, which may or may not be associ-

¹² Zarządzanie strategiczne, praca zbiorowa, Wydawnictwo AE Wrocław 1998, s.193.

¹³ W. Grudzewski, I. Hejduk, Kierowanie małą firmą- wyzwania przyszłości, *Ekonomia i Organizacja Przedsiębiorstwa*, 2000 nr 1, s. 3.

- ated with the effects of their activities,
- owners are the highest instance in the company, they may establish rules for the operation of the company, no one has the right to control or adjust their decision; managers are responsible for making sure the specified area for the company, only specialists and assume partial responsibility for their activities, their behaviour can be controlled, and the decisions of the revised. ¹⁴

In addition, there are a number of other factors (personality characteristics of managers), which determine the decisions related to the management of the company.

Table 1 Features hindering manager and to facilitate the management

| Features hindering | Categories General | Features to help you |
|--|---------------------------|---|
| <ul style="list-style-type: none"> – counting mainly on the care and support from other people – submission – the rejection and isolation – excuse myself for the lack of success, | Mental needs | <ul style="list-style-type: none"> – a tendency to domination – prone to feat and possession – the pursuit of ownership and autonomy – oriented success and power |
| <ul style="list-style-type: none"> – drugs – resentment and fear instead of self – reliance, – the desire to maintain what is not his number | Motivation | <ul style="list-style-type: none"> – the ability to overcome anxiety and depression, and various hazards – a tendency to increase the State of possession – oriented achievements and success – themes „being industrious , |
| <ul style="list-style-type: none"> – difficulties in deciding – learned helplessness” | The Decisions | <ul style="list-style-type: none"> – definitely, – adequate decisions to the situation – the consequence of |
| <ul style="list-style-type: none"> – to avoid the situation and decision risk | The Risk | <ul style="list-style-type: none"> – definitely, – adequate decisions to the situation – the consequence of |
| <ul style="list-style-type: none"> – lack of mental resistance – low threshold of stress and frustration | Success and failure | <ul style="list-style-type: none"> – mental resistance – high threshold of stress and frustration – the ability to act in difficult situations, |

¹⁴ I. Hejduk, Jak startować w biznesie. Propozycja dla małych firm, Warszawa 1992, s. 57-58.

| | | |
|--|---------------------------|--|
| <ul style="list-style-type: none"> – conservative attitude, – style algorithmic operations, – the lack of creative abilities, | Innovation and creativity | <ul style="list-style-type: none"> – the attitude of pioneering, creative abilities, – creativity, – imagination – intuition |
| <ul style="list-style-type: none"> – introversion – difficulties in their relations and cooperation | cooperation | <ul style="list-style-type: none"> – extroversion – leadership skills – creative directing, – confidence in others. |
| <ul style="list-style-type: none"> – lack of leadership | power | <ul style="list-style-type: none"> – ability to negotiate and mobilise other, |
| <ul style="list-style-type: none"> – drugs and fear, – laziness, – pessimism and other | the barriers | <ul style="list-style-type: none"> – optimism and activity, – knowledge, |
| <ul style="list-style-type: none"> – melancholic | temperament | <ul style="list-style-type: none"> – sanguine – high energy and sustainability |

Source: Pomykało W., Encyklopedia biznesu, Fundacja Innowacja, t. 1, Warszawa 1995

Strategic behavior of small and medium-sized enterprises

Until recently it was thought that the choice of strategy and strategic management characteristic are only for big enterprises and small and medium-sized organizations simply intuition. Nothing further from the truth-election strategy and strategic management are just as important in companies large and small. There is no fundamental difference, contrast can be seen only in terms of the level and scope of activities and the degree of their sophistication, because in both cases, it comes to finding answers to the question: who, what, where, when and how to sell? Each company must adapt to changes in the environment, primarily social and economic. Otherwise can not meet the demands of the market, which could lead to the collapse of the company. Most company's strategic objective is to maximize profit, but small and medium-sized enterprises should focus its efforts on:

- sales growth,
- labour productivity growth,
- increasing the capital,
- ensuring good health of the market,
- innovation.

Choosing the right business strategy, as already mentioned, it is the responsibility of the Supreme leadership and is closely linked with the strategic management of enterprises. S.C. Certo and J. Peter present this process as the following sequence of steps:

1. analysis of the environment of the proximal and distal,
2. to clarify the purpose of the company,
3. selection strategies,
4. the actual implementation of the strategy,
5. checking the transmission result.

