

Situation of microenterprises within the framework of sustainable development – the economic-financial and organisational management perspective.

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Abstract. The aim of this article is to analyse and evaluate of microenterprises in Zachodniopomorskie voivodeship in the years 2010-2017 within the framework of sustainable development seen from the economic-financial and organisational-management perspective. A thesis was formulated stating that after the global crisis, microenterprises became more interested in the sustainable development principles. However, a number of barriers make it difficult for them to implement these rules at the level guaranteeing competitiveness and development. A survey was conducted by PBS sp. z o. o., a research agency, in the years 2010-2017 on behalf of PEKAO SA bank. In total, 2 968 microenterprises, i.e. on average 371 entities a year, took part in the survey during the period considered. The conducted analysis generally points to a trend of positive opinions about their situation, which has been particularly visible over the last 3 years. Nevertheless, a number of barriers that are significant for implementation of objectives in accordance with the sustainable development principles were identified. Overall, these are economic-financial and organizational-management barriers resulting from education, qualifications, resources and their availability, as well as behavioural barriers that include, among others, social competences and psychological aspects.

1 Introduction

Modern companies operating on the market should, in their pursue of short-term and, and above all, long-term objectives, take into account the sustainable development principles. Sustainable development of a company is based on the harmonization of objectives in the economic, social and environmental dimensions, as well as awareness of the existence of relationships between them, and the associated benefits and costs. The operation of a company in the constantly changing environment with numerous factors hindering its forecasts increases its complexity. Thus, in order for the company to develop and compete on the market in a sustainable manner, it has to change its short-term thinking into a holistic, multidimensional view of the company in the long term; quickly react to changes

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in the environment; and be aware of the results of their decisions, which affect all stakeholders, including future generations.

The implementation of company objectives on the basis of the sustainable development principles was affected by the crisis of 2007/2008. In the case of companies from Zachodniopomorskie voivodeship, the effects of this crisis were most noticeable in the third quarter of the year 2009. However, the scale of impact and the level of financial standing deterioration varied depending on the company size, industry, as well as a number of individual factors characteristic of a given company. The deterioration of the financial situation of the company resulting from the crisis had repercussions in terms of limiting investments, and thus the necessity to redefine the goals consistent with the functioning of the entity in accordance with the sustainable development principles. However, it should be underlined that companies were obliged to redefine their business models, with strained trust towards some of the stakeholders (groups) in mind.

Nowadays, there can be observed an increased interest of entities in the concept of sustainable development, including the concept of corporate social responsibility. As pointed out by Przychodzeń [1], of key importance for the development of a company may be changes in the society expectations, including consumers and employees, regarding increasing level of awareness and creating new, sustainable values for consumption model, product safety, working conditions, etc.; changes in technological environment as well as significant increase in knowledge resources, which brings about wide possibilities of creating changes in the way the organization functions, and products and services are offered; institutional and legal conditions, which define the desired directions and framework for the development of the economy and individual entities.

The aim of this article is to analyse and evaluate the situation of microenterprises in Zachodniopomorskie voivodeship in the years 2010-2017 within the framework of sustainable development seen from the economic-financial and organisational-management perspective.

A thesis was formulated stating that after the global crisis, microenterprises became more interested in the sustainable development principles. However, a number of barriers make it difficult for them to implement these rules at the level guaranteeing competitiveness and development. A survey was conducted by PBS sp. z o. o., a research agency, in the years 2010-2017 on behalf of PEKAO SA bank. ¹ The aim of the research was to identify the opinions of micro and small-enterprise owners about significant areas of business operations. The survey was conducted using a structured interview questionnaire, which was prepared by Bank Pekao SA and included 71 questions. The survey of micro and small-enterprise owners was carried out in the form of phone interviews made from PBS phone studio in Sopot. In the further part of the article, only selected fragments of results were analysed in relation to microenterprises in Zachodniopomorskie voivodeship. In total, 2 968 microenterprises, i.e. on average 371 entities a year, took part in the survey during the period considered [2].

