

MANAGERIAL COMPETENCIES AND REMEDIAL RESTRUCTURING IN MICRO AND SMALL ENTERPRISES

Edward STAWASZ

Department of Entrepreneurship and Industrial Policy, Faculty of Management, University of Lodz;
edward.stawasz@uni.lodz.pl, ORCID: 0000-0003-4744-6096

Abstract: The paper is devoted to the issue of the relationship between managerial competencies and the success or failure of restructuring in small businesses in Poland. It presents the determinants and selected characteristics of companies' operations (the scale of their business activity and age, the market they operate in, as well as the experience and level of business knowledge of their managers) along with the characteristics of crisis situations and restructuring measures undertaken. In the second part of the paper, the results of empirical research conducted with the use of the CATI technique on the sample of 130 Polish micro and small enterprises in the construction materials distribution sector are presented. The research confirms the hypothesis concerning the existence of a significant positive correlation between managerial competencies and the effectiveness of restructuring of the surveyed companies influenced by the nature and intensity of the crisis.

Keywords: small businesses, managerial competencies, restructuring.

Introduction

In the literature on management in the micro and small enterprises sector, the low level of managerial competencies encompassing managers' business knowledge and company management skills is mentioned as one of the significant challenges in successfully running businesses in an increasingly uncertain environment (Adamik, Bednarska-Wnuk, 2014; Ciszewska-Mlinaric et al. 2011; Czapla 2011, p. 21). The necessary competencies can be developed independently by managers as well as derived from the environment, from business partners or from advisors in the form of a professional service, and they can influence the course and results of the activities undertaken and, consequently, the survival and/or success of companies (Grabowski, Stawasz, 2017; Blackburn et al. 2013; Gudkova, 2008, p. 160).

Remedial restructuring is one of those management areas that enable the restoration of organisations' equilibrium with the environment. It is a response to the emergence of a crisis phenomenon in a company which threatens its survival or implementation of its development goals. Restructuring usually includes a number of short-term activities in selected areas of company operations aimed at improving the company's basic economic and financial indicators.

The issue of the impact of managerial competencies on the success of remedial measures undertaken in small businesses is still poorly recognised (Girod, Karim, 2017). This impact seems to be determined by numerous factors: industry-related, market-related, associated with the scale and age of companies, the development level of the business advice services market, support policy, etc. The role and severity of the crisis situation that threatens the survival of the company may play a moderating role (Szwajca, 2014). For this reason, it may be interesting to examine the impact of managerial competencies on the results of the remedial actions undertaken in small businesses.

The paper is devoted to discussing the impact of the level of managerial competencies on remedial restructuring undertaken in micro and small enterprises. A positive and significant influence of the level of managerial competencies on the scope and results of remedial restructuring in the context of effects of the crisis situation was assumed, i.e. the greater the effects of the crisis on the functioning of companies, the more important the level of managerial competencies. The paper discusses the diversification of companies due to the level of managerial competencies as well as the scope and results of remedial actions. The second part of the paper presents the results of empirical research carried out among 130 Polish small businesses from the construction materials distribution industry characterised by high instability and high risk for companies operating in this sector. The analysis of the results of the research confirms the existence of a relationship between the level of managerial competencies and the scope and results of remedial actions in the context of effects of the crisis situation.

Literature review

The survival and development of enterprises under the conditions of constant changes in an unstable environment requires the carrying out of permanent restructuring processes that enable companies to restore the equilibrium with the environment. The necessity to use these measures applies to both large and small companies. However, based on the literature review conducted, it can be noted that most studies on restructuring concern mainly large companies, despite the fact that entities with a smaller scale of operations constitute the dominant part of the entire business population and are more exposed to the negative impact of market barriers and emerging crisis situations which in many cases lead to bankruptcy and liquidation of companies

(Mayr et al. 2017; Spillan, Hough, 2003). There is a lack or shortage of methods and tools that allow managers of micro and small companies to carry out this process independently (and effectively), and the proposed external business advice services are usually expensive and often do not guarantee success (Spizyk, 2017, p. 219; Doern, 2016; North et. al. 2011, p. 38).