It should be noted that during the implementation of this process, there is a possibility of withdrawal, in order to correct errors on a regular basis. When discussing the first step shall be presented to the first definition of the environment, with a particular focus on the environment and further. So this environment the totality of phenomena, processes and institutions that contribute to the existence and development of the organization. Business practice does not exist uniform in terms of generic. Hence the many found in the literature of the subject classification of the environment, for example: mikro and makro, international and national and calm-quiet, compact, restless-responding, stormy.

The environment further identified is part of the national economy, social life. Often there are here environment: technological, economic, socio-cultural, politico-legal, demographic, etc. While the environment is closer to most of us, we can highlight here the following: competitors, suppliers, supplier, customer, distribution channels, etc. Between all the elements of the environment are interactions on all these elements can affect the company more or less extent and shape them. In the same way that elements of the environment can affect the organization.

Analysis of the environment looking for answers to the following sample questions:

1. Under what conditions economic and technological works organization?
2. What development trends can be expected?
3. What is the situation among the competitors on the areas and departments that are current or potential business interest?
4. What solutions are necessary to effectively compete with other companies on the market?
5. What are the possible strategies for implementation, taking into account the orientations and trends in economic development, technical, social and political?

To analysis carried out environment was fully useful, reference should be made to the assessment of own resources, items and skills. It will allow you to get to know their strengths and weaknesses on the economic, technical, financial, organizational and human resources. The second step is to specify the purpose of the company. They specify what exactly the company wants to achieve in subsequent periods and allow you to control whether

the company achieves success. Please note that in addition to the main, you must specify also sub-goals that can not be contradictory to the General company policy. Concentration on the objectives involved, makes it much easier to pursue the purposes of main.

The next step is the choice of strategy. Can help you answer the following questions, which proposes S.C. Certo. This method is called analysis of critical questions:

1. What the company is going to and what are its objectives? The answer to this question should fall back in the second step,
2. If indeed the current actions contribute to achieving the priorities of the?
3. What is the hierarchy of tasks facing the company and what factors most affect your business?

To answer these questions, one must select the one strategy that G. de Sainte Marie has divided into three types:

- Scale-up strategy-the premise is to seriously minimising costs become a leader, gain a competitive advantage. This strategy is unlikely to can be used in small and medium-sized businesses, because the costs on a large scale is only possible in large companies.
- Diversification strategy-a leading role in this strategy marketing cell and systematically carried out market research, that will indicate the needs of customers.
- Strategy (focusing)-the difference between demand in the segment of the market and the whole market can blur. Therefore, it is important to seek a niche in the market, that is to say, a place where customers ' needs are satisfied with insufficient way.

Another classification presents J. Penc:

- Defensive strategy (minimizing failures, the behaviour of the current state of things, you can make changes only as a last resort, the conservative attitude to everything new. This is a typical duration of orientation and not on development).
- Offensive strategy (business activities require courage, ingenuity, courage in making a risky decision, but the risk is here well calculated. This strategy of business from stagnation, forces its development and progress. Creates business climate, appreciated here is first and foremost a human knowledge initiative. This strategy is focused on mastering new markets, developing market, the development of new products-aggressive strategy; product innovation and technological strategy of diversification).
- The company's pioneering strategy is based on the use of original innovation, and varieties strategy is to use its action proven solutions and utility models.

Interesting compilation of strategies implemented in small and medium-sized enterprises presented Karolina Mazur-Bogna:

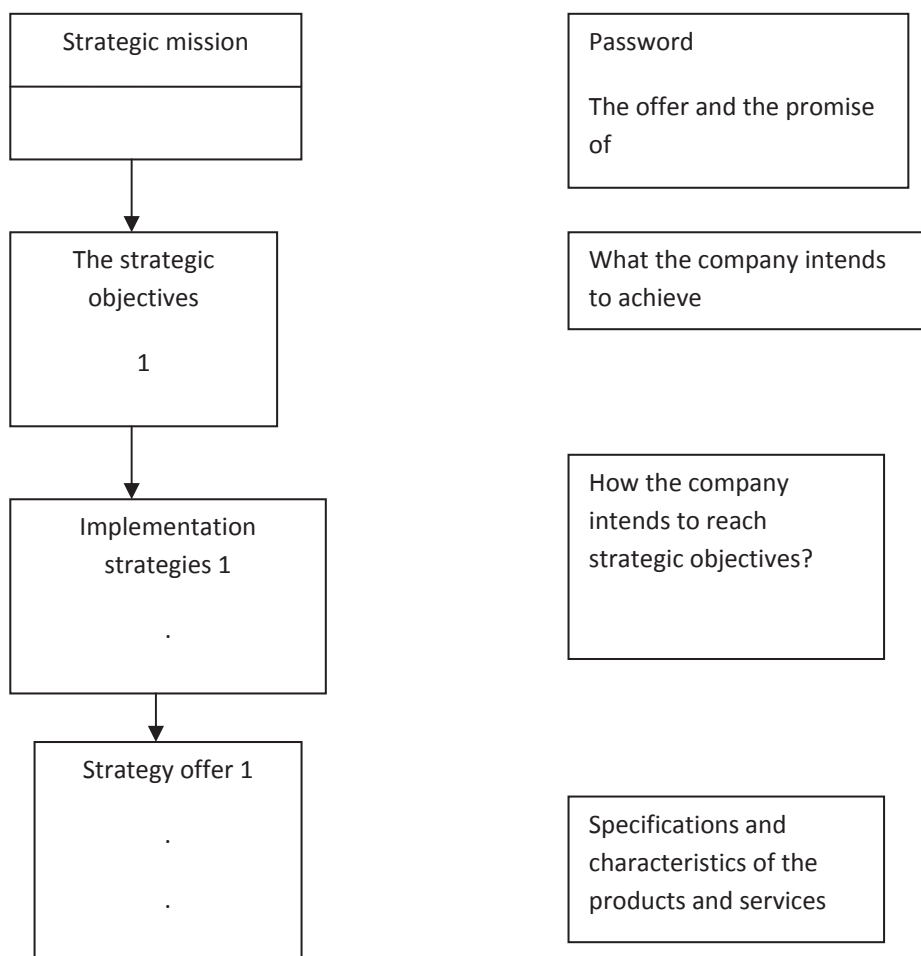
1. selection and dealing with competitors:
 - building a niche market,
 - confrontation of competitive,
 - avoiding competition,
 - cooperation.
2. the relationship between a company and its customers and competitors:
 - market opportunity,
 - the offer of luxury or high-quality
3. *approach to competition: attack or Dodge:*
 - the acquisition of the relative advantages,
 - building a functional difference,
4. *place and tools to compete:*
 - cost focus,
 - igneous differentiation,
- 5 *the consistency of the strategy:*
 - Defender
 - the reactor,
- 6 *the maturity of the client:*
 - a close relationship with the client
7. *managerial behaviour:*
 - rational planning,
 - finding the way.

When it comes to product development and growth of the market, the small and medium-sized enterprises employ the most penetration strategies and balance with its surroundings provide a means of adaptation. It also accepts the assumption that the choice of a strategy depends on the phase of the life cycle of the organization. And so distinctive strategies for firms in the business are:

1. creating market opportunity,
2. use the relative competitive advantage,
3. focus on diversification and not on cost,
4. close relationships with customers,
5. relying on the decisions of the proprietary,
6. market penetration,

for that phase of the bureaucracy: avoiding frontal compete, the quest for excellence in operational and rational planning.

You can also take the overall small business strategy shall be as shown in Figure 1.

Figure 1. Model of small business strategy

Source: L. Berliński: Zarządzanie strategiczne małym przedsiębiorstwem. Bydgoszcz 2002, s. 68.

Comparing the above statement of strategy, it can be concluded that Polish experience in small and medium-sized enterprises is based on the strategy as proposed by J. Penc. Particularly evident are two extreme strategies: the defensive due to the mentality of especially the average generation of Poles, and pioneering. As we know, the majority of owners of small and medium-sized enterprises in Poland, young people, open to any news. Unfortunately, it happens so that an estimate at this point, the message of intuition, which is not always reliable, and hence only a step closer to bankruptcy.

Conclusions

The head of the small and medium-sized enterprises should use the brand name of the product as a strategic factor.¹⁵ It is known fact that companies

¹⁵ B. Imbis, Marka w strategii małych i średnich przedsiębiorstw, Przemysł Spożywczy 2002, nr 12.

of this type have a range of rather local, limited financial resources for promotion and advertising, which is why it seems to be carrying out activities designed to create a strong, local brands, which would be identified with high quality (the most famous and recognized brands now comes from small, family businesses). To overcome financial constraints (for research, development, advertising, etc.) can help strategic alliances or horizontal agreements with other companies. In this way, these companies can find and fill market niches. Another option is to also work with large companies (as e.g. subcontractors or certain producers of goods). However, it most often with total submission, an in making any decisions. Virtually SMES do not have in this case, the chances of recovering autonomy, because the entire capital was subject to the requirements of the contractor, who skillfully probably will use his organizational advantage, financial, in the case of a decision adverse to him.

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