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Studies in the sector of small and medium-sized enterprises and in family businesses

Małgorzata Martynoga, Marzena Jankowska

Wroclaw University of Economics, Wroclaw, Poland

E-mail address: jankowska.martynoga@gmail.com

*“Coming together is a beginning, keeping together is progress,
working together is success”*

Henry Ford

ABSTRACT

Small and medium-sized enterprises have been a majority of all business in the country for numerous years. Their development depends not only on size of the province, which they operate in, but also on the social and economic level. The small and medium-sized enterprises sector exerts significant influence on the economy and society. An increase in the number of economic entities is observed, including family businesses, which develop their reputation on the national and foreign markets. Purpose of the article is to present a tough research area, as well as a general operational strategy adopted in small and medium-sized enterprises and in family businesses.

Keywords: small and medium-sized enterprises; family business; studies

1. INTRODUCTION

Scientific studies of enterprises are a rare action undertaken by the researchers. The main reason is most probably the entrepreneurs' reluctance to take part in the study. The family businesses and the SME sector will be presented on the basis of own experiences and

literature of the subject, as an unknown and interesting field of studies. A significant value in the article is the respondent's unwillingness to take part in a survey questionnaire study, hiding numerous significant information and sometime negative perception of the performed study. The article presents, among others, experience of the authors in carrying out the survey questionnaire related to implementation and participation in innovations of small companies from Wałbrzych and the neighborhood, and literature of the subject related to the sector of small and medium-sized entrepreneurs and family businesses.

2. SURVEY QUESTIONNAIRE

In order to carry out the studies there were places selected with the highest accumulation of entrepreneurs, i.e. economic, accountancy or tax advisors' offices. In December 2015, the authors prepared a list of a dozen or so accountancy offices and tax advisors, and started to make phone calls asking for a possibility to carry out a survey for their studies. The conversations were short, everyone said they had not wanted to do it or handle with it. Another phone calls were made in further months, but the feedback in majority was the same - lack of time. The key eliminator for performance of the study, as a lady from the accounting office informed, is the unwillingness to take part in the survey questionnaire study. After receiving such information, we started acting in other directions. Personal involvement and several days committed to visits in the accounting offices in order to talk to an owner or a manager about a possibility of leaving or carrying out the survey questionnaires gave effects. Two accounting offices agreed to take part in the studies. In one of them we needed to be personally present to talk, encourage and ask the respondents to fill in the survey questionnaire.

The second office supervised the process of filling the questionnaire in by their customers in the period between February and April 2016. Summary of work with the surveys by the office workers was not positive. Feedback from respondents is the general unwillingness to fill in the questionnaire, and failure to notice any changes after studies over the enterprises. During the talks, the authors heard numerous times that the respondent had no time or was not willing to fill in the survey, provide answers, or the answer was simply "no". There were 35 questions prepared, however it needed to be corrected, so the research tool was eventually composed of 23 questions. The reason for this correction was the behavior of respondents, who seemed bored at the 20th question, and wanted to end the questionnaire without filling it in completely.

The prepared 150 questionnaires resulted in 114 filled in ones, out of which 110 were approved as correct, filled in and reliable. While summing up the author's studies that were applied in other scientific paper, it can be concluded that it is hard to establish cooperation with an entrepreneur in order to carry out studies. As demonstrated by practice, survey questionnaire studies are hard for introduction and implementation, as not many questionnaires are returned, and it is not always possible to carry out the research personally with the respondents. E. Venter, G. Boshoff and G. Mas [23] while researching factors related to an assignee in family businesses sent survey questionnaires to 1038 entities, and only 332 respondents returned them. A similar situation could have been observed in case of studies realized by Loyola University, Kenesaw State University and Babson College in the USA.

The studies were intended to obtain results regarding leadership and problems in management, planning and role of women in family businesses. The questionnaires covered more than 100 questions, and they were sent to 38000 family enterprises. Only 3% of the questionnaires, i.e. 1143, were returned, what lasted for 6 months [1]. However, not all pending and current studies face low rate of returned questionnaires. On the basis of world studies concepts carried out with survey questionnaires, such as e.g.: the program from 1997 - National Family Business Survey in the USA, on the sample of 708 enterprises [14], or studies carried out in Canada, which covered 700 enterprises [10], it can be stated that they are difficult yet possible.