Micro and small companies have a number of specific characteristics which define their behaviour and are different from larger entities (Grabowski, Stawasz, 2017; Jaoun, Lasch, 2015). Unlike large companies, most smaller entities are in the initial (existence) and survival phases, and only some of them achieve success, becoming a stable or expansive entity. In each phase of development, a company faces new problems and challenges, barriers and risk factors (Garnsey et. al. 2006; Wasilczuk, 2005, p. 45).

The features specific to micro and small companies include primarily: the dominant role of the owner in managing the company, simple structures, limited tangible and intangible resources, and an intuitive way of managing (Jaoun, Lasch, 2015). According to the resource-based approach, resources and capabilities are a potential source of development and competitive advantage of enterprises (Blackburn, et al. 2013; Freiling, et al. 2008). Limited resources (human, financial, technical ones, etc.) and capabilities make professionalism in management (employing professional managers) and formulation of development strategies difficult (Singh, Garg, 2008; Man, et al. 2008) and may form a barrier to creating sustainable development, leading to economic failures or even bankruptcy of companies. A significant number of micro and small enterprises experience failure or even collapse due to limited resources, including management knowledge and skills, necessary for running an effective and successful business (Caiazza, et al. 2015; Dyer, Ross, 2007). This particularly applies to companies operating in a dynamic and competitive environment.

Restructuring is defined as a sort of company transformation, a measure often used to save a given company, and on the other hand, its positive aspect can also be seen in companies that are in good condition (Borowiecki, Nalepka, 2003, p. 85; Suszyński, 2009, p. 22). Restructuring aimed at immediate improvement of a given company's economic and financial situation is referred to as remedial restructuring. It belongs to those management areas that enable the restoration of companies' equilibrium with the environment. It usually includes a series of short-term actions (1-2 years) in selected areas of a given company's operations (organisation, human resources, information flow, production, supply, market, etc.) (Stępnia-Kucharska, Stos, 2009, p. 25).

Remedial restructuring is a response to the occurrence of a crisis in a company which threatens its survival or achievement of its goals. The reasons for the emergence of crises can be seen both in companies' environment and inside companies. The occurrence of a crisis in a company brings about negative consequences in the form of, among others: deterioration of the company's reputation, loss of loyalty of its employees, reduced level of sales and declining financial performance as well as additional costs associated with the measures to recover from the crisis (Lachiewicz, 2015; Szwajca, 2014).

The restructuring process is carried out by bringing under control and eliminating the immediate sources of the crisis and maintaining at least the minimum level of financial liquidity of the company, enabling its survival. This is not an easy task for small business managers, as it indicates the need for changes in many areas of the company's operations, often under time pressure, and requires financial commitment under stressful conditions accompanied by uncertainty of results (Stępnia-Kucharska, Stos, 2009, p. 62). The performance of remedial restructuring requires comprehensive knowledge and skills on the part of managers, staff cooperation, as well as support of other people and external institutions. Access to external knowledge and other resources and services, along with their absorption, becomes an important factor in taking effective remedial actions and building developmental orientation in small companies (Matejun, 2015, pp. 93-94; Viljamaa, 2011).

The issue of the impact of managerial competencies on the success of remedial restructuring in micro and small enterprises is still poorly recognised in the literature (Spillan, Hough, 2003). This applies, among others, to the extent to which the course and success of remedial restructuring results from the high quality of management, and hence managerial competencies, and to what extent it is a result of external economic and market factors or law regulations (Mayr, et al. 2017; Skalik, Wierzbic, 2013; Pett, Wolff, 2012). Although the literature on the effectiveness of remedial measures is extensive, there is a lack of description of factors that take into account the specificity and management of small businesses. The research results are ambiguous. On the one hand, there are studies showing a positive impact of managerial competencies on development orientation, management quality and company performance, including the success of remedial restructuring (Ng, Kee, 2018; Spizyk, 2017, p. 218; Adamik, Bednarska-Wnuk, 2014;). On the other hand, there are also studies that show a limited impact of managerial competencies on management quality as well as company performance (Szwajca, 2014; Skalik, Wierzbic, 2013; Dębicka, 2014, pp. 233-243).

