

## BARRIERS TO IMPLEMENTING THE STRATEGIC MANAGEMENT IN TRANSPORT SERVICES SMES

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**Purpose:** The aim of the study has been to identify factors being a barrier to the implementation of strategic management in small and medium-sized enterprises.

**Design/methodology/approach:** The basic sources of the information analysed are: the results of the survey questionnaire, in-depth interview and expert review.

**Findings:** Based on the research performed in the northern part of Poland, it can be argued that in transport enterprises of the SME sector, there are only single elements of strategic management the entrepreneurs are often not aware of.

**Research limitations/implications:** In the future, it is suggested to perform similar research on the presented topics. However, these tests should be done on the example of another industry. In 2020, it is planned to carry out research among enterprises in the printing industry.

**Practical implications:** The SMEs owners should keep on searching for the sources of the emerging barriers to strategic management application and make attempts at applying such instruments which will facilitate eliminating or reducing those barriers considerably.

**Originality/value:** A response to breaking the barriers not allowing for the implementation of strategic thinking in SMEs is also adapting the right IT tool, which is possible with a specific ERP class system function.

**Keywords:** strategic management, small and medium-sized enterprises, transport services sector.

**Category of the paper:** Research paper.

### 1. Introduction

Small and medium-sized enterprises wishing to operate in the conditions of a changing environment and permanent risk-taking must remember about entrepreneurial actions supported by strategic thinking. An increasing level of competition in the business environment should encourage synchronising strategic thinking and entrepreneurship (Zahra, Nambisan, 2012).

The condition determining the development of enterprises is the need to improve their management systems. Elements related to a strategic approach to organisation development are of special importance. A complexity and specific nature of small and medium-sized enterprises make those companies additionally face other, different than large organisations, problems related to management, especially strategic management. As for small enterprises, their strategy is determined not only by economic factors but also by factors resulting from ownership and interpersonal relations (Smolarek, 2017).

Observed over the recent years intensive economic changes on the Polish market have been a growing challenge for a stable enterprise development and operation. Such changes are less and less predictable, which makes defining their character, frequency and time of occurrence as well as their links with corporate processes difficult. To operate while being exposed to uncertainty and an ongoing risk-taking, corporate managers must start taking strategic actions to solve problems critical for their presence on the market (Urbanowska-Sojkin, 2012). In such circumstances entrepreneurs should create their own unique operation concepts considering the present and the future changes in the environment. With that in mind, strategic management is a comprehensive and ongoing formulating and, at the same time, implementing of effective strategies for a long-term company development management, and analysing the opportunities and threats from the environment. Polish small and medium-sized enterprises, on their path to fully market-like and strategic behaviour, have been still learning (Grochowski, Zwierzchowski, 2017).

The problem covered in this article is valid and essential when facing today's competition. The analysis of such conditions is very important not only for formulating the enterprise strategy but also for the enterprise finance, marketing and many other areas (Porter, 2010). Observed in the recent years intensive economic changes on the Polish market have been providing the grounds for greater and greater challenges to a stable development and operation of enterprises. Such changes are less and less predictable, which makes defining their character, frequency and time of occurrence as well as their links with the corporate processes difficult. To operate while being exposed to uncertainty and an ongoing risk-taking, corporate managers must start taking strategic actions to solve problems critical for their presence on the market (Grochowski, Zwierzchowski, 2017).

## **2. Method**

To evaluate the extent of strategic management application in transport enterprises and the factors making such implementation difficult, the results of the survey questionnaire, in-depth interview and expert review were considered. The survey questionnaire was carried out among transport services enterprises from the northern part of Poland, representing the Kujawsko

Pomorskie Association of International Carriers. 560 enterprises were studied. All the enterprises represent the SME sector. The final sample number included 400 transport services SMEs which could be provided with the survey questionnaire. 121 completed questionnaires were returned, which was a sample taken, whereas an in-depth interview was made in 5 SMEs randomly selected from the sample.

The expert reviews applied, on the other hand, facilitated indicating the key factors making the strategic management implementation in small and medium-sized enterprises difficult. A group of experts also helped defining guidelines on how to enhance strategic management awareness of the owners and employees of the enterprises studied. The study involved a team made up of thirteen experts, including representatives of higher education providers, scientific research institutes and business environment institutions.

The information collected using an e-survey was adequately analysed. The first action was to verify the cohesion of the responses to the questions asked to the respondents. The second action was an analysis of the respondents' response distribution according to the impact assessment. Besides the results were verified with the dominance analysis, which allowed for indicating the respondents' most frequent answers (Kaczmarczyk, 2014).