The studies over entities from the SME sector on the sample of 1100 enterprises, carried out by Donckels and Frolich [8], who claim that the survey questionnaire is a valuable and at the same time difficult method, but possible to be realized, proved results hard for implementation. The first researchers of enterprises in Poland were W. Popczyk and A. Winnicka-Popczyk [15] in 1990s and beginning of the 21st century. The survey questionnaire method was also applied by A. Surdej and K. Wach [19], and in the research carried out in the WSB University in Wrocław, by K. Safin in 2012-2014 [20]. The limited research area caused that none of the above-mentioned projects were representative. An important and special Polish research project realized in 2009 was the research over family businesses ordered by the Polish Agency for Enterprise Development [22]. The studies were carried out by the Pentor Research International, performing survey questionnaires - a methodology proposed by the Polish Agency for Enterprise Development. The quantitative research was participated by 1280 entities from the SME sector, while 1610 family business were studied at the diagnostic and verification stage.

The survey questionnaire method is based on closed questions, potentially on semi-open and open questions. This method somewhat imposes a grid of answers developed by a researcher, and the respondent's task is to select only the proposed answers. A negative side of this study is the fact that respondents often provide random answers, because the respondent does not know the answer or it is not compliant with any of the propositions prepared by the researcher. Survey questionnaires will not allow finding numerous answers in SMEs and in family businesses, e.g. those related to family-company, family-employee or employee-family business relations. In case of SME enterprises, the survey questionnaire studies will not allow to obtain and evaluate information on management, relations or succession. While comparing SMEs that often operate in a form of small firm, not like the large companies, we can observe that relations are founded on trust in management, they become one and are based on a friend-employee principle.

3. REMAINING STUDIES

The authors aimed at acquiring entrepreneurs for the planned studies, thus they visited the above-mentioned entities personally in order to find a proper number of respondents. In one office, the field method was employed in order to carry out the surveys, although its extent was rather insignificant. The mentioned method coming from cultural anthropology [21] employs observation, interview and other collected information to reach the best description possible. Regarding frequent conversations with respondents, consisting in explanation of the surveys purpose and their final result, the authors described the researched

individual. They specified the character, lifestyle or the conversation itself. There were numerous situations, when the authors did not approach a customer assuming that they would not like to fill in the survey. Impulsive behavior, rapid talk and lack of time to explain the issue to the person involved in operation of the company caused lack of willingness to talk to or stop the respondent.

Within the whole period of the study, the authors met the same entrepreneurs numerous times. Short conversations always allowed to assess the present day of the respondent, e.g. positive finalization of issue from the previous day (it was a loan or a EU grant in several cases), and employees, debt collection, judicial, family or health matters. In such situations the authors employed such research techniques as observations or (in-depth, group) interviews [12]. In case of scientific studies in small and medium-sized enterprises, the key tool is an in-depth interview, but a significant problem is mobilization of the respondent and a moment for a conversation. SMEs and family business have complex cultural processes, which cannot be identified with any survey questionnaire method. Data obtained from the survey questionnaire method should be always complemented with an interview and an observation. Each type of a research method outlines important features of the companies, what will allow to take a closer look at the process of an entity maturing and development. Ellis, Adams and Bochner [9] describe the observation method that included the process and the results, while Holman Jones [13] describes the study as a personal, cultural experience, intended to describe and analyze a given entity. To sum up the remaining studies serving for acquisition of deep and representative results, it must be borne in mind that each information about entities can serve as a significant element of research.

4. STRATEGIES

The SME sector, including the family businesses, is a special sector in terms of numerous actions. It does not always function according to specified principles, as a corporation, where there is a division into duties related to management, financial and economic or personal issued. A significant aspect of various enterprises-corporation and the SMEs is motivation for work. Brickley and Dark [3] claim the motivation for development of the enterprise is higher among the supervising individuals (owners or co-owners) than among interim managers. There is also a connection between the ownership structure and the management structure observed [5].