The influence of managerial competencies on the results of remedial restructuring in micro and small enterprises, dominated by the owner and his or her family, may be diversified due to numerous industry and market conditions, according to the scale and age of companies, business experience and education of the owners and/or managers, the development level of business advice services market, support policy, etc. (Anderson, Ullach, 2014; Cucculelli, et al. 2014; Supyuenyong, et al. 2009). It seems that it can be modified by the nature and consequences of the crisis situation that threatens the survival of a given company (Szwajca, 2014). Other factors influencing the effectiveness of remedial restructuring in micro and small enterprises include the issue of the availability of methods and techniques of remedial measures and financial resources.

The relationships between the level of managerial competencies, the effectiveness of remedial restructuring and the effects of the crisis are of a feedback nature and, consequently, seem to be an important element in shaping managerial competencies in small businesses. The relationship between the level of managerial competencies and remedial restructuring may

indicate the importance of managerial competencies for the success of remedial actions (Ropega, 2013, p. 69). A strong dependence means that a high level of managerial competencies is necessary for the effectiveness of remedial restructuring. In turn, the effects of a crisis situation can have three functions in this process: (i) influence the development of management experience of people implementing remedial actions, (ii) affect the effectiveness of remedial measures, and (iii) stimulate managers to take remedial actions. The awareness of managers regarding the threats and consequences related to crisis situations is of great importance (Ng, Kee, 2018; Doern, 2016; Kotlar, et al. 2014). It affects the need to develop managerial competencies which are a prerequisite for the effectiveness of remedial actions.

A model of dependencies illustrating the impact of managerial competencies on the scope and results of remedial restructuring undertaken in micro and small enterprises in the context of effects of a crisis is presented in Fig. 1. The paper presents two main hypotheses: managerial competencies have a positive direct impact on the scope of remedial restructuring, and this impact grows with the increase in the level of managerial competencies (H_{1a}), and they have an indirect impact on the results of remedial restructuring (H_{1b}). In addition, it presents three auxiliary hypotheses: on the relationship between the effects of a crisis and managerial competencies (H_{2a}), on the relationship between the effects of a crisis and the scope of remedial restructuring (H_{2b}), and on the moderating impact that the effects of a crisis have on the relationship between managerial competencies and the scope of remedial restructuring (H_{2c}).

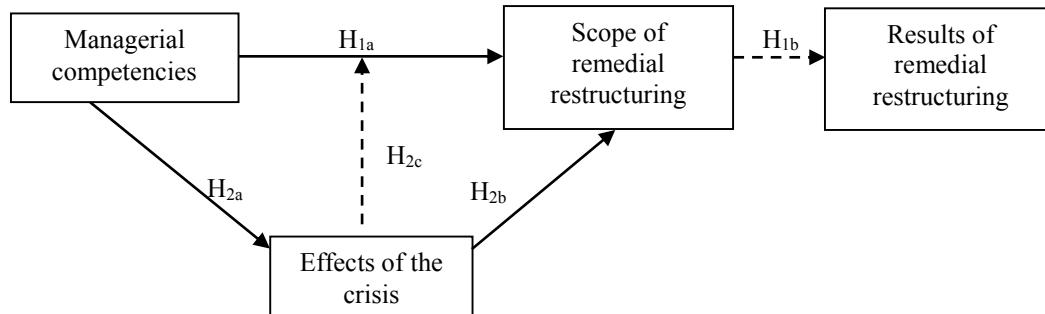


Figure 1. Proposed model of impact. Source: own elaboration.

Research methods

The study on the impact of managerial competencies on the scope and results of remedial restructuring undertaken in micro and small companies in the context of the effects of a crisis was carried out with the participation of the author in 2017 as part of a project entitled “Restructuring in a small company – specificity, limitations, methods” (Spizyk, 2017). The aim of the research was to determine the impact of selected factors on the success or failure of remedial restructuring undertaken in micro and small companies operating in the construction

materials distribution industry. The study was conducted by means of a survey questionnaire, using the method of computer-assisted direct telephone interviews (CATI) with the owners or co-owners of enterprises or their general managers. In the research methodology, it was assumed that the sample would encompass 130 Polish enterprises from the construction materials distribution industry, operating throughout the country in the micro and small enterprises sector (with up to 49 employees), meeting the criterion of the occurrence of crisis situations in the years 2013-2015 as a result of which remedial actions concerning their innovativeness were undertaken in the last three years before the interview. They were randomly selected using a random number generator on a group of 25,000 companies from the REGON database of the Central Statistical Office.

