

**Studies and Monographs
No. 48**

**Development of small
and medium-sized enterprises –
an international perspective**

Editors

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Łódź – Sinaloa 2013

This publication is financed by Społeczna Akademia Nauk, Łódź, Poland
and Universidad de Occidente, Sinaloa, Mexico

All chapters are subject to reviews.

Editors: Marcela Rebeca Contreras Loera, Łukasz Sułkowski, Andrzej Marjański

Typesetting: Dominika Świech

Cover design: Marcin Szadkowski

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Occidente, Sinaloa, Mexico

ISBN: 978-83-62916-70-2

Wydawnictwo Społecznej Akademii Nauk
Kilińskiego 109, 90-011 Łódź
42 676 25 29, w. 339, e-mail: wydawnictwo@spoleczna.pl

Printing and binding: Mazowieckie Centrum Poligrafii,
ul. Duża 1, 05-270 Marki, www.c-p.com.pl; biuro@c-p.com.pl

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Introduction

Small and medium-sized businesses are the most frequent business entities in the market economy. The scale of their influence, as well as economic and social role, are reflected in the important input in creating the GNP, the impact on the level and structure of employment, not mentioning developing the entrepreneurial attitudes and other effects. These businesses are also the essential sources for the state budget and local authorities. The companies from SME sector have a strategic meaning for economies in developed and developing countries. The globalization and internationalization processes make small and medium-sized businesses follow the world competitive environment but in the same time SME sector still keeps its own character. Comparing business models of SMEs in countries which seem to be economically, socially and culturally distant, can provide us with a wide knowledge about possible conceptions of business development. Research on SME sector in Mexico, Poland and Indonesia, which is analyzed in this monograph, presents local models of development that give an answer for global economic challenges.

Small businesses are now facing many new challenges which are the results of not only progressive globalization processes, changes in trade exchange, increased role of the new technology, but also the modifications in customers behavior. The influence of all the factors mentioned is causing the changes in the operation strategies and determinants of SME sector competitiveness. The increase of intangible resources, innovations and intellectual capital and also the new forms of cooperation are widely observed.

In these conditions, it becomes crucial to use the specific characteristics and advantages of small and medium-sized businesses. In this context, the key features are: family entrepreneurship, often natural in the family, high and dynamic operation flexibility, the ability to create innovations, being open to the market and the competences for competing in the market niche. The important value is the ability to adapt to the changing conditions in the era of crisis or economic slowdown.

In the management field, the interest in the variety of problematic aspects, character, style of management and conceptions of small and medium-sized businesses' development is still growing. The promising research areas are family businesses which dominate in the businesses in SME sector. The researchers of SME are always analyzing the specificity and special conditions that

make those businesses unique in many fields. It is certain that management in SME sector could not be led with the use of conceptions, methods and techniques applied in bigger business entities. The main differences are emerging from limited size and resources, and, what is more important, from the specific structure of small and medium-sized businesses, which is based on creativity of small group of people cooperating (often the family members) and also on non-anonymous character of leading the business.

These topics are discussed in this monograph which aims to present the current problems of management and factors determining the development of small and medium-sized businesses. This publication is the effect of cooperation of authors undertaking the aspects of functioning and development of SMEs, key for nowadays economy.

This monograph is also the effect of, developing for a few years, international cooperation between university background in Poland and Mexico, realized by Społeczna Akademia Nauk (University of Social Sciences) in Łódź and Universidad de Occidente in Sinaloa. The cooperation includes the scientific conferences: “Scientific Conference on Family Businesses”, organized in Łódź and International Congress of Administrative Economic Sciences „Building learning organizations: From vision to execution”, organized in Los Mochis in Mexico. The monograph contains also the publication of an expert in SME sector, professor Tulus T.H. Tambunan from Indonesia, thanks to whom there is an agreement on scientific cooperation between University of Social Sciences and Trisakti University from Jakarta (Indonesia). The monograph contains 18 pieces of work which are divided into four chapters. The first chapter attracts our attention to the role of organizational culture in functioning and development of small and medium-sized businesses. The importance of identity and family values in SME management and the specific of organizational culture in family business were taken into account. The role of leadership in management was also mentioned.

The second part of this monograph undertakes the issues connected with determinants of planning, creating and implementation of strategies in SME businesses. The current challenges are also shown, in connection with planning in a tourist industry. Both challenges and barriers, appearing in the succession strategies in family businesses and the social dimension of small businesses’ functioning were concerned. The role of marketing conceptions in the strategy of SMEs development was depicted too.

The third chapter characterizes the challenges that are being faced by businesses from SME sector. The attention was put to the role of continuity and the need to implement the changes and, what is more, to the issues concerning economy collapse resulting in the business bankruptcy. The other aspects were:

resolution of conflicts and crisis that arise in a family business, stimulating the development and eliminating the barriers of SMEs operating in the marginalized region.

The fourth part of the monograph presents issues connected with the key factors of development and competitiveness of small and medium-sized businesses. Some possibilities of using the business models in management were indicated, as well as determinants of the company's competitiveness. There were shown the opportunities of developing the organizational capabilities through implementation of the management based on values. The analysis of pro-export policy was presented too, as the part of small business's development. This chapter identifies also the logistics processes that stimulate the competitiveness in SME sector.

We expect that this monograph, containing the theoretical issues, research results and the examples of practical usage of business conceptions, not only would increase the reader's knowledge, but also would act as an inspiration to further analyses, taking actions and ventures in the area mentioned.

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Chapter One

Organizational Culture

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Identity, culture and values of family SME in Poland

Abstract: The purpose of the article is the presentation of the characteristics of organizational identity and culture of family SME's. In the first part the analysis of the concept of a family firm has been conducted leading to the adoption of the definition applied in the described research. Then the presented definitions have been used to analyze the cultural problem, i.e. the organizational identity and values in management of small family firms in Poland.

Key-words: family SME, organizational identity, culture.

The significance of a family SME

There is no consensus in the literature of the subject regarding the differentiation criteria for family businesses, although the most commonly mentioned ones are: the family ownership structure of the economic entity, executing strategic control by the family, participation of family members in the management process and involvement of more than one generation of a family in the operation of the company [Handler 1989, pp. 257–276]. M.C. Shanker and J.H. Astrachan turn attention to the fact that family business definitions are located in a continuum. The broadest definitions assume a very general definition of a family business based on the control over strategic decisions and the intention to maintain the control over the company by the family. Narrower definitions of the family business concept indicate that the owner of his/her successors run the company, which remains under the ownership control of family members. Narrow definitions, besides the above mentioned criteria, require direct involvement of the family in the management of the company by more than one family member and maintaining the company in the hands of one family for a period longer than one generation. Depending on the adopted definition, family businesses produce 12%, 30% or 49% of national income of the US economy (table 1) [Shanker, Astrachan 1996, pp. 107–119]. The differences are significant, and even if we adopt the narrow definition of a family business, we still deal with a substantial group of economic entities.

Table 1. Family business definitions by the level of family involvement

Criteria	Broad definitions	Mediate definitions	Narrow definitions
Ownership structure	Significant family share	Control share of the family	Majority share of the family
Strategic and managerial control	Minimum strategic control	Strategic control and participation in management	Strategic control and full management
Intergenerational structure	Not required	Expected family succession	Multi generational entity
Involvement of family members	Low	Moderate	High
Share in the GDP of the USA	49%	30%	12%
Employment in the USA	59%	37%	15%

Source: own work, based on: M.C. Shanker, J.H. Astrachan, *Myths and Realities: Family Businesses' Contribution to the US Economy – A Framework for Assessing Family Business Statistics*, "Family Business Review", 1996, vol. 9, no. 2, pp. 107–119.

Among the most important criteria, allowing to define an economic entity as a family company, the following can be listed: ownership, management, family involvement in the business and family succession. R.K.Z. Heck and E.S. Trent compare these criteria referring to the literature of the subject (table 2).

Table 2. Summary of definitions of family businesses, based on the literature of the subject

Core of the definition according to the authors	Variables examined in <i>National Family Business Survey 1997</i>
1. Ownership or management	Status or structure of the ownership, co-ownership, co-owners, making key decisions or control, value of shares
2. Involvement of the family in the business (co-relation of the systems)	Number of family members working in the family business, paid and non-paid relatives not living in one household
3. Family succession (intergenerational transfer)	Generations in the family business, planned change of the ownership structure in the coming five years, aiming at keeping the ownership by the family
4. Multi-criterion	Connection of at least two criteria listed in 1, 2, 3

Source: R.K.Z. Heck, E.S. Trent, *The Prevalence of Family Business from a Household Sample* [in:] *Family Business Sourcebook*, ed. C.E. Aronoff, J.H. Astrachan, J.L. Ward, Family Enterprise Publishers, Georgia 2002, p. 610.

The analysis suggests that definitions connecting the definition of the family business with the ownership or management criteria are the dominating ones. Definitions adopting the involvement of family members in running the business or the ones that connect two or more criteria are fairly common. It happens more rarely that theoreticians define family business using the family succession as the key criterion.

When defining the SME family business, one needs to add the SME criterion to the 'familyness' one. We will be using for this purpose the SME definition as applied in the European Union¹ assuming that:

- small enterprise is an economic entity, which in at least one of last two turnover years employed fewer than 50 people yearly and achieved yearly sales turnover not exceeding 10 million euro or the sum of its balance assets did not exceed 10 million euro at the end of one of those years;
- medium-size enterprise is an economic entity, which in at least one of last two turnover years employed fewer than 250 people yearly and achieved

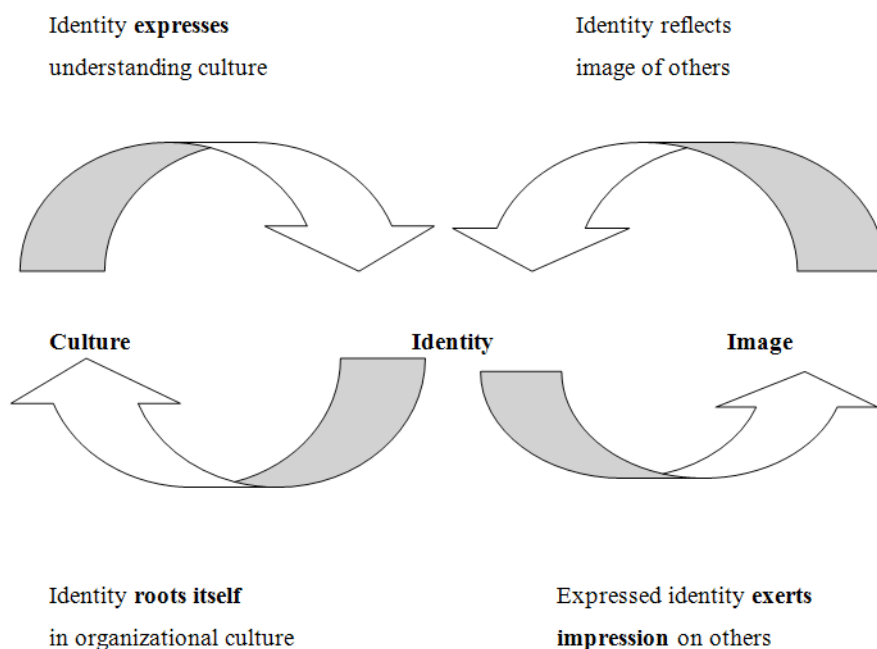
¹ SME were defined on 1st January 2005 by Rozporządzenie Komisji (WE) nr 70/2001 (Dz. Urz. UE L 10 z 13.01.2001, s. 33), changed by Rozporządzenie 364/2004 (Dz. Urz. UE L 63 z 28.02.2004).

yearly goods and services sales turnover and financial operation not exceeding the equivalence of net 50 million euro in Polish zlotys or the sum of its balance assets did not exceed the equivalence of 43 million euro in Polish zlotys at the end of one of those years [<http://www.mg.gov.pl/Wspieranie+przedsiebiorczosci/Polityki+przedsiebiorczosci+i+innowacyjno+sci/Definicja+MSP>].

Organizational identity and culture

M.J. Hatch and M. Schultz clearly differentiate the culture, identity and image of an organization, indicating at the same time their mutual correlation. “Organizational identity is neither totally conditioned by the culture, nor is it fully resulting from organization’s image, it is rather created by the correlation of these two spheres” [Hatch, Schultz 2000, pp. 24–25].

Figure 1. Dynamics of organizational identity



Source: M.J. Hatch, M. Schultz, *The Dynamics of Organisational Identity* [in:] *Organisational Identity. A Reader*, ed. M.J. Hatch, M. Schultz, Oxford University Press, Oxford – New York 2004, p. 379.

Identity of a family business

Following the definition, key cultural criteria of family business refer to the family control over the organization. In case of small family enterprises it is also the question of management of the examined economic entity. 'Familyness' of the company is defined, by most researched, as a quality differentiating a specific entity from others. As far as the temporal continuity criterion is concerned, in case of nearly all researched family business, we see the reflection upon the issue of succession. Managers endeavour to clearly plan passing the company over, in ownership and usually also managerial sense, to the family member, in most cases the descendant. This impression of maintaining the intergenerational continuity is of course a certain idealization, supposed to lead to the protection and development of the family's wealth.

In the literature of the subject many cases of research of the culture of family businesses and influence of national culture on the organizational culture are described. Research of the identity of family business have been – so far – unique. An example can be the in-depth analysis of the history and contemporary character of two banking families and companies controlled by them, conducted by D.S. Landes at the beginning of the nineties. The author indicates that a family enterprise creates a specific identity separate from the identity of the family, which has to be however maintained in longer periods of time. In other case it will undergo changes and lose its family character [Landes 1993, pp. 85–101].

When analyzing family enterprises from this point of view, we can have a closer look at the characteristic features of their identity, organizational culture and image. The first question is related to the issue whether we can at all spot any common features of all these three elements among family companies. On the basis of quite narrow sample of examined companies it can be said that the answer is positive. It naturally results not only from the similarities between the family businesses, but also from other common features of subjects from the researched sample. All of them belong to the SME sector and have been established relatively recently. Nevertheless I believe that a generalization can be risked that family businesses possess certain common elements of culture and identity, which is also reflected in their image.

Research of organizational cultures of family companies

Research of family enterprises encounter issues of identification of this group of economic entities from the point of view of social and cultural criterion. Family enterprises significantly differ one from another as far as their economic activity, size or effectiveness are concerned. They do have, however, common

features reflected in their identity and organizational culture. Characteristics of organizational culture of family businesses in Poland presented here should however be treated as a dominating cultural configuration and not as a set of attributes of all family businesses in Poland. This is due to the fact that cultures of family businesses are very different and are dependent on the size of the company and its market position, as well as the character of activity and history.

Firstly, I would like to have a look at the organizational culture of family entities. Among many classifications of this culture, I focused on a few only, which I already analyzed in my previous works [Sułkowski 2004].

W.G. Dyer, Jr. in his research proposed the division of family enterprises into four types of organizational cultures: *laissez-faire*, participational and professional [Dyer 2002, pp. 236–244]. Paternalistic culture is oriented on the hierarchy, leader and authority. This limits the autonomy of employees. Its character is familist and hermetic – family members are the ones that can be trusted. *Laissez-faire* culture is hierarchic and familist as well, it however differs from the paternalistic culture, as it is characterized by a much higher degree decision independence of employees, who are delegated certain responsibilities. The managers from the family define objectives to be achieved, leaving the employees the liberty to choose the necessary means. Participational culture is more rarely met in family businesses. It is characterised by community orientation, egalitarianism, openness to external influences and lack of conflict between subcultures of family members as opposed to non-family employees. Dominating management models use group, participational or at least consultational pattern of decision making. Professional culture occupies the place of paternalistic culture in family enterprises managed by the second and subsequent generations. It is characterised by individualism, universalism, cult of specialisation, professionalism and managerism. Typical is the orientation on action and ‘now’ in the temporal sphere. The description of basic assumptions that the researched cultures are based on is presented in the table.