2 Sustainable development and the situation of microenterprises in Zachodniopomorskie voivodeship in the years 2010-2017

Referring to the effect of the crisis on the results achieved by microenterprises from Zachodniopomorskie voivodeship, there can be observed definitely not very optimistic opinions of the respondents concerning assessment of income as well as financial results achieved in 2010-2012, as compared to previous years. When comparing opinions

¹A detailed description of the survey methodology has been included in individual reports: Report on the condition of small and micro enterprises in Poland in 2010-2017 Bank PEKAO S.A.

concerning the two above-mentioned criteria in the years 2010-2017, there can be seen a significant difference, as presented in Fig. 1. Significantly more positive respondents' assessments have been observed over the last 3 years, due to the overall economic growth and favourable macroeconomic indicators, as well as simultaneous increase in labour costs.

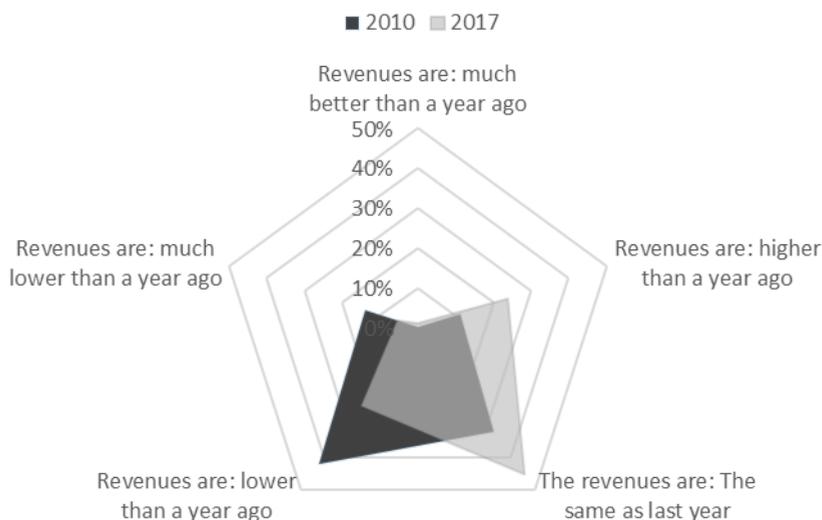


Fig. 1 The opinion on the assessment of the level of income and financial results of microenterprises from Zachodniopomorskie voivodeship in 2010 and 2017.

As far as financial results are concerned, of significance importance are opinions concerning the waiting time for the payment for the sold products. This is due to the fact that receivables turnover significantly determines a company's liquidity position, especially in the case of microenterprises. The respondents' opinions in this scope, as well as the opinions regarding income and financial results, have been improving in recent years, while the percentage of companies indicating that the waiting time for payment is longer than in the previous years has been decreasing. Moreover, there is a strong positive link between opinions stating that the financial results are much worse than a year ago, and the opinions saying that the waiting time for payment is longer than a year ago, $R=0.854175$, $p\text{-value}=0.006929$.

The experience gained during 2010 – 2012, a period strongly affected by the global crisis, indicates delays in payments occurring not only in Poland, but also in the world, which undoubtedly had an effect on changes in the decisions and behaviour of business entities. The research results provided by Porada-Rochoń indicate that these delays varied depending on the financial condition of company and the country. In the years 2007 and 2011 in Poland, when discussing the financially distressed companies, the receivables turnover ratio (in days) was similar on average to the analysed years – at the levels of 53.47 and 57.35, whereas in the case of financially sustainable companies it amounted to 54.26 and 56.54. By way of illustration, the results in Slovakia were 59.19 and 60.78 in the first case, while in the other – 59.65 and 72.69. In both cases, there could be observed extended receivables turnover cycle [3].

In general, the obtained opinions could be compared to national results, as the general view of financial situation of microenterprises is similar. However, it is worth noting that

the respondents from Zachodniopomorskie voivodeship gave the lowest marks to economic conditions, as compared to other voivodeships.

Unfortunately, the issue of delayed payments has a number of causes, mainly the financial problems of the debtor, and technical problems, which occur on a smaller scale. Nevertheless, one of the significant factors is the use of the trade credit as a source of financing company's current business activities. McGuinness and his team [4] cite a number of research results and present their own, which indicate that a trade credit is an important safety measure (a financial security buffer) especially for financially constrained companies.