The original data obtained as a result of the surveys were subjected to statistical analysis and statistical comparative analysis. A standard data analysis and description procedure in the framework of descriptive and mathematical statistics were used in the study. The selection of factors determining the impact of business advice on selected areas of operation and performance of small innovative companies was carried out taking into account the following criteria: substantive, formal and statistical.

The research sample was dominated by mature companies with over 10 years of market presence (69.2% of the companies), while the share of companies with 4-10 years of market presence was 23.1%, and the share of young companies (up to 3 years of activity) was small and amounted to 7.7% of the enterprises surveyed. The average employment in 2016 was 15 people. The predominant enterprises were micro companies (employing up to 9 people), representing 56.9% of the entire sample, while small companies (with 10-49 employees) accounted for 43.1% of the sample. As for the market structure, the local and national market predominated (45.4% and 39.2% of the companies, respectively). More than 10% of the enterprises surveyed indicated international markets as dominant in the sales structure, and 5.4% had a balanced market share. 43.1% of the companies conducted business activity in the form of sole proprietorship, a relatively large part of the sample consisted of commercial law companies (33.1%) and partnerships (23.1%), while 7% of the companies operated in the form of a business cooperative. Over half of the sample (56.2%) are companies that are family owned and managed by family members. The surveyed enterprises believe that the construction materials distribution industry is characterised by a relatively high rate of change (an average score of 3.5 points on a 1-5-point scale, where 1 point means no change and 5 points a fast rate of change), creating great risk and lack of stability for companies operating in this industry.

All the enterprises surveyed underwent crisis situations in 2013-2015 as a result of which they undertook remedial actions aimed at restoring their financial equilibrium. In the opinion of the companies, the crisis situation (taking into account the impact of the crisis on nine distinguished areas of companies' activities) had a limited impact on their functioning, as 66.2% of the companies rated it as very weak or weak and 19.2% of the companies as moderate, while 14.6% of the companies assessed it as strong.

Results and discussion

Managerial competencies in the field of remedial measures

In the paper, managerial competencies in the field of remedial measures were defined as a construct encompassing knowledge of managers and their experience in this area. The assessment of the level of competencies was conducted on the basis of the opinions provided by the managers of the surveyed companies on a 1-5 point scale, where 1 point means a very low, while 5 points mean a very high level of managerial competencies. The average level of managerial competencies in the field of remedial actions in the examined sample was defined as moderate and amounted to 2.7 points.

The importance of managerial competencies is shown by a system of barriers to restructuring indicated in the assessment provided by the enterprises surveyed. More than half of the companies (51.5%) recognised managerial competencies as the basic barrier to restructuring. The remaining 48.5% of the companies considered the following problems as the main barriers to restructuring: high restructuring costs, lack of time and financial resources for remedial measures, conflicts in the company as to the direction of remedial actions, and lack of external restructuring support. The system of barriers to restructuring depends on the scale of enterprises. The smallest companies (employing up to 9 people) emphasise the importance of non-competencies-related barriers (57.1% of the companies), and larger companies emphasise the importance of managerial competencies (52.7% of the companies).

The enterprises surveyed were divided into two groups according to the level of managerial competencies: companies with a low level of competencies (1-3 points) and a high level of competencies (4-5 points). In the research sample, the share of group I, consisting of companies with a low level of competencies (79.2% of the companies), prevails in comparison with group II comprised of companies with a high level of competencies (20.8% of the companies) (Table 2). The mentioned groups of companies differ significantly in the average rating for the adopted indicator: group I – 2.3 points, group II – 4.2 points.