Table 3. Cultural patters of family business

	Paternalistic	Laissez-faire	Participational	Professional
Core of relation between employees	Linear, hierarchic	Linear	Collateral (group orientation)	Individualistic
Human nature	People are trustworthy	People are good and trustworthy	People are good and trustworthy	People are neither good nor bad
Nature of truth	Truth is held by the founding family	Truth is held by the founding family but others should remain autonomous	Truth lies in participation and decisions made by the group	Truth lies in professional principles of action
Orientation with regards to environment	Proactive	Harmonizational and proactive	Harmonizational and proactive	Reactive or proactive
Universalism versus particularism	Particularist	Particularist	Universalist	Universalist
Core of human activity	Action-oriented	Action-oriented	Orientation on being and becoming	Action-oriented
Temporal orientation	Past- or present-oriented	Past- or present-oriented	Past- or present-oriented	Present-oriented

Source: W.G. Dyer Jr., *Culture and Continuity in Family Firms* [in:] *Family Business Sourcebook*, ed. C.E. Aronoff, J.H. Astrachan, J.L. Ward, Family Enterprise Publishers, Georgia 2002, p. 238.

The analysis of the basic assumptions of each culture type leads to the conclusion that cultural patterns and norms should be different as well. This especially refers to management patterns that Dyer's research is focused on. It seems that Dyer accurately described dominating management styles and patterns which is reflected in the sample of 40 entities examined within this project, in which paternalistic style of management is clearly dominating. The subjects are managed in majority by the generations of the founders. In accordance with Dyer's findings, in the first generation on the level of the founding company, paternalistic style dominated (80% companies) and only 10% represents laissez-faire culture and another 10% – participational culture. In the second generation radical cultural change takes place and as much as two thirds of the companies represent professional style of management. A critical look at Dyer's concept indicates a significant problem. Although the author presents a developed description of basic cultural assumptions, the description of the type of culture is limited to management patterns only. It also seems that the identification of the radical cultural change in many cases suggests that the author describes only the style of management which changes relatively fast and is related closer with the person of the manager. However, besides management style, other aspects of organizational culture such as values and norms and symbols should also be taken into consideration. And they do not change equally fast. Undoubtedly however, Dyer was right to turn attention to the professionalization of the style of management if second generation family businesses and wider changes related to this phenomenon.

One of the first to examine the specific character of organizational culture in representative comparative studies was J.L. Hayes. The research was related the presentation of the differences of 350 family and non-family businesses. It indicated that the culture of family businesses is characterized by stronger and less formalized relations between the employees, and at the same time – significantly lower level of professionalization [Hayes 1981]. This was proved in subsequent research of family business conducted by A.R. Lyman, who describes family cultures as based on trust and stronger, more personal, relations between the employees, customers and less formalized and bureaucratic as compared to non-family entities [Lyman 1991, pp. 303–324].

Weak versus strong cultures of family SMEs

Conducted analyses refer mostly to organizational cultures of family enterprises managed by the first generation. In accordance with Dyer's research described before and observations of research conducted in Poland, the culture of a family enterprise managed by the first generation significantly differs from the culture of companies managed by subsequent generations [Dyer 2002, pp.

236–244, Sułkowski, Marjański 2009]. One of the clearer tendencies is ‘weakening’ of organizational culture during the generation change, especially at the stage of intergenerational transfer from the generation of the founders to the first generation of the successors [Sułkowski 2012].

Organizational cultures of family enterprises more often belong to strong cultures, although often with two antagonist subcultures. The strength of family cultures depends on the stability of unwritten norms and high level of commitment of employees. Elements of the strength of family organizational cultures are related with a group of employees belonging to the family. Non-family, antagonist group, is characterised by usually lower level of loyalty and commitment to the company. Both cultures can easily fall into conflicts. It is worth noticing that the existence of the two subcultures can have both negative and positive effects. A negative consequence is that both subcultures are based on different values and norms, which leads to the realization of mutually excluding objectives. An example of the family group’s objective may be the development of mechanisms of the succession of power and ownership by the family, while the non-family group will aim to build the non-family management. An advantage of this antagonism can be the development of changes and new solutions in the process of creative juxtaposition of two groups representing different norms and values. As a result, the company is not threatened by ‘ideological infatuation’ related with an apparent unanimity of managers (table 4).

Table 4. Strong culture versus weak culture of a family business

Features	Strong culture	Weak culture	Family business culture
Level of acceptance of organizational norms and values.	Consensus regarding organizational norms and values.	Conflict regarding organizational norms and values.	Tensions between two strong sub-cultures regarding the selection of values and norms. Camouflaged conflict.
Feeling of community among the employees.	Strong feeling of community among the employees.	Sense of conflict of interests and aiming at confrontation.	Feeling of community within the two subcultures.
Level of formalization of norms.	Unwritten, commonly respected norms.	Formalized rules, often disregarded.	Non-formalized rules and norms which can questioned.
Level of commitment of employees in company matters.	High level of employees' commitment.	Low level of employees' commitment.	High level of commitment of employees – family members.
Level of loyalty of employees towards to company.	High level of employees' loyalty towards the company.	Low level of employees' loyalty towards the company.	High level of loyalty towards the company of employees – family members, lower loyalty of other employees.
Emotions related with being a member of the organization – pride or shame.	Pride from belonging to the company.	Feeling of shame related with belonging to the company.	Ambivalent feelings, members of the family are proud to belong to the company, other workers not so much.

Employee's emotions – sense of appreciation or humiliation.	Sense of appreciation of an employee in the company.	Sense of appreciation of many employees in the company.	Sense of appreciation of employees – family members.
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Source: own work.

Summary

When conducting diversified classifications of organizational cultures of a family business, one can consider relations between the identity and image mentioned before. As can be seen, in most dimensions of organizational cultures, family enterprises create a specific configuration, characteristic for themselves. The most characteristic is the organizational culture of 'young' family businesses, controlled by the first generation. In subsequent generations, the culture undergoes changes, family identity can blur in the process of professionalization. Trying to define common features of organizational culture in family business the following can be pointed out: (1) tensions between two strong subcultures, (2) personalization of organizational bonds, (3) paternalism, (4) low level of formalization and bureaucracy, (5) entrepreneurship spirit in family businesses managed by the founder and (6) hermetic character of family cultures. This, in most cases, translates into a strong and clear organizational identity, which is the source of identification for the family members, however it often brings about the sense of alienation and identity blurring for employees not belonging to the family. In many businesses strong identity and culture, related with the founder, leads to crisis in the period of succession. The analysis of the cultural sphere in the examined company firms indicates a cohesion of organizational culture and organizational identity among the family members and possible tensions between family and non-family subcultures in these entities. It is interesting to indicate inconsistencies in the image of the examined family companies. The issue of 'familyness' and familism, although a key one, is often camouflaged. Employees of family businesses are reluctant to admit the family roots of their entities, relating it with stereotypes of nepotism, favoritism and lack of professionalism. In the image, strong community, stability and continuity of subjects are underlined and seen as a key condition of being reliable for business partners and customers (table 5).

Table 5. Organizational culture, identity and image of a family enterprise

Criterion	Organizational culture	Identity	Image
Key values, „existential” issues	Development of the family, source of self-realization for the owners and their families	Community of interests and emotions, based on family bonds economically strengthened	The good of the organization is underlined, family values are camouflaged
Feeling of separateness of organization’s members	Hermetic, inbred culture	Strong feeling of community and separateness	Perceiving the dependence on the environment
Feeling of organization’s continuity	Personalistic cultures, stabilized by the manager	Successful succession ensures continuity and imposes the cycle of identity changes	Orientation on tradition, continuity, stability and persistence
Feeling of community (<i>esprit du corp</i>)	Built on the community of bonds and values	Especially strong among the members of the dominating family	Stress on the unanimity and community, camouflaging the existence of subcultures

Source: own work.

Summing up, the analysis of organizational cultures and family company’s image and identity related to it conducted in this work leads to the characteristics of the specifics of the cultural area of family businesses in Poland. It turns out that examined companies are representing similar types of organizational culture and encounter similar identity problems. Therefore, the differentiation of family business in the cultural sphere seems to be purposeful and can serve a better understanding and improving subjects of this type.

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Configuration of the organizational culture in a small family enterprise. The case of Nursery Yautepec in Morelos, Mexico

Abstract: The main objective of this chapter is to analyze the characteristics of one small family business enterprise and its cultural dimension, taking as an explanatory framework the structural configuration, with the aim of better understanding its functioning, and in particular to identify the elements that facilitate or obstruct its performance. The study centers in the detection of the organizational configuration, and its close relationship with the organizational culture, and their impact in the strategic decisions of a Mexican Nursery. In the case of small family businesses like the Yautepec Nursery, the external economic impact causes internal changes that force them to make adjustments both in their product mix, as in their organizational configuration. This means that when demand for certain species or varieties of plants and fruits rises, efforts must be geared towards rising production, leaving aside other areas like the generation of new products. This illustrates the need to depend on the wisdom of the strategic decisions of the founding figure.

Key-words: Organizational Culture, Small Family Business, Organizational Configurations.

Introduction

The main objective of this chapter is to analyze the characteristics of one small family business enterprise and its cultural dimension, taking as an explanatory framework the structural configuration, with the aim of better understanding its functioning, and in particular to identify the elements that facilitate or obstruct its performance. The study centers in the detection of the organizational configuration, and its close relationship with the organizational culture, and their impact in the strategic decisions of a Mexican Nursery.

Available academic literature in the field of management at Latin American countries shows results of the research projects that were initiated during the 1990s of the past century [Montaño 1999]. Among the most relevant concerns we find the need to diagnose local realities, to establish conceptual theoretical bridges more accordingly with the places where management is exercised. Research in this field of knowledge in Mexico shows an urgency to widen its analytical views regarding organizations, given that is necessary to reconcile the explicative perspectives coming from industrialized countries with the local needs for the short and long ranges.

It is impossible to omit an issue around management in organizations; there are different deficiencies in both theoretical and practical terms, to show closer approximations to concrete problems [Sułkowski 2013]. For example, in the diagnosis of the problems faced by micro, small and medium enterprises, De la Rosa [2000] remembers that it is necessary to place them in their own context, delineating their everydayness so that we can know their avatars. These types of organizations are now recognized and have received in several countries of the world, the interest by the government and academic sectors because of their importance in job creation, support to the internal raw product, the number of establishments that it represents and their potential as an economic sector [De la Rosa et al 2009].

Without a doubt in the case of the disciplines known as professionalizing, as is the case of management, the need to reformulate its analytical, contextual, social, and investigative content is huge, because of the requirement to widen its explanatory frameworks, not only in the large enterprises, but in the smaller as well. With time, this will allow to develop frameworks geared towards the conceptual and theoretical development of the field of business. In this context, to recognize that the study of micro and small enterprises goes beyond their visualizations as simple productive units that satisfy market needs and whose only objective is economic benefit maximization [Dyer 1988; Belausteguigoitia 2003; Martínez et al. 2012].

With this as a background we hereby present this chapter under the analytical axis of small enterprises, mainly in one of a family origin. The study of micro and small enterprises not only places at the center of debate the design

of strategies that may guarantee their survival, but they also incorporate their cultural aspects. This is how points of convergence, tensions and controversies are established with respect to phenomena like family succession.

The main objective of this work is to analyze the behavior of a small family business firm and its cultural dimension using as an explanatory framework the structural configuration, with the purpose of understanding its functioning and in particular, identifying those elements which help or slow its performance. The study centers then in detecting the organizational configuration at two levels, first at the process of succession, and secondly at the most representative features of their organizational culture.

We endeavor the case study of a small family business dedicated to growing and selling trees and exotic plants. This is one of the most representative nurseries in the State of Morelos in Mexico as recognized by the quality and variety of the plants they cultivate. The document is divided into three sections. The first describes the main organizational configurations of small enterprises of the family type. Given that our objective lies in underlining the main cultural features of this type of organizations, the review of the configurations let us determine the modes of relationships among the main members that take part in the organizational dynamic. The second part describes the methodological strategy employed for gathering the data. Part three analyzes the main organizational configurations of the Yautepec Nursery in the State of Morelos, Mexico.

Theoretical framework

Within the study of modern organizations, the family enterprise has won the recognition among the academic community as being the one with the greater aperture. As an object of study it is interesting to analyze it because of its sense of independence, size and characteristics. Common sense anchors in the idea of pretending that the generation of a family business, allows resolving the economic needs of the family to make it more stable [Belausteguigoitia 2010]. Therefore we can assume that in the majority of cases, the birth of a family enterprise is closely linked with the family development. That is why we encounter a very interesting mix of the economic motivations, and a social process linked to the succession phases between the members of a family. A series of conflicts get started that do not limit themselves to the functional aspects that every company faces, but they also relate to social dimensions [Dyer 1988].

In accordance with Martinez et al [2012], the micro and small enterprises (Mipe in Spanish) represent at the world level the economic segment that supplies the largest number of economic units and employed personnel. Latin America is one of the regions where more than 90% of the firms belong to

this group, including medium enterprises [Martinez et al. 2012, p. 111]. In terms of hired personnel in Mexico, the micro, small, and medium enterprises or “Mipymes” employ more than 65% of the active economic population. According to Mexico’s 2010 National Survey of Occupation and Employment, the micro and small enterprises (Mipe) together are of great importance to the national economy [INEGI 2010]. The universe of these enterprises distinguishes themselves because the majority is family businesses. According to Alvarez [2010, p. 3], family companies represent 60% of all companies in the world’s capitalist economy, generating employment for 100 million people. In the case of Latin America they constitute almost 90% of all enterprises.

Organizational configurations of the small family enterprise

For Rendón [2009] small family businesses have a differentiated structural configuration with respect to medium and large companies. She remarks that inside this type of organizations there exist networks of both solidarity and conflict at the same time; therefore it is not easy to delineate the convergence of economic and affective interests. From different institutional perspectives, the family and the company each respond in their proper time to the different needs both of the family and the business [Dyer 1988; Rendón 2005]. In a complex relationship of contradiction and complementarity, and that guides the social action in one or more organizations that have a common reference, in this case the familiar unity [Rendón 2009].

Small enterprises exhibit a particular problematic characterized by a poorly formalized division of labor, with a polyvalence of workers, a low technological level, and restricted access to financial markets [De la Rosa 2004; Rendón 2008]. To these features we must add those of the family nature, especially those associated with affection between the organization members, a product of their blood ties and daily exchanges in a space away from home. The family dimension in entrepreneurial organizations bursts out from the establishment of several forms of organizing work, along with other types of relationships that grow among its members.

Rendón [2009, p. 403] calls this relationship organizational configuration and defines them as the set of solidarity and conflict networks, relatively stable, that joins economic interests as well as affective ties in a complex relationship of contradiction and complementarity and that guide the social action in one or more organizations that have as a common denominator the family unit.

The author says there are two great configurations of the small family enterprise: unitary and multiple. The first one exists in a company in which the family members concentrate their work, capital and affection, and at the same time coexists with three modalities:

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- Simple, that is the way the majority of family businesses surge, and where there is an equal opportunity towards the succession.
 - Departmental, which has a division of labor defined by departments where certain family members perform towards the succession.
 - Domiciliary, that one in which each family member works from his / her own home and due to the long distance between them, succession is undefined.

On the other hand, the multiple type of configuration is formed by several small family enterprises apparently independent but that are united by close family ties, given that they require a larger investment and they are more planned. Here the succession process has more planning and anticipation. There are two modes in this configuration:

- Autonomous, when the company is divided among several branches with the same business.
- Network, where there are several companies apparently autonomous in different lines of business but they depend on each other for their survival.

We must underline the importance of individuals in these configurations both in the decision making process and the strategies they implement in the structures formed as a consequence of the relationships. The explanation of social phenomena like those in small enterprises reaches another reading if we analyze the relationships among individuals. However this is not synonymous with organizational configuration analyzes as being a unique and fully developed theory, but it does represent a tool due to the flexibility for its use. For that, Rendón [2009] recommends identifying or constructing the social networks in which the group members take part. Anyway, the most important thing is to observe how these configurations are created and what the meaning the individuals assign to them is.

Inbrief, the organizational configuration analysis methodology (see table 1) we study the individual behavior at the micro level, the structure at the macro level and the interactions between both levels. The use of configurations as an explanatory framework allows for analyzing and understanding relational structures that surge when individuals or small enterprises interact through different firms such as agreements or processes; family agreements or administrative processes that converge in logic of action. Without a doubt the problems of family businesses concentrate in the centralization of control exercised by the members of one or two families who bring the home ambience to the business. Here family problems affect the company and vice versa.