### **3. Evaluation of the extent of strategic management application in transport services enterprises**

An inaccurate knowledge of the operation of the micro-environment by small and medium-sized enterprises and missing skills of reacting to its changes limit the possibilities of introducing innovations and taking up initiatives to gain a competitive advantage on the transport services market. The knowledge of the transport services market microenvironment by Polish micro- and small enterprises is often considered insufficient, which does not look good when compared with other enterprises in terms of geopolitics operating as the European Community (Grochowski, 2016).

SEMs management is, to much extent, different than large enterprise management. Very often it creates many problems and it is frequently much more difficult than managing a large entity which uses the advisory services or which employs management specialists. Managing the enterprises of that sector can be based on the catalogue of actions constituting that process. Obviously those actions also occur in big companies, however they assume a different meaning. In small and medium-sized enterprises some actions are of little importance or they are meaningless for management process even though they should be considered. This case is presented in the table below (Piecuch, 2010).

**Table 1.***Importance of selected actions constituting the process of management*

Action type	Number of indications and impact for response variants								Dominant impact	Weighted mean
	0	%	1	%	2	%	3	%		
Cost analysis	1	0.83	1	0.83	20	16.53	99	81.82	3	2.79
Short-term (current) planning	3	2.48	12	9.92	80	66.12	26	21.49	2	2.07
Analysis of the environment (opportunities and threats)	14	11.57	76	62.81	20	16.53	11	9.09	1	1.23
Long-term (strategic) planning	44	36.36	39	32.23	18	14.88	20	16.53	0	1.12

Data source: own elaboration based on the study performed.

Out of the proposed thirteen actions constituting the process of management, the owners of transport services enterprises most frequently pointed to the cost analysis. Out of the sample of 121 enterprises, 81.82% of the owners found that it is the action which is of key importance for the enterprise operation. In the proposed group of actions, for those marked with weight 2 group, four items were identified. Out of those four actions, short-term (current) planning comes first, which accounts for 66.12% of the sample. The respondents considered the following actions to be of little importance for enterprise management: the analysis of the environment (opportunities and threats) (62.81%). The management process actions in the enterprises analysed with impact “0” in most cases are not important for enterprise management. The sequence of those actions due to the number of indications is: delegating the areas and powers to other employees (39.67%) and long-term (strategic) planning (36.36%). The last two actions missing in the management process point to a low strategic management awareness. Such conclusion has been also definitely affected by a little focus on the performance of the following actions: the analysis of the environment, objective execution, comparison of real-life results with the planned ones. The only definite sign of strategic management is the determination of the direction the company is following by enterprises’ owners, however, that one action is definitely not enough. The data presented show that the owners of the enterprises analysed assumed the management model mostly based on data ex post, short-term, namely operational management.

#### **4. Identifying factors which make the strategic management application in the enterprises under study difficult**

With the survey questionnaires and expert reviews made, the problems of transport services SMEs were identified. The enterprises indicated the following to be the key problem areas: how to increase the profit level (83.47% of the sample) and how to lower the level of costs (71.07% of the sample). Considering those problems to be of key importance was due to the conviction that the financial analysis and the cost analysis are most essential actions in terms

of enterprise management effectiveness. Considering the problems directly concerning the management processes of low importance was mostly due to a lack of knowledge of the translation of the actions performed into the profit level and the amount of costs.

The second reason is a lack of adequate management instruments adapted to SMEs. Finally, the third reason is a lack of cooperation of the enterprises with institutions or specialists in terms of strategic and operational management.

Determining the barriers discouraging from applying the strategic management practice in SMEs was necessary to identify the guidelines to improve the situation. A breakdown of the barriers limiting the strategic management implementation in transport services SMEs is given in Table 2.

**Table 2.**

*Barriers discouraging from the use of strategic management assumptions*

Response type	Number of indications and weights for respective responses								Dominant weight value	Weighted mean
	0	%	1	%	2	%	3			
Lack of sufficient strategic management knowledge and skills	0	8.26	6	13.22	8	64.46	17	14.05	2	1.84
Applying strategic management procedures is too labour-intensive	7	5.79	4	19.83	2	67.77	8	6.61	2	1.75
Difficulties in translating the strategies into actions	7	14.05	0	16.53	6	62.81	8	6.61	2	1.62
Lack of strategic management specialist	0	24.79	2	26.45	1	42.15	8	6.61	2	1.31
Low strategic management procedures application effectiveness	5	28.93	5	20.66	8	47.93	3	2.48	2	1.24
Conviction that the entrepreneur cannot afford strategic management assumptions implementation	2	18.18	8	47.93	6	29.75	5	4.13	1	1.20
Different opinions in regard to strategic management applicability	4	19.83	0	66.12	0	8.26	7	5.79	1	1.00
Lack of the adequate IT system	0	24.79	7	55.37	0	16.53	4	3.31	1	0.98
Employees' resistance to adapting to the principles of strategic management	6	54.55	8	23.14	5	12.40	12	9.92	0	0.78
Inadequate organizational structure	7	47.11	4	36.36	6	13.22	4	3.31	0	0.73

Data source: own elaboration based on the study performed.