Company managers with high managerial competencies have greater professional experience compared to those with low competencies (respectively: 27 years and 17 years), they are characterised by a higher level of management knowledge (respectively: 3.3 points and 2.3 points on a 1-5-point scale), they manage larger companies (employing on average 21 persons and 13.5 persons, respectively), and they also often improve their knowledge in the area of remedial actions (85.2% and 65% of the companies, respectively). The basic sources of knowledge improvement are: learning on the basis of own experience (56.7% of the companies), learning from business partners (22.2% of the companies) and learning from the Internet (7.8% of the companies). Business advice, courses, training and publications were mentioned by 4.4% of the companies surveyed. The companies with higher managerial competencies in the field of remedial actions more often have a monitoring system of crisis

situations as compared to companies with lower competencies (81.5% and 57.3%, respectively).

Remedial restructuring

In the analysed period of 2013-2015, the surveyed enterprises undertook a total of 268 remedial actions, which means that there were on average 2.1 remedial actions per one company. One remedial action was carried out in 41.5% of the companies surveyed, two actions in 27.7% of the companies, and in the remaining 30.8% of the companies there were three to six such actions. The most numerous were measures taken in the field of reorganisation (36.9% of the companies), cost reduction (18.5%), as well as changes in the business profile and technical modernisation (10.8% of the companies).

In the analysis, the sample was divided into two groups of companies according to the extent of restructuring, taking into account the number of remedial actions taken by the enterprises surveyed: a small scope (one remedial action) and a large scope (two or more remedial actions). The companies with a larger scope of restructuring are larger in comparison with the companies with a smaller scope (employing 18.6 and 9.9 persons, respectively), more often have a development plan (respectively: 88.2% and 53.7%), more frequently operate not only in local markets (respectively: 63.2% and 42.6%), and more often have a system for monitoring crisis situations (respectively: 69.7% and 51.9%).

As a criterion for assessing the effectiveness of remedial actions undertaken by the enterprises surveyed, the evaluation of the total impact of remedial actions on the companies' performance in selected nine business areas (including financial results, turnover, inventories, employment, operating costs, information flow, atmosphere in the company, the managers' approach to crisis situations) according to a 1-3 point scale was adopted, where 1 point meant no impact, 2 points – a weak impact, and 3 points – a significant improvement in the situation. The companies identified the results of remedial restructuring associated with the remedial actions taken mainly as weak (73.1% of the companies), 24.6% of the companies indicated a significant improvement in their situation, while 2.1% of the companies indicated a deterioration of the situation. On the basis of this indicator of the effectiveness of remedial restructuring, the companies were divided into two categories: unsuccessful companies (i.e. no noticeable success of remedial actions) and successful companies which recorded a noticeable success of remedial actions. The unsuccessful companies prevailed (75.4% of the companies), while the successful ones accounted for 24.6% of the total population. The successful companies are larger compared to the unsuccessful ones (employing 15.6 and 14.8 people, respectively), more often have a development plan (respectively: 90.6% and 68.4%), more frequently operate in markets others than local (respectively: 65.6% and 51.0%), and more often have a system for monitoring crisis situations (respectively: 68.3% and 60.2%).

Interdependencies

In order to establish interdependencies among the level of managerial competencies of the people running the companies surveyed and the scope as well as results of remedial restructuring, Pearson's C contingency coefficient was applied (Table 1). The analysis shows that the level of managerial competencies is statistically significantly correlated with the scope of remedial restructuring measured by the number of remedial measures taken – the coefficient for both categories is 0.197, with the significance level of 0.001. It can therefore be concluded that managerial competencies have a positive direct impact on the scope of remedial restructuring, and this impact grows with the increase in the level of managerial competencies (H_{1a}). However, there are no statistically significant dependencies between the level of managerial competencies and results of remedial restructuring, which may mean that the effectiveness of remedial actions of companies is not related to the managerial competencies possessed (hypothesis H_{1b}). Similarly, there are no statistically significant relationships between managerial competencies and the effects of a crisis (hypothesis H_{2a}).