As seen in the above table, each of these configurations owns an integration logic arising from the diverse forms of organizing work. Under a set of internal

factors that conform the family dynamic such as the number of members, type of existing relationships among them, individual aspirations and decision making styles. There are also other aspects to consider that belong to the entrepreneurial arena, like that of context, and market opportunities that get reflected in the general features of the enterprise.

To analyze a family business, it is necessary to do it considering the members as a set plus their interrelationships; its not a matter of adding them all up but yes the characteristics of the family company by starting with how work gets organized taking into account the mix of economic, and affective aspects. Among the first we can mention the amount of the investment, that is depending on the material resources that they hold they can achieve the pursued objectives; as well it will be important the capability to produce the desired goods or services. Among the affective elements we find the number of family members as well as the availability of time they have. In several occasions the firm creates job positions in accordance with the needs of the family members, for example, a sibling that is unemployed or that needs to increase his/her income.

Table 1. Main Characteristics of the Organizational Configurations of the small family enterprise

	Organizational Configurations				
	Unitary			Multiple	
	Simple	Departmental	Domiciliary	Autonomous	Network
General features	One company	One company, several departments	One company, Physical Decentralization	Several firms, same business	Several firms, different line of business
Division of labor	Ill defined	Well defined	Defined	Ocasional	Defined
Decision making	Centralized, swift	Semidescentralized	Centralized & swift	Decentralized	Shared
Economic investment	Smaller investment amounts		May require larger investments	Major investments are required	

Family project	Total dependence from relatives	Relative independence from relatives	Larger work independence from relatives	Almost total independence from relatives	Functional dependence buy/sell
Succession	Bigger equality of opportunities for succession	Certain members move toward succession	Indefinition of succession	Forseen succession	
Company-family relationship	Tight daily relations Family extension		Less frequent relations	Less frequent relations	
Relationships among members	Colaboration	Colaboration and competition		Sporadic colab- oration and competition	Colaboration
Culture	Only one	Several subcul- tures	Different cultures with common traits	Shared cultures with different traits	
Economic dependency	Total		Almost total	Partial	

Source: Rendón 2009, p. 406.

For Rendón [2009] family enterprises can be identified from two large types of configurations: unitary and multiple. The first type is characterized by the fact that family members concentrate work, capital and affect in just one company. There is a main person in charge responsible for the company and the other family members hold diverse positions under the authority of the family boss. The hierarchical structure of the family frequently overimposes on that of the firm, whereby either the father or the mother may appear at the top of the decision making process.

On the other hand, the multiple configuration is composed by several small family businesses apparently independent, but united by strong family ties that favour the labor relationships among them. In this type of companies we find some that were founded by the father or the mother under the unitary configuration, but, as time passed by, evolved into a multiple organizational configuration type. As members of the family require laboral independence, the foundational figure gives them a small business so that each manages its own [De la Rosa 2004, Rendón 2009].

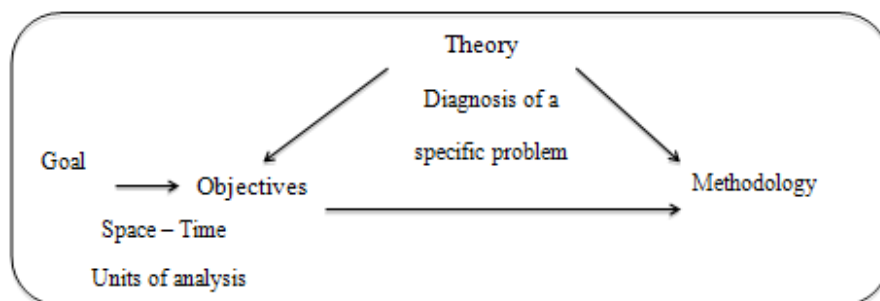
Methodology

The main characteristic of a scientific inquiry or research is to know a concrete reality. According to Sautu et al [2010, p. 29] social research is a form of knowledge that is characterized by the construction of empirical evidence elaborated from the theory and applying explicit procedural rules. From this definition we can infer that in all research there are three elements that articulate among themselves: the theoretical framework, the objectives and the methodology. Each one interacts mutually with the others, while in practice they are thought as a whole.

The theoretical framework constitutes the body of concepts from different levels of abstraction articulated among them. At the most general level of the theory we find the paradigm. For those people that perform a diagnosis, you also depart from certain theoretical aspects, because during the course of the field work one assumes a series of basic beliefs that determine the way to orientate and look at reality. This beliefs system functions from the phenomenon to investigate, the objective of the research, and the methodological strategy followed (figure 1). This is how the phenomenon is composed by a variety of optics or views that from the individuals' perspectives translates in everyday problems. Potter [1998] says that reality is a mirror, and the researcher only approaches it to translate the composition of this reflection. While passing through different types of social organizations, individuals face different problems.

For this matter and to delineate the problematic derived from the family enterprise there already exists a tool that management uses for detecting performance problems in any of its processes: the organizational culture diagnosis. According to Silverman's ideas [1993], some social researchers could debate that, to understand the world of organizations where individuals transit and build their labor relationships, there are different forms to approach it.

Figure 1. Methodological Perspective for Organizational Diagnosis



Source: adapted from Sautu et al 2010.

To identify the organizational configuration more representative of the Yautepec Nursery we developed it framed by the perspective of a combined quantitative / qualitative research study. The epistemological basis lies within functionalism, and we place the accent on objective measurements to demonstrate causality, and hopefully the generalization of results. In this case the organizational factors that can impact the configuration of its structure.

Three research instruments were applied for data collection:

- Oral History, where interview meetings with tape recorder were held with the company's founder/owner/CEO, and with his possible successor. With the aim of registering juncture aspects around the founding of the company, performance obstacles and development up to its consolidation with respect to the family's evolution.
- Six semi-directed interviews were performed to the employees that belong to the jobs or posts of supervision, management, and general employees. The topics under consideration were their roles, their functions and main activities, their relationship with the owner, and the work climate and culture.
- A review of current specialized bibliography.

Results and discussion

Nurseries in Morelos as an economic activity

Mexico's national territory by its geographical location is a privileged country; it has a multitude of microclimates, and different ecological factors that offer the possibility of cultivating a great number of fruit specimens. Fruit production is a very big and important sector in Mexico, but still lags behind in some aspects like the use of more genetic research, training and modern marketing techniques [Calderon 1989].

Trees and plants nursing is an old activity in the country. It has been practiced since prehispanic times, but as an entrepreneurial activity is younger. Approximately at the end of Second World War, Japanese and Spanish immigrants found in Mexico the proper conditions for nursery development. The local peasants that were hired by these foreigners learned all about modern nursing, and began to build their own production units. Later on technicians and researchers discovered in this activity an opportunity for higher earnings than in other activities, and with the use of technology expanded the coverage [Pérez 2012].

At the beginning commercial nursing was mainly a family activity, but it has been changing by hiring non family employees and becoming more competitive. Growing and selling fruits and vegetables is an agricultural activity that generates plenty of jobs for rural families, besides producing the basic staples for their own consumption [Almaguer 1998].

Since 1970 Mexico's State of Morelos has shown decreasing figures in the agricultural development activities due to the growth of tertiary sector activities, like tourism and services. This is confirmed by the decrease in the Internal Raw Product where the 21% that it represented for the year 1970, decreased to 10.1 percent for the year 2000. In this year only 13.3% of the employed population in Morelos performed agriculturally related activities [SEDAGRO 2010].

Located just 70 kilometers south of Mexico City, the State of Morelos is one of the largest producers of ornamental nurseries in Mexico. There are around 976 nurseries covering adding up to 512 hectares, and 507 greenhouses in 250 hectares. The lack of more investment in advanced technology and the wide variety of demanded specimens by customers, have made it dependent on other regions like the neighboring state of Puebla with whom they compete for the production of one of the most demanded flowers, the "gladiola". A strong technological backlash has characterized this gap impacting a great many nurseries in Morelos. In the category of fruit nurseries there is a very small offering; one reason being the heavy competition from the production in the State of Michoacán which holds the first place as a supplier of fruit nurseries. Their competitive advantage lies in the wide variety of plants being offered to the market [SEDAGRO 2010].

The geographic location and climatic conditions of the state of Morelos offers an attractive competitive advantage with respect to other states, generating a context favorable to the exploitation of different ornamental species [Mundo 2006]. Ornamentals and fruit trees represent a wide range including a thousand species that are commercially exploited [Pérez, 2012].

The Yautepec Nursery

Even with a scarce presence, fruit nurseries in Morelos make efforts to survive in the midst of local and external problems. A characteristic to underline is that fruit nurseries in the zone are still in the market thanks to their reputation and prestige that derives from many years of experience, such is the case of Yautepec Nursery [Vivero Yautepec].

Yautepec Nursery was founded in 1956 [www.viveroyautepec.com.mx] originally to grow and sell avocados. The owner a descendant of German ancestors grew up in Chile, South America; he studied continental agriculture engineering in Germany, and then worked with his father in the agricultural business until he moved up north to Mexico. First he worked at a private nur-

sery in the state of Puebla, and later on he established himself in the city of Cuernavaca (nicknamed the City of Eternal Spring) at the state of Morelos. He built his nursery in another neighboring municipality Yautepec, where the geographical and weather conditions were good for producing avocados.

Among the memories of the owner, as captured during the oral history interviews, were several anecdotes or episodes that merit to be shared. In those times the region was very underdeveloped. There was no electricity and the roads were built of dirt; people would move by horse or old trucks. The main staple being produced in the surroundings was sugar cane. At the beginning, the firm was small and with few employees. The founder was in charge of sales, credit and collections, hiring and training the newcomers. Business was going well, but with the opening up of trade between Mexico and Chile in 1998, there was a massive entrance of a variety of apricot that although not very tasty, had an attractive size, and sold easily. Yautepec had to cut down 7000 apricot trees because nobody wanted to buy their fruit. The Chileans could produce and export fruit to Mexico when local production was not possible. Yautepec had to look for another product to be able to compete with this new environment.

That is when they decided to start producing Star Fruit or Carambola. This fruit has the advantage that it grows all year round. They also chose to grow a red plum of tropical weather that could be combined with the two months of slow carambola production, thereby securing a year round supply of fruits. Selling the plums was hard at first, people would buy it more as ornament, but slowly consumers began to taste it and get used to it.

Nowadays the nursery is a well-known enterprise not only in the state of Morelos, but also in many other places including some foreign countries to where they export their produce. It is perhaps the most famous and best known business for the variety of exotic trees, plants and fruits they produce (500 varieties). The establishment remains as the top producer of exotic fruits including the “carambola” or “star fruit” (*Averrhoa carambola*), also known as Chinese tamarind. The fruit enjoys acceptance in many countries. According to Ocampo [2012] this nursery has the merit of having become a regular supplier of two of the largest retail chains in the area Wal-Mart and Soriana. These stores demand low prices from their suppliers, but then raise their own prices so high, making the offering unattractive for consumers. The marketing activities of this business are hard because of some market deficiencies, sometimes even the local government becomes a competitor of the privately owned firms.

Main features of the Yautepec Nursery organizational culture

The study of organizational culture has a long tradition beginning with the remarkable works of the 1980's [for example Deal & Kennedy, Denison, Kotter & Heskett]. Corporate and Organizational cultures have been recognized as

an intangible asset, and an area that deserves special attention and must be strategically managed by the leaders in any organization [Schein 1990].

To know the culture, we first need to study its features in any corporation or firm. Top management can conduct a diagnosis of the current work practices, the belief system, rites, rituals, and ceremonies and all the collective behaviors that together make up the culture. Then according to several experts, directors can design the ideal culture, beginning with the desired values, and the required behaviors to achieve the objectives of the firm. At the employee level we need a good description of how the collective mind has evolved over time, what is good and what can be changed. Knowing how really is the culture aids in decisions to make changes that transform the work environment towards a more efficient, productive, competitive and satisfactory place [Levin Kosberg 1997; Barba 2000].

Yautepec Nursery must face several challenges from the local environment. The slow development of infrastructure limits the use of some basic resources like water. The existing contamination requires a large investment for filtering machinery. There is not a sufficient supply of qualified labor, so most of the employees have spent many years as workers in the business.

In the commercialization process there are problems with the intermediaries, and lately sales are slow because few new houses and hotels are being built, and many homeowners don't want to invest too much in the gardens. The way sales were conducted in the past included closing deals by regular mail, and the plants were sent by railroad or trucks. The railroad system disappeared, and truck companies don't want to carry perishables. Nowadays many commercial deals are negotiated through internet, this has pushed the company to establish a web page where customers can list their requirements, and the company experts answer giving their suggestions for which plants to acquire and how to optimize the benefit when planting them.

Most income comes from selling fruits and exporting them to Canada and Japan. This has become the competitive advantage of the Nursery. Because the business has grown under an empirical style of management that was good for the times past, if today they wanted to increase their export markets, they would need extra personnel and new machinery. The organizational structure is small and very fluid, because some employees may start in a certain position, but after some time they decide that they fit better in another area of the business. The daughter of the owner holds the position of administrative manager; she is half the age of her father and is the only relative working in the nursery. She is the innovative force in the company. But as in all family businesses the relationship between siblings of different generations are a cause for continuous disagreements which must be resolved if not inside the firm, when at home.

The generational gap will always have to be dealt with, so that regardless of differing opinions and sentiments, decisions get made that benefit the whole of the organization.

Final reflections

In the same way that the environment affects medium and large enterprises, does impact micro and small economic units. They are all subject to the swings of economic, social, political, cultural, and technological factors that generate turbulence around them. Because of their size, some organizations have more economic, human, and technical resources to defend themselves and survive the competitive landscape.

In the case of small family businesses like the Yautepec Nursery, the external economic impact causes internal changes that force them to make adjustments both in their product mix, as in their organizational configuration. This means that when demand for certain species or varieties of plants and fruits rises, efforts must be geared towards rising production, leaving aside other areas like the generation of new products. This illustrates the need to depend on the wisdom of the strategic decisions of the founding figure.

The explanatory incorporation of the problems in the small family businesses through the Configurations Model, allows us to identify those areas where particular intervention diagnosis may be recommended in accordance to the new realities. For example, a well planned succession process will be vital for the future of the small family business, because there must be formal mechanisms that can guarantee that the generational change does not limit performance and operation of the firm.

Another area of opportunity in the nursery case is to develop a wider and more modern vision of the marketing function, supported in their local competitive advantage. One way to go is to add new sales channels that cover the whole country. So far the predominant vision of the founder has inhibited the exploration of new possibilities.

The comprehension of the organizational culture in the small family business should motivate the managers of the organization, to take advantage of the combination of structural changes, and the adaptation of human behavior needed to introduce innovations that facilitate its adaptability in front of the external uncertainty and the internal complexity of the organization.

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Leadership and organizational culture in the company of hosting

Abstract: Hosting business answers to the needs and requirements for the reception services and guests attention seeking for lodging. This leads to the existence of a complex organization to branch out the requirements that the tourist pretends to satisfy. The objective to realize this study was to identify the influence grade in the organizational culture's leadership in the hosting business in the city of Culiacan, Sinaloa, Mexico which allowed the utilization of a quantitative methodological approach, descriptive and transversal, which data recollection was made through the application of a questionnaire and document analysis. The questionnaire was adapted to the methodological theories proposed, for leadership it was the *Multifactor Leadership Questionnaire* (MLQ), while for organizational culture the instrument was *Organizational Culture Assessment Instrument* (OCAI). Results show that there is a predominant leadership in the hosting business which is transformational. Also, there is a tendency toward hierarchical culture, which emphasizes in formal structures and procedures as fundamental elements that orientates favorable relationships between the group members and their bosses and subordinates, while there is a tendency to consolidate the organizational culture without determining the congruence with the desired culture.

Key-words: leadership, organizational culture, hosting business.

Introduction

Hosting companies respond to the demands and needs of the service for the reception and care of the guest seeking accommodation. This leads to the existence of a complex organization to diversify the requirements for tourist aims to satisfy [Ramírez 1991].

In addition to the general characteristics of a company of any other rotation of hosting feature: capacity of small or extensive accommodation and prone to expansion, excessive rigidity in the supply of the service, highly skilled personnel, high degree of safety and maintenance, quite complex management, fluctuating business due to the seasonal cycle [Ramírez 2003].

Valls [2004] points out that to develop tourism in the first sector of the economy, the tourism company management leads to reflect all the alternatives of accommodation for visitors satisfaction, which implies a new style of leadership that incorporates the improvement and continued innovation, where the motivation of employees is relevant.