Analyses from 1932 carried out by Berl and Means [4] put emphasis on advantages coming from combination of ownership, shares and capital with management. The most important positive asset of such a combination is avoidance of the interests conflict between the manager and the owner. However, all actions have also negative sides. A narrow group composed of a supervising individual - an owner, will not always implement and effectively promote development of their company [7]. A disadvantage is also a time and investment limitation. Owners that are strictly connected with the company often prefer to keep the profit than to invest, thus limit the development strategy [11]. Another negative result is difficulty in recruitment of employees, e.g. managers with high education and valuable experience [6], as the work will render promotion and development impossible, and the manager subject to the owner sometimes cannot make independent decisions. During surveys and conversations with the respondents, the authors got numerous answers that the respondent is incapable of

answering the question because this is the matter dealt with by the boss-owner, at the same time the supervising individual. Summary of several significant interviews showed that employees are not aware of actions related to development of the company. They did not take part in trainings or talks regarding change of the premises, and thus conditions of work. In case of SMEs, the talks often take place at a table at home, during time spent together, what excludes co-creation of the enterprises with employees. An employee, as an element of a working management-ownership system is a person with executive functions. Employees in such enterprises are not only family members but also friends, which is why small enterprises and their owners are responsible for the local community that they hire. Establishment of a development strategy is stopped or delayed because of threat to the company's financial liquidity, what will result in the employees being deprived of a financial source.

Lack of owners' experience and knowledge limits numerous decisions that can broaden the markets and increase income. Management in a family company is often wrongful, because the owner fails to construct plans with a longer time horizon. They are not willing to consider the future perspective, hence they become a threat. Management in each unit should be based on principles and implementation plans [17].

Emphasis in terms of management and planning should be put on rejection of planning, impulsive actions, causing incoherent response to the society and employees. While a positive aspect of a strategy in a small enterprise is posed by flexible working hours and adjustment to the market needs. Strategy related to openness for adjustment to various customer and market needs or handling issues as friends, can contribute to a long-lasting business. During the studies carried out by the authors, especially the talks with some respondents, there were memories of succession, i.e. handing the company over from generation to generation.

This fact is often omitted while developing the strategy, set objective, mission and vision of the company [18]. Here, we can stress lack of owner knowledge and their purposeful conduct. The incorrect understanding, bad habits of management destroy the enterprise or even lead to a necessity of sale. Emotional aspects and family bonds are worth stressing, reflected the actions in value of every day life. The information that allows to understand the unbreakable bond of the company creator, and handing it further is the fact of establishing the enterprises in a form of self-employment. The companies that are foundations and a bond of families are treated as a higher good, so it is not easy to give the "raised entity" to a stranger. An entity and a creator are a common good, and they are strictly connected to functioning of a family and fulfillment of its needs.

Barriers resulting from the environment, capital or division of duties in the family and the company are important in determination and selection of strategies. SMEs will often not become family businesses because their operation is focused on an additional element of financial income. The actions are undertaken for a short period, and the company's vision and mission is developed for several years. A family business brings cooperation of owners (spouses or parents and children), which often causes limitation, subordination and obedience in family relations. However, it is responsibility and trust what is invaluable in case of small and family businesses. Any family, social and psychological relationships stimulate for operation, but they can also limit activity. Going back to the studies carried out in one of the accounting offices in Wałbrzych, the authors gained information from the respondents that purpose of a successor in the process of company succession is different than previously. We observed that the connection with the family business is based on the relationship, not interest

or the vision of future. An example for us was a respondent, who worked in a family company only until the graduation, after what he wanted to establish his own business enterprise.

A small company also causes a noticeable and indispensable feature for young entrepreneurs, who are willing to work for themselves, however not necessarily continue the tradition of the same branch. The strategies developed by the companies with an assumed plan of development, with knowledge and experience of the managers, with mission and vision for upcoming years, should be implemented successively.

4. SUMMARY

The realized own research, literature studies prove differentiation of characters of various research and different approach for numerous cases adopted by enterprises. The willingness to identify operational specificity and bonds development of a company and family is still not fulfilled in plenty of researchers. An interesting topic is still to get familiar with a strategy for development, family negotiations and decision-making on shaping the management structures. Researchers often are incapable of identifying the planning and course of development, succession or methods of management. Creation of a company, initial decision made by the owners and transformation of SMEs and family business in well-known and values companies is becoming the main objective of the undertaken research and inspirations of future researchers and entrepreneurs.

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