The analysis revealed a statistically significant relationship between the scope of restructuring and the effectiveness of remedial actions – the coefficient for both categories is 0.288, with the significance level of 0.001, which means that undertaking a wider restructuring programme determines its effectiveness. The scope of remedial restructuring is significantly correlated with the effects of a crisis – the coefficient for both categories is 0.211, with the significance level of 0.001, which may mean that the greater the effects of the crisis, the more extensive the restructuring programme implemented in companies (hypothesis H_{2b}). In addition, a statistically significant relationship was found between the effects of a crisis and the effectiveness of remedial restructuring – the coefficient for both categories is 0.348, with the significance level of 0.001. This seems to indicate interdependencies among managerial competencies, the scope of restructuring, the effects of a crisis and the effectiveness of remedial actions.

Table 1.
Interdependencies

	MC	SRR	RRR	EC
MC	1.000			
SRR	0.197**	1.000		
RRR	0.016	0.288**	1.000	
EC	0.110	0.211**	0.348**	1.000

** – significance level < 0.01; MC – managerial competencies; SRR – scope of remedial restructuring; RRR – results of remedial restructuring; EC – effects of a crisis.

Source: own elaboration.

In order to verify whether the effects of a crisis have a moderating impact on the relationship between managerial competencies and the scope of remedial restructuring (hypothesis H_{2c}), the parameters of the following probit model were estimated:

$$SRR_i^* = \alpha_0 + \alpha_1 MC_i + \alpha_2 EC_i + \alpha_3 MC_i * EC_i + \varepsilon_i, SRR_i = 1\{SRR_i^* > 0\} \quad (1)$$

where:

SRR_i – binary variable taking the value of 1 for the companies with a large scope of remedial restructuring,

MC_i – variable denoting the assessment of managerial competencies,

EC_i – zero-one variable taking the value 1 for the companies recognising that the effects of the crisis were significant.

The threshold significance level for the $MC_i * EC_i$ variable was 0.322, which means that effects of a crisis do not have a moderating impact on the relationship between managerial competencies and the scope of remedial restructuring. Therefore, the impact of a crisis and managerial competencies on the scope of remedial restructuring without the $MC_i * EC_i$ variable was subsequently tested.

To test the impact of the effects of a crisis and managerial competencies on the scope of remedial restructuring (hypotheses H_{1a}, and H_{2b}), the parameters of the following probit model were estimated:

$$SRR_i^* = \alpha_0 + \alpha_1 MC_i + \alpha_2 EC_i + \varepsilon_i, SRR_i = 1\{SRR_i^* > 0\} \quad (2)$$

where:

SRR_i – binary variable taking the value of 1 for the companies with a large scope of remedial restructuring,

MC_i – variable denoting the assessment of managerial competencies,

EC_i – zero-one variable taking the value 1 for the companies recognising that the effects of a crisis were significant.

Based on the estimation, the following results were obtained (Table 2):

Table 2.

Results of the estimation of the probit model parameters

Variable	Estimate	Standard error	Threshold significance level
Constant	-1.463	0.534	0.006
MC	0.620	0.300	0.039
EC	0.835	0.369	0.024

Source: own elaboration.

The threshold significance level for MC and EC variables is 0.039 and 0.024 respectively, which means that by adopting the significance level of 0.05, the null hypothesis that there is no impact of the effects of a crisis and managerial competencies on the scope of remedial restructuring should be rejected. Therefore, both the effects of a crisis and managerial competencies have a significant impact on the scope of remedial restructuring.

To test the indirect impact of managerial competencies on the results of remedial restructuring (hypothesis H_{1b}), the parameters of the following probit model were estimated:

$$SRR_i^* = \alpha_0 + \alpha_1 MC_i + \varepsilon_i, SRR_i = 1\{SRR_i^* > 0\}, \quad (3)$$

where:

SRR_i – binary variable taking the value of 1 for the companies with a large scope of remedial restructuring,

MC_i – variable denoting the assessment of managerial competencies,

and

$$RRR_i^* = \beta_0 + \beta_1 RRR_i + \varepsilon_i, RRR_i = 1\{RRR_i^* > 0\}, \quad (4)$$

where:

RRR_i – zero-one variable taking the value 1 for the companies recognising that the effects of a crisis were significant,

The results of the estimation are presented in Tables 3 and 4.