Organizations, whatever is their nature, plays a decisive role in the society which is established and operate. In this way, if the organizations are entities which, among other purposes, contribute to satisfy a series of requirements for the target population, as well as various social groups, it is very useful to understand that an important part of its operation represents its leadership established by its managers and the relevance of its influence in the organizational culture of a company [Sułkowski 2012].

It is in this environment where they conceived and designed the proposals and the processes that determine the identity, the philosophical framework and the commitment of all those who are part of a particular organization to achieve the ideals and statements embodied and desired by top managers or owners of the companies. A determining factor in the functioning of the working groups is the practice of leadership and the design of the construct called organizational culture.

Therefore it is establish an in-depth foundation in this thematic which had been object of multiple analysis but in a low grade orientated to study the hosting business. "Leadership's style and adequate culture depend of the circumstances in which the organizations involve their time and acting in the business" [Fernández, Bringmann 2007, p. 3442]. The study case is the investigation in a family business through qualitative method.

Merino and Díaz [2008] made a research about the organizational culture perception in hosting business members in Lambayeque, where the organization members' feelings about the labor relationship within the business were examined, factors were measured like acknowledgement of what the organization can do, how the CEO keep their employees, confidence levels, control,

comprehension and communication establish in daily activities, thus help us identify that more than 60% of the members of the analyzed research, have acknowledgement of the mission, vision and objectives, giving results that CEO promote the sense of identity and integration in the members.

For this investigation, the study subject is a hosting business in Culiacán, Sinaloa, Mexico and, because of its importance that this kind of organizations represents for tourism activity², it's considered that it is necessary to develop this type of investigations which help to have better process related with execution of authority through leadership analysis and its effects and the own organization's cultural system. It has to be considered that organizations realities suggest that business continues experimenting with the need to have effective leaders and enlightening and inspiring cultural constructs.

About the subject that it is being investigated, the hosting business: its location is on Culiacán City, Sinaloa, Mexico, where it can be found 61 establishments with the same type of tourist activities [SECTUR-DataTur3: 2013]. It is a four-star hotel. It has 100 employees which correspond to a medium-size business with services according to the Mexican classifications [Secretaría de Economía 2013].

The history behind of this business is from 37 years ago, where there have been changes like: 1993 – an auditorium was build. In January of 2003, the fifth floor was upgraded, giving full services with aggregated value, like: executive lounge, canapés and computer services for guests. In 2008 an open area was created, an event hall with maximum capacity of 220 people in banquets and, in 2010 it was totally remodeled all the rooms, including the bar and lobby. Now they have 230 rooms.

The construction corpus of the subject and object problem mentioned before, give sense to the next question: how does leadership influences in an organizational culture on the hosting business in Culiacan, Sinaloa? For that, the objective of the investigation was planted to realize a study to identify the level of influence in the hosting business on an organizational culture in the city of Culiacan, Sinaloa.

Methodology

Because of the increasing complexity that is present in the organizations, an investigation is required that allows exploring and understanding the already exi-

² Correlated, as a precedent in the State Development Plan 2011–2016, it points out that in the recent years, Sinaloa has grown below its potential and that according to different measurements of State competitiveness index is located in the national media, tourism for the State of Sinaloa, is 11.9% of the gross State domestic product with 8% nationally. Additionally, accommodates the 14.1% of the employed personnel and generates 14.3% of earnings in the State [Government of the State of Sinaloa 2011, p. 227].

³ Ministry of tourism, México, Data Tur, contains statistical information on tourism.

sting phenomena's. This investigation is qualitative, descriptive and transversal, where the recollection of data was made with the application of a questionnaire and document analysis.

The instruments were an adaptation of the proposal of Bass and Avolio [1995], called *Cuestionario Multifactorial de Liderazgo* (Multifactorial Leadership Questionnaire), in Mendoza [2005], on the other hand, for the organizational culture, the instrument was elaborated with Cameron and Quinn [2006] methodology, based in the competence values model. Both instruments were used in the basic hierarchic levels of the organization (operative, supervision and direction).

To analyze the workers' perceptions about leadership and organizational culture that characterize the hosting business, it was selected a sample of 55 persons (18 managers and 37 operatives), who belong to different departments in the organization like Comptroller, Room Division, Sales Department, Food and Drinks, Human Resources and Maintenance.

To this sample, an instrument was applied, formed of three parts, first one gathers general information about their social-demographic and organizational data, the second section was is searching and knowing the different kind of leaderships that the hotel has, for that reason the *Multifactor Leadership Questionnaire* (MLQ), Version 5 [Mendoza 2005] was applied, and the last segment had the objective of identifying the type of culture that prevails in this business, for that the *Organizacional Culture Assessment Instrument* (OCAI) instrument was selected.

The workers were invited to participate voluntarily in the study, to answer the instrument, given the guaranty that the information will allow them to get and create better conditions of work.

The *Multifactor Leadership Questionnaire* it's built in five subscales of transforming leadership, three subscales of transactional leadership, one subscale of no leadership and three subscales of outcome variables. There are two versions of the same instrument; one is orientated for the boss or leader «himself» and the other one corresponds to the workers or followers «as seen by the others».

In the section about organizational culture, based on the *Organizacional Culture Assessment Instrument* (OCAI), there is each culture typology: clan, adhocracy, market, hierarchical, all of them integrate six dimensions: dominant characteristics, organization leaders, management style, organization union, strategic focus and successes criteria.

Both versions of the instruments compose each dimension, giving a total of 52 items or questions under Likert format like this: 0 = Never, 1 = Occasionally, 2 = Normally, 3 = Frequently and 4 = Always.

Leadership and influence in the organizational culture

Nowadays, the world is under a series of changes provoked principally by the technological and social advances that affect the daily chores, creating anxiety for confronting the challenges that such as individual as organizational level enforce. In this panorama, the organizations are obliged to be more flexible and incorporate technology in their processes or services, to increase the use of equipment for the taking of decisions, etc.

The foregoing means that the execution of leadership has to be recast. The flexibility generate that the traditional hierarchy, the direction and efforts management of the workers become more complicated and requires a capable leader that establish objectives and achieve effective results under this circumstances.

The leadership following Davis and Newstrom [1999], Katz & Kahn [1999], Lussier & Achua [2011] and Robbins & Judge [2009] is the influence that some people have over other people to accomplish their objectives in the organization applying rules or liberty and giving sense to the culture.

Hersey, Blanchard and Johnson [1998], Davis & Newstrom [1999], Lussier & Achua [2011], Bass and Avolio [1995] and others, made studies about leadership within different approaches: features theory; behavior or leadership styles; contingencies and most recently those that address the charismatic leadership, transformational and transactional.

In this investigation, it was taken the proposal of Bass and Avolio [1995], where three styles of leadership in those organizations are identified: Transformational, Transactional and No Leadership.

1. Transformational Leadership. In this style, the leader makes excellent effects over their subordinates, changing the motivational basis over those were they work, knowing the needs of them and generating in them new and higher needs. The personnel is fully identified with the transformational leader, who inspire them to reach over of what it is expected, integrating a share vision of the future, looking to increase the knowledge and awareness levels in their employees about the magnitude of the awaited results and the way to get them, trying to have the team interests and the organization balanced with the personal or individuals.

These leaders stimulate intellectually to their followers, giving a personalized attention to each of the members of the group and look to create new visions that satisfy the changes that the organization require generating compromises with the integrants if the same. Bass and Avolio [1995] integrate four subscales:

-
- Charisma. The charismatic leader takes in count two important dimensions: the leader attributes and his behavior. This kind of leader provides the sense of vision and mission, generate respect and trust, motivate and inspire his followers and increase the optimism.
 - Motivational Inspiration. The leader communicates a vision and great expectative, express easily the purposes that he looks to accomplish, uses symbols to focus efforts and worries for acting like a role model for his followers.
 - Intellectual Stimulation. The leader provides an idea flow that allows waking within his followers innovative forms to conceive the problems and thoughts, acknowledging other beliefs and values, this lead to the intellectual stimulation of them. The stimulation is reflected in the comprehension and analysis of the problems they confront and the solutions that they generate.
 - Individual Consideration. The transformational leader possess an individual consideration towards his followers, in other words, the leader pays personal attention, treats them individually, guide them and also suggest them, likewise, he searches to link the individual needs with those of the organization. This helps to achieve a higher potential within the followers.

Mendoza [2005] adds another subscale, psychological tolerance which relates to the capacity of the leader to use the sense of humor as a strategy to cope hard and difficult times.

2. Transactional Leadership. On the other hand, the transactional leader sees the motivational base of his followers, trading with them rewards for a performance service. This leadership considers that there is an exchange of relationship within the leader and the followers based in a series of transactions with a connotation of cost-benefit. The leader determines the award that the followers will get in exchange of them doing what he expects from them. The subscales of this style are:

- Contingent Award. The leader rewards the followers to achieve the required acting standards, thus depending of the effort and the achievement is the given prize. Promises to reward the works for their efforts, performance and achievements obtain.
- Management by Passive Exception. This characteristic is typical of those leaders that only appear when deflections and irregularities had happened. They show when it was not possible to obtain the expected results.
- Management by Active Exception. The leader specifies rules for its accomplishment and what he considerate an ineffective performance.

Because of that he organizes to control and look out that there are no diversions that take away from what it was established, taking corrective measures.

3. No leadership. *Laissez-Faire*. It is described as the lack of leadership and it is the most inactive or passive way of direction. The necessary decisions are not taken, they are avoided and the actions are delayed, also the leadership's responsibilities are ignored. The Laissez-Faire usually has a negative correlation with the direction styles by active exception.

Outcome Variables

The leader influences the strategies that are taken in the organization, which causes achieving the success or not and the leaders are the people responsible for making the required changes for the achievement of those goals.

Thus it is convenient to avoid losing the relationship within the leadership and three very important aspects to consider: the satisfaction of the individuals and the group, the extra effort of their performance and the effectiveness.

On the other hand, in this investigation the organizational theory allows to know "how do organizations works and how they affect and become affected by the environment in which they operate" [Jones 2008, p. 7], thereby it aboard the organizational culture, it is important to acknowledge the set of shared rules and values that controls the interactions within the members of the organization and the outsiders of the organization.

The culture in made as a system of meanings that generates some type of shared entity [Geertz 1989]; a sort of code that orientate the social practice with the people that belongs to multiple groups and social categories in a society [Vaitsman, cited by Toca & Carrillo, 2009].

In the organization where there are identified objectives the definition of organizational or corporative culture has as a model of basic shared, made up, discovered or developed assumptions by a determined group, where they learn to cope with their external adaptation problems and internal integration. This assumptions perform enough influence to be considered valid and, thus, be pointed by new members as the correct way to perceive, think and feel this problems [Schein 1988]. Likewise, in a easier way it is defined as the glue that maintains together the organization and incorporate values, conduct code, politics and procedures [Herbert 2000].

The organizational culture is also defined as a system of shared meaning by the members of the organization, being this system a set of basic characteristics that appraise the organization [Robbins 2004].

Meanwhile Cameron and Quinn [2006], in their theoretical methodological proposal for diagnosis of the organizational culture through the *Organizational Culture Assessment Instrument* (OCAI) shows that the foundation of this theoretical model is *Competing Values Framework*, where they establish a typology divided in four types:

Clan culture. Represents to the organization how a friendly place to work becomes a better place to work in which people can share between each other. The leaders are considerate as a species of mentors and sometimes paternal figures. Generally the commitment of the members is high dependable on the variables like loyalty or tradition. Team work is rewarded, the participation and consensus. Institutional success is defined by terms of satisfaction of the client and people's consideration.

Adhocratic culture. It represents organizations that are highly sensitive to the fast changes in the global environment. The members see the organization as a dynamic place to work, motivating spirit and creative environment. The leaders are considers innovators and risk takers. The institutional success means having meaningful utilities from the sales of products or new services. The organization stimulates the individual initiative and the intellectual freedom.

Market culture. Represents organizations orientated to the surroundings instead of their internal affairs. The biggest worry is a well done work orientated on the competitiveness and on the results and objectives. The demanding leaders are competitors at the same time. Organization sustenance is about winning, reputation and success in everyday concerns. The success is defined in terms of participation in which prevails the realization of work control, there is low cohesion and low team work feeling.

Hierarchy culture. Represents structured organizations and form to work, being the procedures that determine what the personnel has to do. The leaders tend to be good coordinators and organizers, achieving to keep cohesion. The rules and politics have a preponderant role and there is a high control level. The success is defined in terms of job submissions, planning and low cost. It is think that people look for a safer place to work- The rewards are minimum and are basically promotions and salary increases.

Results

Socio-demographic factors and organizational sample (table 1) indicate how significant that 74.5% comprises studies of basic level, a greater percentage, 56.4% with three years in the company and 60% of less than three years in the post, among others.

Table 1. Socio-demographic and organizational factors

Factors	
Sex	50.9%, male, while 49.1% female
Age	20% of 18 to 25 years, 16.4% 26 to 30 years, 25.5% have between 31 and 35 years, 9.1% of 36 to 40 years, 12.7% of 41 to 45 years, and 16.4% did not answer.
Marital status	47.3% married, 36.4% single, 5.5% divorced, 9.1% free union, 1.8% separately.
Last degree of study	25.5% undergraduate, 23.6% high school, 27.3% up to secondary study, 10.9 primary %, and 5.5% studies business and like 5.5% answered others.
Category	56.4% confidence, 34.5% of plant, 7.3% time, 1.8% did not answer.
Turn	34.5% matutine, 56.4 % mix, 9.1% vespertine.
Seniority in the company	56.4% less than 3 years, 12.7% from 3 to 5 years and 7.3% from 6 to 10 years, 21.8% more than 10 years, and 1.8% did not answer.
Length of service	60% less than 3 years, 9.1% from 3 to 5 years, 14.5% from 6 to 10 years, and 16.4% more than 10 years.

Source: own elaboration, based on the results obtained in the implementation of the questionnaire, 2012.

Leadership

Based on the adaptation of *Multifactor Leadership Questionnaire*, the results for the subscales of the transformational, transactional and no leadership styles, as well as the outcome variables (table 2), were made according to the perception of the bosses by the followers.

It can be seen that there is a difference within the perception that the bosses have about their behavior or acting in the organization, as well as how they are perceived by their followers in scales of the leadership styles and the obtained outcomes, nonetheless, not in all of the dimensions the differences are very distant from each other. The most differences are shown in the intellectual stimulations of individual consideration.

Besides, the leadership style that predominates in the hotel is the Transformational, as you can see in graphic 1, because it is the highest mean in the sample (3.82), this means that the bosses in the tested areas, show more frequently behavior of this type of leadership. It is followed by Transactional leadership, which represents a mean of 3.1, which implies that the bosses display also behavior of this type, but in a lower degree. Finally, No Leadership style or laissez faire shows a mean of 1.74, which can be graded as an average level, which implies that the bosses displays some behavior of this type of leadership.

Table 2. The components of transformational, transactional, leadership not leadership mean score and outcome variables

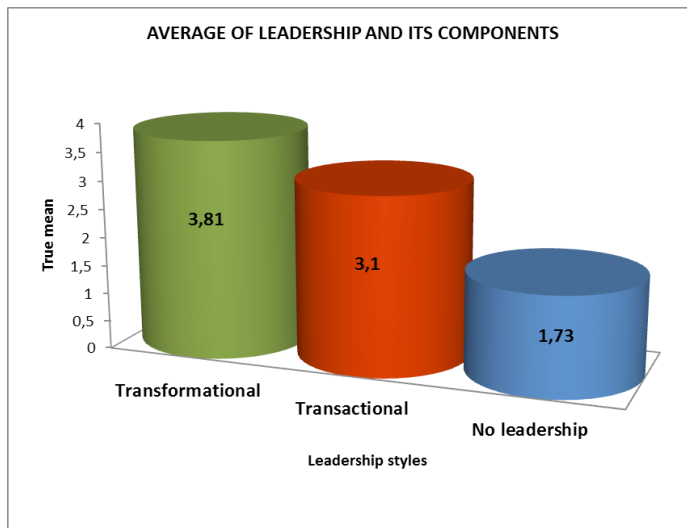
Leadership styles	Leader	Followers	Difference	Global
Transformational				
Influence idealized (attributes)	3.95	3.42	0.53	3.68
Influence idealized (behavior)	4.16	3.51	0.65	3.83
Motivational inspiration	4.27	3.54	0.73	3.90
Intellectual stimulation	4.31	3.37	0.94	3.84
Individual consideration	4.23	3.39	0.84	3.81
Psychological tolerance	4.02	3.78	0.24	3.90
Transactional				
Award contingent	3.61	2.84	0.77	3.22
Management by exception active	4.22	3.71	0.51	3.96
Management by exception passive	1.85	2.41	-0.56	2.13
No leadership				
Laissez faire / Let	1.40	2.07	-0.67	1.73
Result variable				
Satisfaction	3.81	3.58	0.23	3.69
Extra effort	4.16	3.54	0.62	3.85
Effectiveness	4.12	3.60	0.52	3.86

Source: own elaboration based on the results obtained in the implementation of the adapted questionnaire MQL, 2012.