According to "Portfel należności polskich przedsiębiorstw" report, the average overdue receivables period extended from 2 months and 25 days in October 2015 to 3 months and 3 days in January 2017, which is still a good result when referring to historical data. In the sustainable development conditions, when of key importance is company business activity being conducted in accordance with corporate social responsibility principles, significant delays not only deteriorate company's image, but also increase cooperation risk, result in loss of trust, and sometimes are perceived in the terms of unethical conduct. Furthermore, Białowolski [5] indicates the following consequences:

- loss of ability to timely pay financial liabilities, which deteriorates company's image and results in worse conditions (27.8%),
- necessity to limit investments (25.2%),
- necessity to reduce employment and/or wage fund (7.1%),
- problems with introducing new products to the market (7.2%),
- necessity to increase prices of products manufactured by those awaiting payment for products and/or service provision (4.1%),
- other (3.3%).

Returning to the study, the analysis of founding sources of the surveyed companies shows that the dominant source of financing in the audited period (2010 – 2017) is own capital (about 76% on average). According to the respondents, the main reason for such funding structure is the lack of the need to use external sources.

Sustainable development of a company requires investment expenditures. 46% of surveyed companies indicated that they bear such expenditures, however at a relatively low level. Furthermore, as declared by the respondents, investment expenditures will be borne by an even smaller percentage next year, i.e. 43%. Such a situation negatively affects both the company's competitiveness and its chances to develop. This may result from the lack of forward planning or may be the sign of a fear to take potential risk and its consequences due to the limited nature of economic activities when compared to bigger entities. Nevertheless, despite the decrease in investments in the Polish economy, the sector of the smallest enterprises achieved record results in this area.

Harmonious development is also related to the internationalization of enterprises and export. When analysing the respondents' opinions, the fact of increased tendency of microenterprises to export recorded in the recent years brings moderate optimism. When comparing the year 2017 (19%) and 2010 (11%), there could be observed an increase in export activities, however only in the case of the small percentage of the surveyed companies.

Lu and Beamish (2001) [6] indicate that internationalization of activities helps small and medium enterprises function better and achieve success in the long run. An important aspect related to internationalization has been addressed by Brouthers (2002) [7] who describes the environment and behavioural aspects as unknown and constituting a challenge for companies cooperating abroad. Therefore, taking into account the indicated aspects could be support for internationalising.

The development of enterprises, which also includes internationalization, is associated with a set of barriers, the surveyed companies indicate the following as the biggest contributing factors (1-5 scale, where 5 is the largest barrier): no employees on the market (5.0) insurance premium (4.29) high labour costs (3.77). According to the respondents, the least important barriers include macroeconomic factors (2.02) and corruption (2.09). The barriers, which directly affect the growth in conditions of sustainable development, were not indicated despite their obvious occurrence.

Sustainable development also implies respect for the environment that can take, among others, the form of electronic document circulation or, more generally, the use of Internet as well as network in functioning of the enterprise. Johanson and Vahlne (2009) [8] claim that the presence of the entity in the network, as well as relations with other entities in it, facilitate the exchange of information and stimulate the cooperation of stakeholders, which is, in principle, based on mutual trust, knowledge and commitment between the participants of these relations. The conducted research indicates that in 2017, only 39% of surveyed companies stated that they use digital systems for management (managing people, stocks, forwarding processes, invoicing, etc.). Even less, i.e., 29% of respondents, use digital technologies when cooperating with contractors (B2B in the field of planning, forecasting, supply, production, contract implementation, sales, service, etc.). Moreover, it is difficult to understand why as many as 63% of surveyed microenterprises are not planning to invest in digital technology in the nearest future, while only 19% of those planning this kind of investment want to allocate from PLN 5001 to PLN 10,000 for this purpose.

The digital revolution and automatization are a global trend, with the implementation of digital technology becoming a necessity. By not introducing digital technologies, companies generate potential losses, not only of the economic nature, but also those affecting socioeconomic development. According to the report prepared by McKinsey&Company in cooperation with "Forbes Polska" concerning the automatization potential in Poland, 49% of working time is devoted to activities that can be automated. By automating and implementing new technologies, companies can increase productivity, lower prices, as well as increase wages and profits [9].