Table 3.

Results of the estimation of the probit model parameters (3)

Variable	Estimate	Standard error	Marginal effect	Threshold significance level
Constant	-0.594	0.365	-	0.104
MC	0.679	0.296	0.264	0.022

Source: own elaboration.

Table 4.

Results of the estimation of the probit model parameters (4)

Variable	Estimate	Standard error	Marginal effect	Threshold significance level
Constant	-1.325	0.238	-	0.000
SRR	0.954	0.280	0.263	0.000

Source: own elaboration.

Managerial competencies have a significant impact on the scope of remedial restructuring, which in turn has a significant impact on the results of remedial restructuring. This means, therefore, that managerial competencies have an indirect impact on the results of remedial restructuring. The product of marginal effects is 0.069. This means that the increase in the assessment of managerial competencies by 1 point, with other factors unchanged, leads to the increase in the probability of positive effects of remedial restructuring by 0.069. The impact of managerial competencies on the results of remedial restructuring is indirect and very weak.

Types of companies

Four clusters of the enterprises surveyed were obtained through the imposition of two dimensions: managerial competencies and the scope of remedial actions (Table 4). The largest group consists of companies with a low level of competencies and a large scope of remedial actions, which includes 42.3% of the enterprises surveyed (Cluster III). The group of companies with a low level of competencies and a small scope of remedial actions includes 36.9% of the

enterprises surveyed (Cluster I), and the group of companies with a high level of competencies and a large scope of remedial actions includes 16.2% of the companies (Cluster IV). The aforementioned data indicate the existence of interdependencies between managerial competencies and the scope of remedial actions (this applies to a total of 53.1% of the companies surveyed).

The increase in the level of managerial competencies is accompanied to a large extent by the improvement in the scope of remedial actions. 77.9% of the companies with a high level of managerial competencies were characterised by a large scope of remedial actions. The remaining 22.1% of the companies with a high level of managerial competencies were characterised by a small scope of remedial actions due to various causes of crisis situations as well as financial and personnel constraints. In the case of the companies with a low level of managerial competencies, 53.5% recorded a large scope of remedial actions, which means that only a small majority of these companies managed to develop a more extensive programme of remedial measures.

On the other hand, if the companies had a more extensive programme of remedial actions, it was accompanied by higher managerial competencies rather than lower ones (27.7% and 10.3% of the companies, respectively). In turn, approx. 90% of the companies with a small scope of remedial actions had low managerial competencies. This confirms the conclusion concerning the relationship between the improvement of managerial competencies and an increase in the scope of remedial actions.

Table 4.

Distribution of companies in terms of managerial competencies and the scope of remedial restructuring

Managerial competencies	High	Cluster II 4.6%	Cluster IV 16.2%
	Low	Cluster I 36.9%	Cluster III 42.3%
		Small	Large

The scope of remedial restructuring

Source: own elaboration.

Characteristics of the companies surveyed and crisis situations

The comparison of selected characteristics regarding the two distinguished clusters of companies, i.e. I and IV, fulfilling the assumption concerning the relationship between the level of managerial competencies and the scope of remedial actions, indicates the existence of some differences in the scale of business operations, the level of business knowledge and experience

of the managers, the desire to increase business knowledge in the field of remedial restructuring, as well as the needs for and forms of support of managerial competencies (see Table 5).

Table 5.

Basic differences in the characteristics of managers and companies for selected company clusters (% of the companies)

Characteristics	Cluster I	Cluster IV
Company scale – average employment	9.4 persons	23 persons
Planning the company's activity	50.0%	90.5%
Monitoring system for crisis situations	47.9%	81.0%
Managerial experience	17.4 years	25.4 years
Level of business knowledge	High (54.2%)	High (90.5%)
Increasing business knowledge	50.0%	90.5%
Need for support of managerial competencies	85.4%	100.0%
Average number of postulated forms of support	One (56.3%)	Three or more (52.4%)
Postulated forms of support	Training+legal aid (58.3%)	Business advice+training (53.2%)

Source: own elaboration.