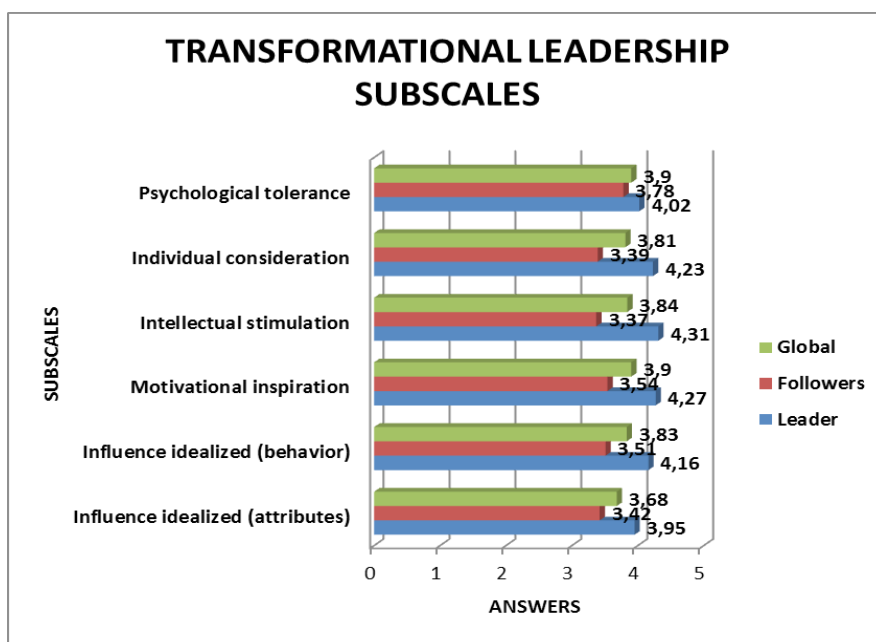
According to the results that are shown in table 2 for the subscales of the transformational leadership style, there are two that present the highest mean, being motivational inspiration and psychological tolerance (graphic 2), both

of them with 3.90, followed by intellectual stimulation, with 3.84, idealized influence-behavior, with 3.83, individual consideration, 3.81 and finally the lowest mean scale was idealized influence-attribute (3.68). As it can be seen the differences between the mean of this subscales, they are not significant.

Graphic 1. Average of leadership and its components



Source: own elaboration based on the results obtained in the implementation of the adapted questionnaire MQL, 2012.

Graphic 2. Transformational leadership subscales

Source: own elaboration based on the results obtained in the implementation of the adapted instrument MQL, 2012.

Because of what it was said before, it is inferred that bosses share a vision with their followers according to the objectives that they pretend to achieve in the organization, they look to create identity within the employees and try to act according to the demands and situations that they encounter (in occasion using the sense of humor as an strategy) so they can be seen as a role model by their followers. In the same way, they perceive that the leader allows the followers to search for new ways to see, cope and solve daily problems in their job.

Although in a lower grade, the data show us that the leaders generate some kind of trust level in their employees, giving personal and individual attention.

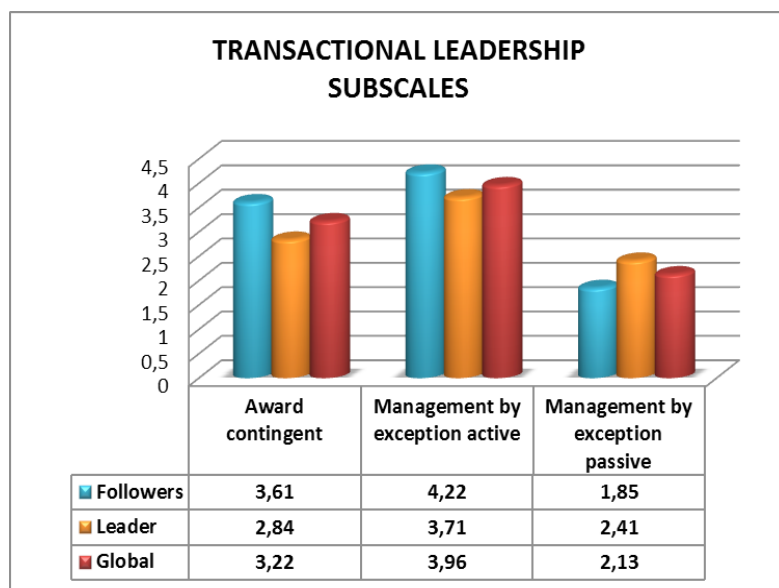
Regarding to the transactional leadership, the administration scale by active exception present the highest mean for this style 3.96, followed by contingent reward, 3.22 and last but not least the passive exception administration present a mean of 2.13 (graphic 3).

According to the outcomes, it is perceived that organization leaders look out to avoid diversions of their goals and established objectives, besides they look for rewards given within the organization, the effort done by their followers with their achievements.

Something that should be analyzed in a more detailed way is the function of what it is perceived by the followers as a boss regarding the passive administration, those are the areas and situations where the leaders only represents until all deviations have happened or when those who correspond does not attend to their duty.

In terms of No leadership (graphic 4), even if it is moderated, the perception that there is the same organization execution is present and it has to be analyzed in depth to those who observe their bosses' behavior and think that it can be a negative impact in the way to achieve their goals.

Graphic 3. Transactional leadership subscales



Source: own elaboration based on the results obtained in the implementation of the adapted instrument MQL, 2012.

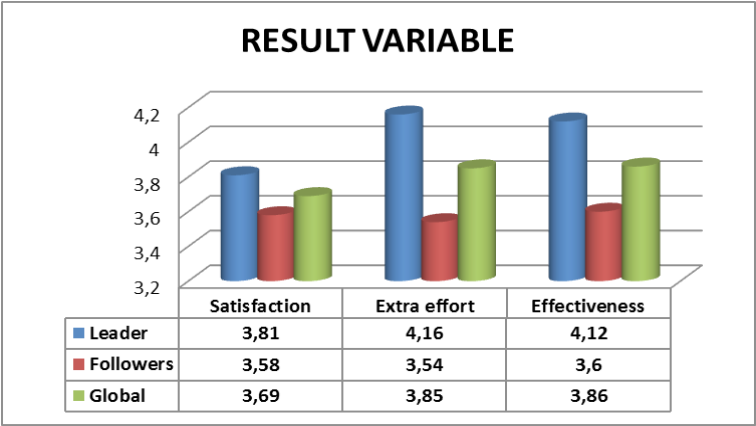
Graphic 4. No leadership



Source: own elaboration based on the results obtained in the implementation of the adapted instrument MQL, 2012.

Regarding the outcome variables, it is seen some differences within the followers and the leaders (graphic 5), it stands out that the leaders feel satisfied with their work and their activities, they consider that they give and extra effort when it is necessary and that their activities have an impact in the organization effectiveness. This perception is also present in the followers but in a lower degree.

Graphic 5. Result variable

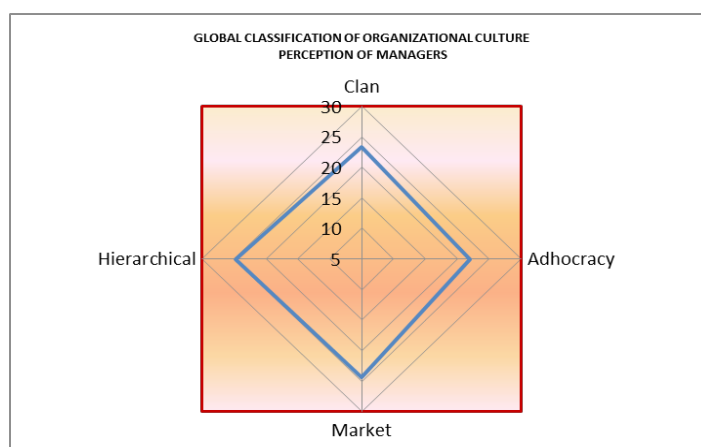


Source: own elaboration based on the results obtained in the implementation of the adapted instrument MQL, 2012.

Organizational culture

The consolidated results for the business are the foundation to the answers of the manager, as it can be seen in Graphic 6. It is shown that there is a small predominance in the hierarchy type culture, in regard the others. The mean punctuation is clan 23.29, adhocracy 22.00, hierarchical 24.83 and market 24.43. The results, nonetheless allows to suppose that it is not possible to determine a significant influence within them over the others. It highlights all the graphic representations, the culture type with lower results is adhocracy.

Graphic 6. Organizational culture



Source: own elaboration based on the results obtained in the implementation of the instrument OCAI, 2012.

Regarding the attributes of the obtained dimensions of the managers group in each item of the individual questionnaire (table 3), it is seen that in two of the sub-dimensions of the model (organization leadership and organization union) there is a tendency towards the marketing culture, meanwhile in the rest of them (dominant characteristics, management style, strategic emphasis and success criteria) there is a tilt to emphasize the hierarchical culture.

Table 3. Global definition of the attributes of the dimensions of organizational culture from the perception of managers

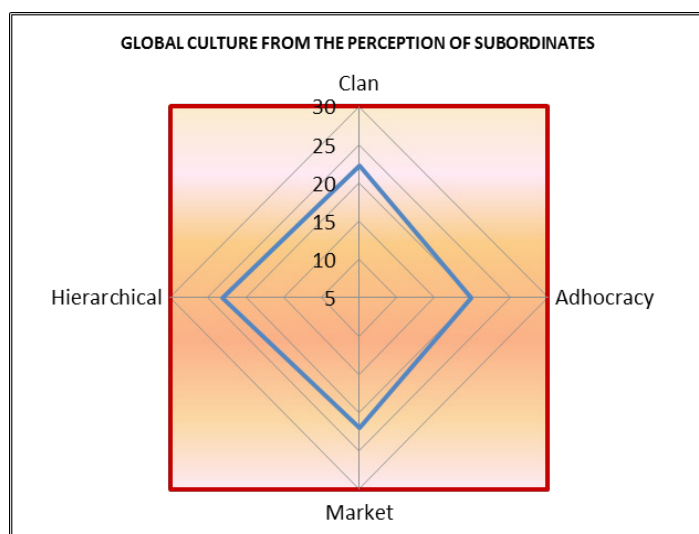
No.	Attribute	Clan	Adhocracy	Market	Hierarchical
1	Key features	3.68	3	4	4.05
2	Leaders of the Organization	4	3.84	4.36	4.1
3	Managerial style	3.78	3.17	3.73	4.1

4	Union of the Organization	4	3.68	3.77	3.66
5	Strategic emphasis	4.1	4	4.47	4.5
6	Criteria for success	3.73	4.31	4.1	4.42

Source: own elaboration based on the results obtained in the implementation of the instrument OCAI, 2012.

The consolidated outcomes for the business in foundation are the answers of the subordinates, which it is represented in graphic 7. In here, it is shown that the feature as a light predominance has a relationship with the other hierarchical culture. The mean punctuation was clan 23.29, adhocracy 22.00, market 24.43 and hierarchical 24.83. Nonetheless based in the results, it is difficult to determine the influence in some of them compared to the rest, highlighting that in all the graphic representations the cultural type less identified is adhocracy.

Checking the obtained profiles in table 4 for the subordinates group in each item of the questionnaire individually, there are similar outcomes to those obtained in the items outcome of the manager group because in both of the sub-dimensions of the model (organization leadership and organization union) there is a tendency towards the marketing culture, while in the rest of them (dominant characteristics, management style, strategic emphasis and success criteria) there is a tilt to emphasize the hierarchical culture.

Graphic 7. Global culture

Source: own elaboration based on the results obtained in the implementation of the instrument OCAI, 2012.

Table 4. Global definition of the attributes of the dimensions of organizational culture from the perception of subordinates

No.	Attribute	Clan	Adhocracy	Market	Hierarchical
1	Key features	3.58	2.88	3.44	3.77
2	Leaders of the Organization	3.75	3.47	3.97	3.82
3	Managerial style	3.75	3.08	3.33	3.75
4	Union of the Organization	3.74	3.66	3.94	3.91
5	Strategic emphasis	3.8	3.38	3.91	4.02
6	Criteria for success	3.88	3.91	4.02	4.25

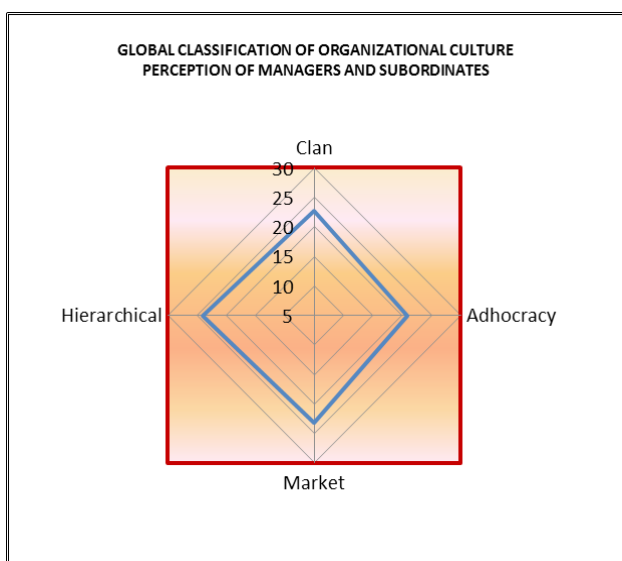
Source: own elaboration based on the results obtained in the implementation of the instrument OCAI, 2012.

The joint results from the managers as the subordinates are shown in graphic 8 and they confirm the minimum tendency towards the hierarchical culture type. In other words, the tendency to emphasize the formal structures

predominates slightly as well as the procedures as fundamental elements that orientate the efforts of the business' members. Thus, there is an orientation toward high control and the planning is privileged, the low cost and the timely delivery outcome. The mean punctuation for each type of global culture is: clan 22.76, adhocracy 20.95, market 23.23 and hierarchical 23.98.

In this way there is a contradiction between the results that were found and the predominant leadership styles, which were present in the beginning of this inform.

Graphic 8. Classification of organizational culture



Source: own elaboration based on the results obtained in the implementation of the instrument OCAI, 2012.

Table 5. Global definition of the attributes of the dimensions of organizational culture from the perception of managers and subordinates

No.	Attribute	Clan	Adhocracy	Market	Hierarchical
1	Key features	3.61	2.92	3.63	3.87
2	Leaders of the Organization	3.83	3.6	4.1	3.92
3	Managerial style	3.76	3.11	3.47	3.87
4	Union of the Organization	3.83	3.67	3.88	3.83

5	Strategic emphasis	3.9	3.6	4.1	4.19
6	Criteria for success	3.83	4.05	4.05	4.3

Source: own elaboration based on the results obtained in the implementation of the instrument OCAI, 2012.

The analysis of the obtained graphic profiles of the total directive personal and subordinates in each item of the questionnaire individually, allows confirming the congruency of the previous findings (table 4). Also in this case, there is the similitude of the results from the items regarding both sub-dimensions orientated towards market culture (organizations leadership and organization union), while in the rest of them (dominant characteristics, management style, strategic emphasis and success criteria) there is an orientation to the hierarchical culture type.

Conclusions

Organizational socio-demographic factors realize that 56.4% have three years working in the business and 60% have less than three years in their job. This means there is a frequent personal rotation.

The predominant leadership in this hosting business in Transformational, as for the subscales are motivational inspiration and psychological tolerance show higher means. Likewise, there is a tendency towards hierarchical culture, where they emphasize formal structures and procedures as fundamental elements that orientate the business members' efforts.