The obtained results contradict global trends and indicate, first of all, apparent lack of the necessity to implement digital technologies, as well as lack of awareness about the benefits arising from their implementation. Secondly, this may result from the lack of access to external financing, which, however, contradicts the obtained results indicating that the examined microenterprises do not see the need to apply for digital technologies. The presented results are in line with the situation in Poland, where a low level of digitalization is observed. Moreover, according to Digital Economy and Society Index of 2017 (DESI), Poland ranks 23rd in the group of 28 EU Member States [10].

A key resource necessary to implement the principles of sustainable development is the human. His knowledge, qualifications, skills, and acquired competences constitute determinants of sustainable development and condition the increase of competitiveness of entities on the market. Hence, the continuous education and improvement process relating to the lifelong learning process reflects sustainable development objectives. Regarding the question whether, and if so, then how, management qualifications were improved, 22% of respondents indicated that they did not improve their qualifications in this area. In turn, the group of respondents improving their qualifications most often indicated autodidacticism (professional literature) and participation in courses and training courses. Only individual responses indicated post-graduate studies or internships in various entities, including research units. At the same time, according to the respondents, qualifications should be improved primarily in the area of foreign languages, marketing and advertising, as well as in the aspect of specialist knowledge related to business activity.

Taking into account the fact that in accordance with the sustainable development principles, the human is the most valuable factor for a company, a question was asked regarding the most important skills, competences or attitudes of employees, which should be strengthened to improve the competitiveness of the company on the market. Most of the responses (20%) related to industry/position competences, whereas slightly less than 16% of indications concerned competence in the scope of sales/customer service/marketing. In turn, individual responses that indicated creativity/innovation or the ability to work with people/personal skills are especially intriguing. As far as improving the skills of employees in the last year is concerned, as many as 40% of respondents indicated internal training organized by the company (other than compulsory), 34% pointed out training organized off-site and financed by the company (other than compulsory), whereas 30% of the surveyed companies did not improve their employees' skills last year.

The obtained results contradict, in a sense, the results presented by Smolarek [11], which, first and foremost, indicated the will to improve qualifications in the field of people management (soft skills), and then those related to management (hard skills). Such dissonance may result from the specifics of the surveyed entities, i.e. microenterprises, whose needs in terms of the scale of operations, employment and development as well as financial resources are different from the needs of small enterprises, and significantly diverge from medium and large companies.

3. Findings

The conducted analysis of microenterprises from Zachodniopomorskie voivodeship in 2010-2017 generally points to a trend of positive opinions about their situation, which has been particularly visible over the last 3 years. Microenterprises operate in a complex, constantly changing and hardly predictable environment. Moreover, the global crisis has forced companies, including microenterprises, to focus on achieving goals in accordance with the principles of sustainable development. This is necessary to meet the challenges faced by entrepreneurs now and in the future, as well as to develop in the modern, complex economic space. Unfortunately, the research results indicate that despite better views of the financial situation, there is a number of barriers that hinder the implementation of the sustainable development principles. Overall, these are economic-financial and organizational-management barriers resulting from education, qualifications, resources and their availability, as well as behavioural barriers that include, among others, social competences and psychological aspects. Only a small number of microenterprises from Zachodniopomorskie voivodeship carry out investments or export, in comparison to much more optimistic results of small enterprises. Equally bleak are the results in the scope of improving employee qualifications, although there the need for it is acknowledged. Undoubtedly, the big challenge faced by companies from Zachodniopomorskie voivodeship is the implementation of digital technologies, which are already present in many areas of the economy, with their significantly expanding range. On the other hand, the lack of investment in digital technologies may turn out to be a key determinant of lack of development and a barrier to competitiveness on the market.

The authors of the report are right in pointing out that digital technologies in micro and small companies represent a still untapped opportunity to develop and expand abroad, and that, in general, most companies do not use advanced analytical tools to improve business processes.

Surely, the functioning of microenterprises on the market today requires skills to recognize challenges and properly respond to them, and the analysis of ambient factors affecting the company, as well as determinants resulting from its daily functioning (internal variables). Thus, environmental analysis together with the necessity to improve its quality

and frequency should constitute the key factor in the management strategy of a modern enterprise in the conditions of sustainable development.

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