The relatively most favourable conditions for a larger scope of remedial actions resulting from the use of high managerial competencies occurred in entities with a larger scale of operations and a business plan, characterised by greater professional experience of managers with a higher level of business knowledge and increasing their business knowledge to a more significant degree. These entities to a greater extent signal the need for support of their managerial competencies in the field of remedial restructuring, mainly in the form of business advice and training, while entities with low managerial competencies and a smaller scope of remedial activities report the need for training and legal aid.

Table 6.

Basic differences regarding crisis situations for selected company clusters (% of the companies)

Characteristics	Cluster I	Cluster IV
Major internal cause of the crisis	Management errors (30.8%)	Problems with financing (50.0%)
Major external cause of the crisis	Increased competition (29.3%)	Business conditions in the industry (35.0%)
Frequency of crises	Occasional (79.2%)	Regular (57.2%)
Average period of recovery from the crisis	Less than 6 months (60.5%)	More than 6 months (57.1%)
Effects of the crisis	No or minor effects (79.2%)	Significant or very significant effects (33.3%)
Importance of the role of managers*	70.0%	85.7%
Importance of the role of external institutions*	Family, friends (18.8%)	Bank (19.0%)

*The role in overcoming the crisis.

Source: own elaboration.

Both groups of the enterprises surveyed also show clear differences regarding the characteristics of crisis situations (Table 6). The companies with high managerial competencies and a larger scope of remedial actions were more likely to experience crisis situations caused by financing problems and business conditions in the industry, and their effects had a more

significant impact on the functioning of these companies compared to the companies with low managerial competencies and a smaller scope of remedial measures, in which crises were caused by management errors and increased competition. In both groups of companies, their managers played a decisive role in overcoming the crisis; in terms of the role of external institutions, for cluster I, those included family and friends, and for cluster IV, it was a bank, i.e. an entity with a greater potential impact on the course of remedial actions and an increase in managerial competencies.

Conclusion

The analysis of the research results confirms the hypothesis on the relationship between the level of managerial competencies and remedial restructuring among the surveyed micro and small enterprises from the construction materials distribution industry. A larger scope of remedial actions was implemented in the companies with managers possessing higher managerial competencies. The research indicated a moderating influence of the effects of the crises experienced by the companies surveyed on this dependence. The greater the effects of the crisis, the higher the effectiveness of the remedial actions implemented with the use of higher managerial competencies, which may mean a greater need for high managerial competencies in implementing remedial measures.

Among the characteristics that may affect the relationship between the level of managerial competencies and the results of remedial restructuring are both internal and external factors comprising the scale of business operations, the managers' experience, as well as sources of knowledge and forms of cooperation with the environment in the area of knowledge regarding restructuring.

Relatively the most favourable conditions for the success of remedial actions resulting from the use of high managerial competencies occurred in entities with a larger scale of operations and a business plan, as well as with managers characterised by greater professional experience, possessing a higher level of business knowledge and raising their business knowledge on a more frequent basis. These entities signal the need for support of their business competencies in the field of remedial restructuring, mainly in the form of business advice and training. These companies were in crisis situations caused mainly by problems with financing and business conditions in the industry, and the effects of such crisis usually had a serious impact on their functioning.

The article has a number of limitations. It discusses Polish industry-specific conditions characterised by lower experience in conducting business activities on the part of micro and small enterprises compared to the 'old countries' of the EU, mainly due to the relatively short development period of the Polish SME sector (25-30 years), a lack of experience in taking

remedial actions, seen particularly in the mismatch of restructuring methods and techniques to the needs of micro and small enterprises, as well as a lack of tradition of cooperation between enterprises and consultants from the commercial sphere (Stawasz, Ropega, 2014, pp. 99-113). The study is static, concerning the results from one period and one industry. Future research should be extended to include the economic performance of enterprises (revenues, costs, employment). The role of entrepreneurship support policy may also require separate analysis, as in addition to the support for training, the support of the cooperation between small enterprises and consultants should also become an important element of this policy. Comparative analyses of managerial competencies in the area of remedial restructuring in micro and small enterprises operating in countries with a different degree of development of this sector may be also interesting.

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