On the other hand, other consideration arises that can be analyzed to strengthen related issues like leadership and organizational culture for the business:

- There is a tendency to consolidate the organizational culture without determining the congruency with the desired culture.
- There are associate factors to the organizational culture, such as organizational environment and job satisfaction that allows other perspectives to offer better customer services.
- It is perceptible a positive relationship between the group members and the bosses and subordinates.
- The elements support the existence of a weak organizational culture, from for example the existence of non shared values.
- Subcultures are valued as autonomous units which weakens the corporative and organizational cultures.

- What has been said can create a new fragmentation of the culture and generate difficulties in the coordination levels within units. On those environments there are enabling conditions that allows a subculture to enforce specific behaviors and create a cultural deviation in the business.

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Chapter Two

Planning and strategy

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The cooperative and tourism planning

Abstract: The cooperatives have sought strategies to meet the challenges of globalization of markets because its activity is more related to development and local benefit. Tourism planning is an alternative for the economic and social development of the fishing cooperative and rural community.

The objective of the study was to analyze the tourism planning process of the fishing cooperative and the inventory of natural resources and tourist services in the rural community. The research was conducted from a methodological strategy case study, considering the cooperative: Pesquera Unión de Pescadores del Puerto de Altata (Union of Fishermen's Cooperatives of Altata) and Altata's community, the data collection was conducted through semi-structured interviews and surveys to managers active members of the cooperative, complemented by the analysis of internal documents of the cooperative (constitutive acts and assemblies) and observation of the natural resources of the fishing camp.

The results indicate that the fishing cooperative and the rural community develop projects for the promotion of tourism considering the potential of natural resources that are available in the fishing camp and their needs and capabilities. Concluding that Altata tourism planning and the fishing cooperative is based on the exploitation of natural resources, considering the compatibility of tourism activities with the conservation of environmental resources on the one hand, and growth is not concentrated in the supply of recreation, coordinated at the local level on the other. Planning has focused primarily on creating tourism products to one or more segments of demand.

Key-words: cooperative fisheries, tourism planning and rural community.

Introduction

Nowadays, regional disparities in the country make it clear that not all institutions and locations have benefited in the same way by the process of integration into international markets or the profound changes that have taken in Mexico over the last two decades. Therefore, it requires a regional strategy to meet the challenges of employment and welfare of its population.

Society transforms considering the regional and local space definition of the forms of coexistence, social organization, collective welfare and achievements. This article discusses elements of tourism planning and the cooperative in the rural community for their performance and ways to work implemented in order to meet the new challenges posed by the environment.

The cooperatives have sought strategies to meet the challenges of globalization of markets because their activity is more related to development and local benefit. The cooperative as associative model has sought to strengthened through cooperative networking strategy with a view of increasing the capacity for action and defense of its members, on the other hand, the effectiveness of actions at the local level depends on close relationships, belonging space and social capital as well as the partnership between the various stakeholders of the town, however the generation of change depends on the skills and competences as well as the potential in the geographic spaces.

Regarding fisheries organization in Sinaloa, there are 500 fisheries production cooperatives, fishermen operated both as riparian offshore and inland water, of which 141 are riverside fisheries production cooperatives, which means that the capture takes place at coastal ecosystems and / or very close to the coast, Contreras [2002] notes that although in terms of the percentage volume has coastal fisheries in Mexico is only of 31.03%, this fishery in economic terms reached 75.9% of the national total catch shrimp sticking by its value. Due to the nature of the activity and socio-demographic structure of our country, this sector is strong informal activity in both coastal and inland.

In the state there are 254 fishing communities which mostly they catch blue shrimp, crab, flake, molluscs. In order to catch shrimp, there are

commercial fishing permits for offshore (725) and waterfront (141) and are sold mainly in the United States, China and the European Union [Trujillo 2012].

At the global level, Mexico is a major producer of shrimp, the leader entities are Sonora and Sinaloa. Sinaloa in 2010 contributed 20% of the volume of national fish production and 24% in terms of value. The fishery resources caught in greater volume are sardine (38%), tuna (30%), shrimp (25%), tilapia (4%) and crab (3%) and in value, the shrimp takes first place followed by tuna and sardines. Fishing and aquaculture accounted for 4% of the state GDP (Trujillo, 2012). The offshore crustacean fishing contributes 22.8% of Mexican production, which takes place in estuaries and bays 14.5%, 62.6% and aquaculture [SIAP with figures from CONAPESCA Statistical Yearbook 2010].

In relation to the capture of shrimp, the product is marketed almost entirely non-value added, on the other hand is a commercially exploited species and its banned for a period of time, which means that the production process and capture performed temporarily, the above coupled with the reduction in harvest levels in recent years, to the cooperative involves a decrease in income and their potential economic and social development.

In 2009, 2010, 2011 and 2012 production was 55,838 shrimp, 59,498, 80,000 and 62,000 tonnes respectively [CONAPESCA 2012], however exports from bays and estuaries have shown a steady downward trend, reaching lower levels, same for dams and reservoirs, illegal derivatives and inadequate inspection programs, monitoring and restocking of the same, lack of marketing schemes of fishery and aquaculture products has led to the low profitability of the activity.

Notwithstanding the importance of fisheries and aquaculture, in Sinaloa there is no state legislation that regulates the activity and permits have greater powers in the sustainable exploitation of the various fisheries of the entity [Government State Plan for Development in Sinaloa from 2011 to 2016].

In the center of Sinaloa, capture fisheries cooperatives mainly shrimp, feature extraction concession, capture and commercial use of the estuary shrimp species in federal waters of the lagoon system of Altata Bay and Ensenada Pavilion, Sinaloa. The capture takes place from September to March as established by the authority (CONAPESCA) and shrimp is a species that our country is controlled by closed, in order to ensure that the crustacean fulfill its reproductive cycle.

The ban implemented by CONAPESCA is intended to comply with the national policy of sustainable use of natural resources and establishing regulatory instruments to preserve marine species from Mexico, this implies that from April to August is prohibited the shrimp catch and during these mon-

ths, 93% of members of cooperatives develop alternative activities such as offering boat ride services, tours marshes and islands and fishing, among others, also supplement their income with another activities such as construction, carpentry, among others.

The age of the cooperative members range from 30–49 years so we have experience that can be harnessed to provide a tourist service ensuring the health of visitors, because they know the risks in the bay and offshore and is considered that this knowledge can be leveraged to serve as guide boat rides and fishing, supplemented with training to provide adequate service for tourists.

Cooperative members not only have experience and knowledge about the ecosystem of the field but also with the equipment for the development of tourist service in the field, since 80% own a motor boat.

Currently the main source of income of cooperative members is fishing for shrimp and as the season finish they engaged other activities, so that vessels are often obsolete or rented during the closure of shrimp. However, it is contemplated that with the development of tourism in the fisheries field, these equipments would be exploited. The inhabitants say that the service ride to visitors in the fishing camps is provided by the fishermen of the community.

For the participation of members of the cooperative as tour operators it is needed to innovate in processes that focus on the tourist services as fishing camps have a large number of natural resources that can be used by visitors who come mainly from the urban area of the cities of Culiacan and Navolato. However it is very important the tourism planning and the need for planned human activities do not cause ecological imbalance or affect the operation of the bay.

In Sinaloa, tourism in recent years has become one of the pillars of the economy. Government State Plan for Development in Sinaloa from 2011 to 2016 aims to make tourism as the new engine for the economy of Sinaloa, which contributes to strengthening and multiplication of companies, create more jobs, higher incomes and welfare for the population, because it is no longer possible to obtain sufficiently from primary and secondary economic activities.

This paper addresses the phenomenon of change that implements the cooperative from new options considering economic and social development planning elements, tourism and inventory of natural resources in the rural community. Based on the above, the aim of the study was to analyze the tourism planning process of the cooperative called the Union of Fishermen's Cooperatives of Altata and inventory of natural resources and tourism services in the rural community of Altata.

Methodological references

The study was carried out considering the methodological strategy case study, looking at the Union of Fishermen's Cooperatives of Altata and Altata's community for the study, data collection was conducted through semi-structured interviews managers, the application of 40 surveys to active members of the cooperative, complemented by the analysis of internal documents of the cooperative (constitutive acts and assemblies) and observation of the natural resources of the fishing camp.

Theoretical references

To explain what happens in the cooperative and rural community, from the implementation of innovative planning processes it is reviewed the proposal from different authors in relation to tourism planning considering its definition, process, objectives and its elements.

Tourism planning

For Crosby [2009] tourism planning is a process through which it is organized and rationalizes in a touristic destination or in a potential touristic destination. The resources, attractions, infrastructure, facilities and services and in general all elements of the supply adapting to the needs of demand and market trends. For its part Inskeep [1994, cited in Crosby 2009] says that is a continuous and flexible process, which must be stated policy recommendations and plans, but they should have sufficient flexibility to allow adaptation to changing circumstances destinations. Molina [1987] notes that tourism planning is a rational process that seeks to ensure the growth and tourism development, linking supply, demand and in short all tourist subsystems.

Regarding rural space planning, Crosby [2009] notes that one must have a specific and differentiated treatment to apply a planning process and it is a place where nature is associated with the local population, making it necessary to harmonize tourism interests, the environment and the local community since they combine natural elements / ecological, anthropogenic / social and economic, which makes a rural tourism establishment is governed by principles of sustainable use of resources, revitalizing economies local integration of the local population and planned and controlled development that involves no overcrowding and a low impact, for instance that is sustainable.

Tourism development in rural areas should be natural and extensive nature, compared to intensive development of coastal urban space, could not otherwise retained the essence of the territory, which is what gives the rationale for rural tourism. This requires meticulous planning work as resources

managed are fragile and vulnerable, because their preservation is guaranteed to stay the medium and long term, because this resource is the single best asset available to the rural population [Viñals 1999].

The elements that differentiate rural tourism are many and it is needed to have them in mind when undertaking a planning process. Thus, tourism in rural areas is characterized by qualities such as the implementation in some little urbanized spaces, low population density, natural environment, numerous outdoor activities, poor infrastructure, enhanced activities and commercial supply, small establishments, reduced demand in quantitative terms, personal relationships with visitors, frequent cases of lack of professionalism in the management, the local atmosphere, predominance of old buildings, preservation ethic and limited growth and low marketing capacity, among others [OAS 1999].

Considering the above, we note that tourism planning is an orderly and rational plans and policies composed in order to anticipate the development of tourism and the generation of social, economic and environmental aspects of the host community.

Tourism planning process

In relation to the planning process, McIntosh, Goeldner and Brent [2002] point out that this is accomplished through steps such as: defining the system, formulate objectives, collect data, analyze and interpret to formulate preliminary planning, approving the plan and deploy. While Molina [1997] considers that the phases of the planning process are: to understand the analysis and evaluation of historical and current status of the object that is going to be planned, forecast, develop plans, set objectives, goals, strategies, programs, budgets, projects and evaluate the advantages and disadvantages of the object implied activities being planned.

In turn, Hernandez [2010] considers that the planning process includes defining desired image, the diagnosis, setting goals and objectives, identification of strategies and instruments; establishing category management and mechanisms for instruments planning.

Each of the above authors pointed out what is the process of planning, finding similarities and differences, as some are more specific or more detailed in phases or steps to tourism planning, the above is identified that there is no one way of carrying out this process, it is necessary to consider the specifics of what you want to achieve and the elements that will account for tourism planning in the rural community.

Viñals [2002] notes that tourism planning objectives, common to rural or natural areas must be the harmonization of tourism activities with the conservation of environmental resources on the one hand, and growth is not con-

centrated in the supply of accommodation and recreation, coordinated locally, on the other.

Strategic tourism planning in a natural or rural environment can pursue any of the following objectives:

- Creation of a tourism product for one or more segments of demand.
- Continue with the tourism product offered, making profitable correcting their weaknesses and strengths, as the demand needs it.
- Product differentiation offered in products for competitors from other destinations.
- Change or expansion on current demand segments.
- Replacement of the products offered and the current demand segments.

Planning elements

McIntosh, Goeldner and Brent [2002] distinguish elements of planning as follows:

- The planning agent, represented by individuals who lead the process, the achievement of the purposes of planning depends to some extent on a successful conduct of the process and this requires that the planning agents or possess adequate knowledge and experience.
- Receiver. Such as communities, businesses or social economic sector which is planning to make.
- Prevention. That refers to the anticipation of changes that may occur in future scenarios. They tried to identify these variables, determining whether or not they are controllable.
- Information. That is a key element to reduce or increase the uncertainty. So for more information about a variable, on the behavior of the same.
- Objectives play the role of guides in the process, as planning activities are guided towards achieving the same.
- The media represented by the resources of all kinds are vital to the achievement of the objectives.
- The terms relating to the periods within which several tasks must be developed.
- Coordination is essential to provide a logical sequence to all activities.
- Efficiency, which element will produce a scale for measuring the pros and cons of each activity.
- The decision is the permanent election and endorsement of the options that represents.

For its part, Martinez [2004] considers that the objectives, strategies, policies and procedures are the elements in the planning process. To Amendola [2006] objective elements are divided into demanding many difficult and resources which in turn are divided into limited, expensive and rigid.

Results of the study

This section presents the findings of the study considering the characteristics of both the rural community and the fishing cooperative study, likewise includes information collected related to natural resource inventory and planning fishing camp of the cooperative activities focused on providing tourism services to visitors.

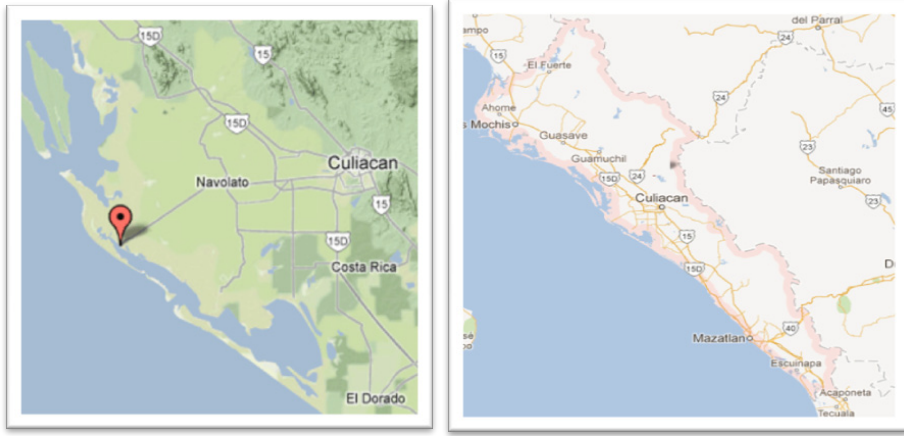
Rural Community: Altata

Altata, town that belongs to Navolato municipality, is a small coastal village now considered fishing camp, coastal port and family resting place, has had throughout its history ups and downs, its history goes back to 1834 to become important for be enabled for unloading freight ships charterers, declared seaport in 1847.

It is located in the municipality of Navolato, 63km from Culiacan. Which is linked to the city through a highway of 4 lanes open, located one meter above sea level, its geographical coordinates are Longitude: 24° 38 '00 " Latitude: -107 ° 55 '50" (see image 1).

Altata Bay, covers an area of 9100 acres consisting of the continental shelf and Redo Peninsula, sharing Pavilion cove that forms Lucernilla peninsula. It is a protected natural area where you can see mangroves, palms, lilies, coral and a variety of fish.

Their most commercial fisheries are snook, mullet, shrimp, snapper, bream, croaker, pata de mula, oysters, shark, marlin, striped white clam. About hunting, is duck rice which is distributed in its stations: Dautillos, Bariometo II, Campillos and Tetuan, according to Reynaga [2007].

Image 1. Altata Location

Source: Map data©2013, INEGI.

Altata is a rural community that has 2,001 inhabitants, 1,022 are men and 979 are women, the total economically active population is 776 (536 male and 240 female) [INEGI 2010].

Altata as seaport, second only to Mazatlan, gave rise and splendor to the region in the late nineteenth and early twentieth century. The loading and unloading of large ships at its peak detonated an economic boom of the bay for its link introduction and distribution of goods to Sinaloa and other north-western states of the Republic. The place had a great dock and also a rail route connecting the port with the capital city. Today the site is reduced to fishing camp, where the main activities are fishing and catch shrimp.

In recent years the restaurant industry emerges which forms a gastronomic corridor along the beach where thousands of tourists flock to taste dishes prepared with fresh products from the sea. The area projected to grow as a tourist destination in the coming years, modeled from Mazatlan, Sinaloa.