Analysing the results, one can observe five essential factors providing a barrier for the enterprises implementing strategic management solutions, including, according to the order of importance, calculated with the weighted mean: lack of sufficient strategic management knowledge and skills (1.84), applying strategic management procedures is too labour-intensive (1.75), difficulty in translating the strategy into actions (1.62), lack of strategic management specialist (1.31), low strategic management procedures application effectiveness (1.24). The barriers justify a statement that problems in formulating and executing the strategy in SMEs are not only due to the lack of managers' knowledge but also due to the lack of common good strategic management practices in that sector. The existing instruments useful for developing, implementing and controlling the strategic management processes are, in many cases, complex analytical procedures that are mostly useful in big companies, yet difficult to implement in SMEs and so the entrepreneurs can be justified to think that the application of strategic management procedures is very labour-intensive.

To supplement the knowledge of the barriers discouraging from the strategic management practice, except for the survey questionnaire results, experts were also asked about their opinions on the main barriers to strategic management development in SMEs. The key factors which discourage SMEs from applying strategic management solutions considered by the experts were as follows: lack of sufficient strategic management knowledge and skills (13 experts = 100%) and lack of strategic management specialist (8 experts = 62%). A comparison of the survey questionnaire with the results of the expert reviews perfectly overlap, which confirms the essence of the problem. Additionally the experts have indicated other barriers, namely the willingness to generate income upon the strategy implementation; a conviction that strategic management actions are irrelevant and that they do not bring the expected results; lack of adequate educational programmes; lack of entrepreneurs' knowledge of strategic management and translating it into a competitive advantage.

The environment is more and more demanding, especially due to competition which is not only getting stronger and stronger but also because its scope and character is changing. Adapting the enterprise to the environment is getting more and more difficult and thus it requires constantly greater knowledge and skills to provide the adequate response to the new emerging opportunities and threats. The SMEs environment is complex and changing dynamically and, as such, its impact discourages the entrepreneurs from using the strategic management philosophy. The key arguments used by the owners of the enterprises under study concern long-term objectives becoming invalid quickly (58.68% of the sample), a difficulty of building competitive advantage (46.28% of the sample) and growing new resources access limitations (43.80% of the sample).

## 5. Conclusion

The basic conclusion drawn from this research is that contemporary enterprises should apply strategic management, which coincides with the need to search for solutions to growing problems, which determine whether it will be possible to remain on the market and in the sector as a competitive entity.

Uncertainty in terms of changes in the environment is a factor discouraging from applying strategic management. A strong impact of the environment in the SMEs sector discourages the entrepreneurs from using the strategic management philosophy since the long-term objectives are quickly outdated, building a competitive advantage is more difficult, new resources access limitations are growing and it is more and more difficult to translate the strategies, even if formulated, into actions.

It is not necessary to engage specialised teams and substantial funds to manage the enterprise in compliance with the basic strategic thinking principles (Marjański, 2018). The simplest way is to consider the set of methods and tools of strategic analysis and to choose the ones which will provide only indispensable information and the application of which is simple and does not require special competences of the employees. For the enterprises under study, as already mentioned, the information on the environment and the strategic potential of the enterprise is essential. If, in practice, attempts are made to collect and to analyse the information to facilitate decision-making process, it means the strategic management is in place.

A response to breaking the barriers not allowing for the implementation of strategic thinking in SMEs is also adapting the right IT tool, which is possible with a specific ERP class system function, which can operate without the need to purchase the entire system; Strategic Enterprise Management, based on data resources and their information on all the actions made in the enterprise, starting from those of a lower strategic importance to decision-making operations at the top enterprise level. The key functions of the SEM subsystem are: financial links, acquiring information, strategic planning and making simulations and managing capital investments (Parys, 2006).

The SMEs owners should keep on searching for the sources of the emerging barriers to strategic management application and make attempts at applying such instruments which will facilitate eliminating or reducing those barriers considerably (Sołoducho-Pelc, 2017).

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