Sociedad Cooperativa Pesquera Unión De Pescadores Del Puerto De Altata S.C.L. de C.V. (SCPUPPA) (Fisheries Cooperative Society Union of Altata Bay's Fishermen)

The cooperative SCPUPPA interest arises from a group of people interested in organizing 35 members to fish in a lawful manner; was legally founded January 22nd, 1948, his name is because most of its members are residents of the community called Altata. The reform in the Cooperative Societies Act, 1994, were required updating in order to enjoy new benefits but also new commitments

and January 17, 1995 is logged the articles of incorporation. Currently has 64 members and 32 boats.

The main activity carried out is catching bay and offshore shrimp in the lagoon system of Altata Bay and Ensenada Pavilion, in 1994 were granted to carry out harvesting activities, mining, processing and marketing of crustacean lasting 20 years this activity is carried out with small boats (boats with outboard). Additionally perform capturing clam. It is clear that in Mexico by law, only fishermen organized under the figure of the cooperative may obtain a concession or permission for the use of shrimp catch in those areas.

The shrimp fishery in Sinaloa waterfront, comprising fishermen through the cooperative obtained concessions or permits allowing them to capture and exploit the shrimp from coastal ecosystems (estuaries, bays and lagoons), in an area not exceeding five fathoms deep sea according to SEMARNAT [2012].

The cooperative, as all of its field in Sinaloa, operate with a structure according to the principles of cooperation: the General Assembly, the Board of Directors, the Supervisory Board, the Technical Control Commission, the Commission for Conciliation and Arbitration Social Security Commission and other committees appointed by the assembly.

The General Assembly is composed of the fishermen who are partners; this is the highest body in which decisions are made and is headed by the Board of Directors and the Supervisory Board. Through this structure are addressed problems and issues of importance to the cooperative are developed work programs, the budget of income and expenses, among others. The ordinary or extraordinary meetings as required, the ordinary are held at least twice a year and all minutes of meetings must be notarized.

Currently the Board of Directors is headed by Mr. Agustin Lopez Garcia as president and Mr. Vinicio Garcia as Chairman of the Supervisory Board [2011–2013].

President – Agustín López García



Secretary – Vinicio García



Regarding the profile of the members of the cooperative, it was surveyed 40 members and found that 29% of fishermen has from 30 to 40 years old, another 29% are between 40 and 50 years old, 28% between 18 and 28 years old and the rest fluctuates between 50 and 60 years old, which indicates that most youth are partners. On the other hand, 57% of the members studied primary, 29% secondary school and the rest high school, the above indicates that studies they have are basic.

Regarding marital status, 71% of fishermen are married and 29% single, the married, 57% of wives are housewives, 29% work and 14% study, indicating that economically dependent wives of fishermen but at the same time is considered to be developing alternative activities to support fishermen. The 71% of the members of this cooperative has 1 to 3 children, while 29% of them has 4 to 6 children.

On alternate activities, 72% of members said that in closed season of catching shrimp they catch crab, 14% performed tourism activities and the rest carries out various activities as a laborer, temporary jobs in maintenance of ecosystems and natural resources, gear maintenance, among others.

Altata's natural resources inventory

One of the main economic activities in Altata Bay is capturing various marine products, among which are those of scale such as snapper, corvina, snook, pompano, mullet, tilapia and cochito. In mollusc species are extracted as the chocolata clam, clam black paw mule, the mangrove oyster, Chinese clam, snail and star donkey and scallops. From the most important products for their value is shrimp. Moreover, sport fishing is practiced at sea and captured the golden fish, sailfish, marlin and shark.

In this field are done some fishing tourism activities such as:

Observation of nature: boat rides through marshes and the bay. These can extend over 20 kilometers. About flora, in the forest you can see the diversity of plants, such as cactus, barrel cactus, papaches, choyas, chamomile flower, chili chiltepín and medicinal plants like horsetail, ayal and tatachinole. The red mangrove (*Rhizophora mangle*) and white (*Laguncularia racemosa*) are

characteristic of this bay and harbor, both marine animals that use them for reproduction, as for mammals, birds and reptiles.

Wildlife watching: visiting islands that serve as nesting birds such as pelicans, gulls and cormorants earwig. On the other hand, in the forest stand as the carpenter bird, the white-winged dove, quail, roadrunners, ravens, eagles. In the lagoons formed with sea, there are water birds such as Canadian ducks, pichihuillas, redfish and several varieties of herons. Additionally mammals like the coyote, skunk, gray rabbit, rabbits, opossums, pigs, raccoons, armadillos, squirrels and sometimes the wildcat. Among reptiles like snakes stand limacoa, coral snake, rattlesnake, chirrioneras. At shore there are observed birds such as the pelican, earwig, cormorants and gulls.

It is also possible to observe, on the fringe of the journey by road, different birds such as the woodpecker, white-winged dove, quail, roadrunners, ravens, eagles. It can be observed at different times of day mammals such as the coyote, skunk, gray rabbit, rabbits, opossums, pigs, raccoons, armadillos, squirrels and sometimes you can see the wild cat. Among reptiles like snakes stand limacoa, coral snake, rattlesnake and chirrioneras.

Trekking: the dunes and vast beaches serve the visitor to travel on foot or horseback. For cross-country road already defined, signs equipped with the type of flora, fauna and terrain features, they will be guided by nature interpreters with educational guidance.

It has exclusive dock for small boats owned by fishermen and are also used for those units conducting tours for visitors to these shores.

Additionally, in Altata, visitors can enjoy tourist services such as banana boat rides and catamaran, which are offered on weekends mainly by fishermen from the community.

Alternative activities of the cooperative SCPUPPA

In relation to activities undertaken by the cooperative SCUPPA, fishermen say that the shrimp catch take place in the periods allowed by the government in the months of September to March each year and in closed season they performed alternative activities like other fisheries and tourism services such as tours in the bay, walks through the marshes, visit to the island and fishing of different species.

The directors note that due to low fish production in recent years, the assembly of the cooperative effect proposed alternative projects which encourage income generation and development of the members and their families. Based on the above, projects were developed from various government supports directed to the fisheries cooperative sector, obtaining funding for such projects.

They currently have two draft breeding, a flake and a shrimp, which contemplate offer as a tourist attraction to visitors. The first project will be held in the premises of the production market because it has a restaurant and space for what is intended is that the guest can choose the fish you want to eat in such a way that they do capture the scale and select the fish of your choice (see image 2).

Image 2. Facilities of the cooperative and Scale farm project



Source: own materials (2013).

The second project is related to the shrimp hatchery and natural space that takes place in the bay and is viewed as an attraction for visitors offering a tour of the facility to know the process that requires the transformation from larva in shrimp for consumption in different sizes (see image 3).

Image 3. Facilities of the cooperative and shrimp farm project



Source: photos taken by the author at the location (2013).

Activities for tourism planning in Altata

Altata has established restaurant business structure, which is observed from north to south entrance on the left. Most are built with cement floors, bathrooms, kitchen area, diners, low fences overlooking the beach, thatched roofs in some cases, in other sheet or cement, the tables and chairs are seen in their most processed wood and plastic in many cases.

Currently the community has no tourist infrastructure, the respondents indicate that the influx of visitors is mainly weekends, they are however visitors that do not stay overnight, there are also visitors in Easter holiday periods as

those who remain in the community for three to seven days, some because they have their own house. The fishermen say that some homeowners will rent to other visitors due to the lack of hotels in the fishing camp.

In addition, the government raises the rescue Sinaloa state tourist destinations, considering that this activity represents 12% of the state GDP and included in the National Development Plan 2011–2016 in the framework of the Tourism Sector seawall construction nautical-tourist with a length of 1080 meters, the platform launched ramp services, the pier for tourist promenade and pier to the harbor master, which began in October 2012 with an investment of approximately 100 million Mexican pesos provided by the Federal Government (75%) through the Dirección General de Puertos de la Secretaría de Comunicación y Transporte (Directorate General of Ports of the Ministry of Communication and Transport) and the rest by the state and municipal government.

It is contemplated that the construction of this work will generate more jobs becoming a trigger to increase tourist inflow and revive the family economy.

Conclusions

Altata is a community that is identified as rural area, has 2,000 inhabitants and the main economic activity is fishing, developed by various species of crustaceans (shrimp, crab), molluscs (clams, oysters), scale (snook, snapper, curbina, puffer fish, etc.), commerce and tourism services. This fishing community is carried out in an organized manner through the integration of fisheries production cooperatives. Also operate tourism cooperatives that give service in the development activities that offer visitors to the community.

The study addressed the issue of tourism planning in the rural community and the role of the fishing cooperative Altata Harbour Fishermen which consists of 64 fishermen who live in the community. The activity of the cooperative is the estuary shrimp catch in federal waters of the lagoon system of Ensenada Pavilion and Altata Bay, Sinaloa. The capture is carried out for seven months as the shrimp is a species that in our country is controlled by means of closure, in order to ensure that the crustacean fulfill its reproductive cycle.

Most union members are 30 to 49 years old, with experience in marine waters which can be exploited to provide tourist services ensuring the health of the visitor as they know the risks of the bay and sea. It is considered that such knowledge can be leveraged to serve as guide in boat rides and fishing, supplemented with training to provide adequate service for tourists. On the other hand, they also have equipment for tourism development in the field since in closed season boats are normally unused because the fishermen develop alternative activities; this means that these devices can be leveraged for the supply of various services to tourists.

Altata has natural resources and recreational activities for people and services offered to visitors, which could be referred to tourism planning field.

In recent years, fishermen have been providing services to visitors such as boat rides and fishing, but the services provided are informal by not having a schedule and set quota and attractive training and equipment and complete to safeguard the health of the visitor. Some offer tourist services informally without permission.

In this tourist site were observed pre-touristic characteristics. According to Molina [2007], it is about offers and companies that have low relative component technology and administrative systems: no staff training required, not promoted or registered rudimentary facilities, this being appreciated by visitors and residents.

Regarding tourism planning, it is concluded that there is little since the development of tourism and tourist services is given informally, cooperative community and develop their activities emerging from their needs and capacities.

The planning process begins to tourist from government proposals to promote the site as a tourist destination, from the construction of a new work for the community impact, likewise from the development of new projects the cooperative, which recognize the need for alternative activities that allow them to generate steady income from tourist attractions to offer visitors to the community.

Tourism planning is manifested through the work of the inhabitants, cooperatives and government authorities as agreed on the importance of strengthening and promoting the community as a tourism destination. However as to date is insufficient because on one side has natural resources but there is not enough infrastructure to consider it as a destination that meets all the needs of visitors.

The process of community planning has been carried out through setting goals, making plans, goals, strategies, programs and budgets; but is recognized to have been sufficient as it is performed on an emergency basis with effect in the short term without the desired image in the future neither organizing mechanisms for planning tools.

Altata tourism planning and the fishing cooperative is based on the exploitation of natural resources, considering the compatibility of tourism activities with the conservation of environmental resources on the one hand, and growth is not concentrated in the supply of recreation, coordinated local level on the other. Planning has focused primarily on creating tourism products to one or more segments of demand.

It is recognized that the fishermen and residents of the community have played the role of the planning agent, combined with governmental, leveraging the knowledge and experience of each.

With tourism planning Altata community is expected to be an alternative tourism for the economic and social development for cooperative members serving as tour operators, taking advantage of the rich flora and fauna of the field to create tourism experiences that today's traveler looking to enjoy in their holidays.

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Succession in family business – main challenges and barriers

Abstract: Succession in a family business is a difficult, complex and multifaceted process aiming to maintain continuity of the business in the hands of a family. Many scientists, researching the subject of family business, agree that succession distinguishes family businesses from other enterprises. The basic factor which determines the favorable outcome of succession process is early planning and good relationships between the senior and junior and generally within the family. In the article the author, having done the research, identified key challenges and barriers to succession in Polish family businesses.

Key-words: family business, succession, early planning, challenges and barriers of succession.

Introduction

Family businesses plan their activities and development in a multigenerational perspective. In order to execute this plan, it is necessary to carry out succession, which is a great challenge, both for the enterprise and the family who runs the business. In family businesses succession determines the organization development, hence in order to maintain the continuity of activities and succeed in a multigenerational dimension family enterprises must acquire the knowledge how to transfer ownership and authority from one generation onto another. Succession is a complex, delicate and both strategically and psychologically difficult process. It covers not only the area of enterprise management and ownership but also the sense of control of one's life. In a family business the main point is not purely the transfer of assets but it is also necessary to form with successors common vision of the future of the enterprise which is to last and develop despite the generational shift. There must be the agreement between the senior and junior concerning further activity of their company and generational role reversal. We can put forward the thesis that beneficial succession

will occur only when it is a planned action including the preparation of the senior and junior, enterprise and family for the business takeover by a younger generation. This planning must be multifaceted and flexible.

The issue of succession has been the subject of much empiric research of family business, bringing practical and theoretical results. The initiatives of the European Parliament and the Commission point out the necessity of supporting succession processes. Those institutions introduced pilot activities in the area of research of transfer of specialized knowledge which is to support the process of enterprise transfer and a potential successor. The Minister of Economy formed in April 2013 the National Council of Entrepreneurship which perceives the issue of maintaining enterprise continuity as essential.

The objective of this article is to learn about the nature of succession in a family business and to point out key challenges and barriers in a succession process. The conclusions were drawn based on foreign and national reference books, as well as the analysis of the research which was done by research teams from several research centers and the author's own research.

Nature of succession in family businesses

A family business is an economic unit based on family relationships and interdependencies which aims to maintain in the future a permanent and determinant family influence on business through participation in ownership, management and responsibility with the intention of transferring it onto the next generation. Thanks to succession, i.e. an intergenerational transfer of authority and ownership, the enterprise changes but maintains the continuity of activity and management through the successors. Intergenerational shift management is a typical key element of a family business strategy. Succession poses one of the biggest threats to the enterprise's continuity. The conducted research presents a range of crucial factors which are necessary to understand the nature and complexity of succession in family businesses [Blumentritt, Mathews, Marchisio 2013, s. 51].

It is agreed that succession differentiates family businesses from among other enterprises. It includes all elements of unit management, such as: company's strategy, personal strategy, corporate culture and ownership structure. It is a key and typical element of a family business strategy [Sułkowski, Marjański 2011, pp. 37–38]. The decision about succession is not symbolic but it affects the enterprise survival. One of succession objectives is to ensure continuity of activities and further development of the enterprise which is the source of family's income. Key objectives include: selection and preparation of an adequate successor, retaining most important employees who influence the company's

activities and development. We must point out the necessity to treat fairly other close family members and to meet the needs of the senior who transfers assets and authority in his enterprise. Ownership, legal and tax changes should be carried out in the manner which would not disturb the enterprise functioning.

Succession itself is a process which may last up to several years. The takeover of the enterprise by the successor is a final act of a succession process which brings about basic changes in the life of both the company and family. The time which has passed since the introduction in 1989 of socio-economic reforms in Poland made the succession in Polish family businesses a stable element, just as in other mature free market economies. Establishing and further development of a family business was a great challenge for many company owners who set up their companies twenty years ago. Presently they are facing a new and previously unknown perspective of transferring the company into the hands of their successors.

This decision is bound to be difficult, which is understandable. The first generation of Polish entrepreneurs, who set up their businesses together with other family members, invested not only their money but also time and emotions. Today they must start thinking about their current activity and about future, how their company will function after transferring it into the next generation.

It can be stated that favorable succession is critical as it determines to a great degree a continuity of the business and chances for its further development. If an enterprise wants to be successful long-term it must be able to transfer ownership and management from one generation onto the next. Readiness for succession must be considered in many aspects, such as: family preparation, financial and legal readiness. The degree of succession planning positively correlates with the business size, its successes and the scope of strategic management application [Malone 2002, pp. 36–37].

Succession in family businesses is in many cases a delicate subject, causing many challenges, emotions and barriers. It can be noted that they form a triad covering three areas: management of a company, family issues and property transfer. None of those areas is easy and if combined they can destroy both the enterprise and family. Therefore it is important to prepare those who are going to release authority and those who are taking over the family business. Succession brings about a whole range of activities, events and organizational changes, during which there occur complex interactions between the leader and successor as well as family members and employees [Salvato, Corbetta 2013, pp. 236–237].

Key factors affecting succession

Survival and development of a family business depend on a successful involvement of family members from the next generation. Carrying out a beneficial succession process requires relying on emotional aspects of the relationships between the younger generation, successors and a family business and on other factors affecting succession [Björnberg, Nicholson 2012, pp. 374, 385].

Factors which have key influence on the success of a succession process include a lack of planning and it is one of the main causes of failure or loss of control by the family after the founding generation has left. A lack of succession planning may lead to negative consequences and is bound to cause stagnation in the company. Human life cycle determines the fact that the owners of family businesses have a limited professional life as they start their professional activity at about thirty and carry it on till about sixty or seventy. Then they hand over their company and responsibilities to their successors. Inevitable passage of time (biological imperative) implies that both the family and enterprise should be ready for ownership and management transfer and should plan for succession [Jeżak 2003, pp. 221–222]. Managing the company at the age when one does not want to or cannot make innovative and proactive decisions is a threat both for the enterprise and owner's family. Sudden death or serious illness of the company's founder is often the period full of threats which can cause stagnation or even bankruptcy.

Other crucial factors relate to the senior or his successor. It is important for the senior to be willing to hand over the enterprise but it is equally important for the successor to be interested in and willing to take over the family business. One of the factors impacting the whole process are the benefits that the successor may have from the takeover, such as the possibility to pursue his professional career, satisfaction and financial security. Confidence on the part of the owner who runs the company in his successor's skills and intentions is a next important determinant of favorable succession. Potential successors who can hardly wait for the decision about succession feel that the senior destroys their professional career. A lack of clear succession perspective is the source of conflict which spoils the relationship between the senior and junior as well as family life.

Other important factors are the relationships within the family running the enterprise which should enable family members to communicate well with the successor. There is a significant correlation between the quality of the relationships within the family and succession planning. Good relationships between the current leader, who is open to change, and his successor are manifested by high confidence level, mutual support, openness and sincerity in interpersonal contacts and the readiness to recognize the other person's merit and they determine a favorable succession outcome.

The successor's willingness to take over the business is an important factor which determines if succession is successful or not. Parents should not pressurize the children to work in their family business but they should present to them a realistic image of the enterprise and teach them to take over. The successor should be free to decide if he wants to get involved professionally in the family business. Professional preparation, education and experience acquired in other companies facilitate a take-over from the older generation, while good relationships between the senior and the junior facilitate the generational shift. It is suggested that the period of acquiring experience outside of a family business should last at least five years and should let the successor feel autonomous, independent and self-confident. It will limit a "silver spoon" phenomenon, i.e. overprotection of parents, which often incapacitates the successor [Hollander 2002, ss. 538–539].

A lack of succession plan may pose the threat of significant problems with finance and property, because in many cases those issues are very complex. Unfortunately, in many family businesses those issues remain a taboo. Taking into the account the fact that most enterprises are sole proprietorships, in the event of the owner's sudden death the company's situation becomes unclear and there is a big problem with maintaining continuity of the enterprise's activity.

Many family businessmen do not manage to transfer the business from one generation onto another. Four main factors leading to this failure include:

- a lack of the enterprise's ability to maintain in the market;
- a lack of succession planning;
- a lack of willingness on the part of the owner to transfer his business;
- a lack of willingness on the part of the offspring to take over the business.

Those factors individually or in a configuration make it difficult or impossible to carry on succession. However, the basic reason for this failure is a lack of succession planning. A good succession plan in most cases makes it possible to maintain good business and family relationships. A plan of property transfer is important for the family and the enterprise as it is to ensure further functioning of those two systems.

Key challenges and barriers of succession processes in Poland

In Poland research has recently been done on the strategies and course of succession processes and it allows us to point out the complexity of succession forms as well as key challenges and barriers facing Polish family businesses. This research has been conducted by Ł. Sułkowski, A. Winnicka-Popczyk, K. Safin, A. Marjański. It is worth mentioning the research by the Orłowski's team from z PricewaterhouseCoopers and A. Surdeja and K. Wach [2010]. In

2009 at the request of the Polish Agency for Enterprise Development Research Pentor Team, Sułkowski and Marjański did representative research of family business which allowed us to obtain more detailed knowledge about the issues related to succession [Kowalewska, Szut, Lewandowska, Kwiatkowska, Sułkowski, Marjański, Jaguszyński-Krynicky 2009]. A whole range of data about succession was acquired from the latest research done within the project Value Codes and Succession Strategies in Polish Enterprises which was conducted by Safin's team [Safin, Pluta 2013, pp. 11–37].

Research results analysis allows us to identify selected key challenges and barriers which occur in the process of family business succession.

Tendency to carry out succession. Succession has taken place in a relatively small number of businesses, it can be estimated as from 15% to 20%. Most Polish enterprises were set up after 1989, therefore it cannot be expected that in the group, which was covered by the research, there will be a big amount of companies where succession has already been conducted. Most businessmen are going to transfer the company to the next generation but there is a wide diversity concerning their involvement in a succession process. In most Polish family businesses succession is on the planning stage. It is worth mentioning that the will to carry out succession is much bigger in the businesses with longer tradition (over 20 years of activity) and it increases with the size of the enterprise. It can be said that in many companies many businessmen are not aware of the significance and impact of succession on the future of the enterprise and owners' family.

Succession planning is a key issue. Almost two thirds of the companies expressed their willingness to hand over the business to the next generation but only every third one has a succession strategy (plan). Only in 10% of the companies this strategy is formalized. Representatives of medium businesses are definite leaders in this area. A small degree of succession process formalization causes anxiety. In many surveys one can notice a distinct discrepancy between the declarations about the importance of drawing up a succession plan and its fulfillment. In the companies with a written succession plan a succession process is noticeably more effective. The people who were convinced about the necessity to hand over the company to their successors declared that they have a formalized or not formalized succession plan. It is worrisome that about 40% of the companies believe that a succession process should last for about a year while only 20% of the respondents are aware that a well prepared succession process may last up to several years.

Knowledge about **legal aspects of succession** is a next challenge which businessmen face. The respondents positively assessed their knowledge about legal aspects related to handing over their companies to the next generation.

Over two thirds described their knowledge as definitely good or rather good. Only 16% admitted to some deficits in this respect but only 5% said that the level of their knowledge was bad or definitely bad. It seems that in reality the knowledge of the respondents can be lower than their declarations. This is evidenced by a high percentage of responses “rather good”, which may cover partial knowledge or knowledge based on their expectations concerning legal aspects of succession. Definitely good knowledge was most often declared by the respondents who had a written succession plan (68%). Such a positive opinion about legal aspects of succession was less frequently declared in the businesses where a succession strategy did not have a written form (20%).

Lack of corporate order in a family business is evident in the fact that family business’ owners may be afraid to transfer authority, which can correspond to the tendency to overestimate their skills and underestimate those of the successors. One of the characteristics of family businesses is combining ownership and managerial functions, which significantly strengthens the position of the managing owner and his impact on the future of his enterprise. Moreover, in the situation when an enterprise is based on a patriarchal or even authoritarian model of management putting off the thoughts about succession may be related to fears of losing control. The most important barriers in this respect include: inadequate authority and property structure and problems with corporate communication. It seems crucial that a successor should get acquainted with the corporate culture of the enterprise.

Common vision for the future or more specifically in many instances a lack of defined common vision of the senior and his successor leads to a whole range of disadvantageous situations within the company immediately after the transfer. A new manager of the family business often rapidly introduces changes into the vision and values which have been binding so far, which adversely influences the relationships in the family, within the company and in its environment.

The **selection of the successor** by the two thirds of the businessmen who think about transferring their company to the next generation and who relate succession to a certain person or people. Every other successor (55%) currently works in the enterprise, whose owner he is to become in the future; 41% are employed under an official contract while the rest works for the enterprises in an informal manner. 12% of the successors work in another business. Slightly over 29% of the respondents declare that the successors currently do not work at all. This fact may cause many anxieties and lead to their poor preparation.

Successor’s education. Over half of the successors have formal education which is related to the area of the enterprise’s activity. Planning future education with the potential succession in mind is mostly typical for medium-sized enterprises.

Necessity to take over the company's management fast. If succession is the result of a sudden and unexpected event (necessity to take over the responsibilities fast) only 22% of enterprises believe that their current preparation of the successor is definitely good. In 43% cases the preparation is considered as "rather good" but this seems to be an overvaluation. Experts' opinions question the truth of such a high number of businesses which are so well prepared for "sudden" succession.

Summary

The problem of many developing family businesses is a lack of early succession planning. The owner, who usually runs the whole enterprise, has a sense of total control over the company and does not feel any need to share his property and authority. The company transfer to the offspring is put off till some vague future, as the owner associates it with the loss of influence, inactivity or even death. Unfortunately, there are no simple formulas for successful succession. It is a long process of both business and educational character. A managing owner cannot give up his educational responsibilities towards his own child in favor of any consultant or school. It must be noted that all the above mentioned challenges and barriers are only a part of the problems facing a family business in succession process. Undoubtedly, the most important barriers to favorable succession in a family business include: poor relationships and contacts within the family, inadequate authority and property structure and problems with corporate communication.

It must be remembered that every succession is different and implies the necessity to make tough decisions about its form and timing. However, succession must not be feared and delayed if the company is to remain in the hands of the family. Just as any undertaking it must be clearly thought through and planned.

Certainly the biggest problem here is a lack of thinking and succession planning or thinking and carrying it out in dramatic situations when there is no time to do it well. Beneficial succession is not a dramatic process because seniors have enough time to prepare their successors to take over the role of a new leader. However, every succession process is accompanied by strong tensions and emotions and all its participants should be prepared for it.

Research of succession processes in family businesses demonstrate that there are no two identical enterprises and there are no two identical succession strategies. Every succession is different and must take into account the reality of a given enterprise and the complexity of family relationships. However, it always depends on wisdom and ability to predict. Unquestionably, succession

is one of the biggest challenges facing every leader who is going to transfer his company to the next generation.

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Fisheries cooperative organization and business nature: the planning

Abstract: Planning is the basic element in the development of organizations and implies see into the future, however, for some its inertia avoid them from taking it as an essential part, becoming one of the causes of the delay and stagnation.

This article presents findings of a study whose main objective is to analyze the planning process, as an element of management in the fishing cooperative Sinaloa organization. Data collection was conducted through semi-structured interviews with managers of cooperatives and analysis of internal documents of the organization.

The results show that the cooperative go through with the planning preparation of the annual work plan, discussion and decision making of it in assembly meetings, however, it was identified that the planning is based on intuition, experience and capacity developed for administrative managers as they are recognized as experts in fishing but not in the direction of the organization.

Therefore, it is concluded that planning is informal and takes place in an emergent way leading to haphazard and improvised management.

Key-words: Cooperative Organization, planning, business.

Introduction

The International Cooperative Alliance [ICA 2011] defines cooperative organization (CO) as an autonomous association of persons united voluntarily to meet their common economic needs, social and cultural characteristics, through a company owned jointly and democratically controlled.

The CO contributes financially through the different activities performed, as they can be agricultural, craft, greenhouse, tourism, livestock, among others. on the other hand, they are identified as a social society and to facilitate the partner, certain goods or services at the lowest possible price (when it comes to consumer cooperatives), or give back their performance at the highest level possible (when it comes to production cooperatives) and expression of humanism intertwined political, economic and social, because they develop the capacity of people, creating strong community leadership and exceeding poverty, segregation and discrimination.

In Mexico, in 2012 the federal government granted around 100 000 microloans to more than one million small business social cooperatives, on the other hand the economy secretary promotes, through its website, the creation of CO and provides information related to its conceptualization, standards, characteristics, social capital components, administration and monitoring, organizations that include, among other topics. This shows that the OC has elements that shape features of a small business.

The Cooperative Societies Act [LGSC 2009] regulates the CO and find different classes and categories: consumer goods and services, producers of goods or services and savings and loan.

In the case of fishing cooperative society, it is a producer of goods and services and is composed of people from the working class that are associated to capture, process, industrialize and market fishery resources, allowing them to increase their profits empowered by the Cooperative Societies Act and regulated by the Federal Fisheries Act.

The Mexican Institute of Cooperative Development, AC (IMDECOOP⁴) states that the objective of producer cooperatives is to redirect output to popular consumer goods, according to needs and tastes, competing in the market, like any profitable company. Therefore, the OC is a hybrid unit composed of two equal parts: 1) the social and 2) the economic.

As research about the CO include Cervera [2010, p. 20] that there is a bifurcation about the topics of interest to researchers because they “when talking about some authors cooperative societies that put your company character other people and instead consider first the company” and is consistent with what said Morales [1996] that the CO, like any other company, is pursuing economic ends.

We recognize that all organizations require the use of cutting edge management skills and management science which provides such knowledge, since “is composed of principles, techniques and practices to be applicable to hu-

⁴ For more information visit <http://www.imdecoop.coop/informacion.php>.

man joint allows for rational systems of cooperative effort by means of which to achieve common purposes can not be achieved individually” [Hernandez 2011, p. 3].

Planning is an element of management and involves the determination of future scenarios as well as where it is headed toward the company also seeks to determine the results that can be obtained to minimize risks and to define strategies to achieve the mission of the organization with higher probability of success [Münch 2007].

Although the CO does not look so main profit maximization, but getting social and economic objectives for the benefit of their community, it is necessary that the board of directors (BD)⁵ so managers fulfill their functions efficiently and effectively. The CO to achieve their goals should include planning within the administrative process, to respond to changes that occur in the environment, through a plan that works inside and outside the organization, because the consequences of not doing could be, among others, increased fishing effort, catch low volume, high production costs, internal conflicts, diverting capture volumes, default messages arrival, low yields, excessive debt culminating in the disintegration of the cooperative.

This article includes, in the first part of the problem and the objective to be achieved. In the second section we discuss the method that we used, it refers to the same focus, research techniques and instruments used, universe and scope of the investigation. In the third part, we present some theoretical framework of planning and finally embodying the results and conclusions of the study.

Problem

In CO is administered by the General Assembly (GA), the Board of Directors (BD), the Supervisory Board (SB) and the commissions and committees that the law in question states and others designated by the AG (LGSC). According to the same law, the GA is the supreme authority and its decisions are binding on all members, present, absent or dissenting (Article 35) to resolve all business and issues of importance to the cooperative and establish general rules that must conduct social functioning (Article 36), among others⁶. The SB is the

⁵ Executive Body of the General Assembly and may appoint one of the members, or external, one or more managers with the power of attorney to be assigned as well as one or more commissioners to take charge of managing special sections [Corporations Act Cooperatives 2012]

⁶ In addition to the acceptance, voluntary exclusion and separation partners, the modification of the constituent bases, the adoption of systems and production plans, work, distribution, sales and finance, the increase or decrease in equity and social capital, the appointment and removal for cause, members of the Management Board and Supervisory, special committees and hired experts, the review of internal accounting system and the reports of boards and qualified majorities for agreements to be made on other affairs and the liability of members of boards and commissions, to the effect of

executive body of the GA and has the representation of the cooperative and the corporate signature, but may designate from among members or persons associated with one or more managers with the power of attorney to be assigned and one or more commissioners to take charge of managing special sections (Article 41).

The SB is composed of an odd number of members not more than five, who hold the positions of president, secretary and members, appointed in the same way as the CA and the duration of five years and be re-elected if at least the two-thirds of the GA's approval (LGSC, Article 45) and exercises oversight of all activities of the cooperative. CA members are elected by the shareholders in an AG, therefore, are your parents. The SB is responsible for the activities of the CO among which includes the capture, which involves removing from the wild the species authorized by the Fisheries Act (may be granted and / or permission), processing and industrialization and marketing, which will depend on the infrastructure of the fishery resources available to the cooperative.

In relation to the cooperative members, they are people living in rural communities, many of them are children of fishermen, their ages range between 35 and 48 years of age, most of them have studied primary and secondary school, with more than 15 years of fishing experience, these elements tell us that the members of the SB of the CO know the art of fishing however, have little knowledge of business administration, do not know the elements of the administrative process, not know the meanings of the concept and the elements within it. Considering this, the aim of the study was to analyze the planning process to develop the leaders of the Sinaloa fishing cooperative organization.

Method

The study was conducted from the methodological case study of fisheries production cooperative riparian "Teodoro Perez Cervantes", SCL, located in the fishing camp "El Castillo", Navolato, Culiacan, Sinaloa, Mexico, under the qualitative paradigm, the data collection was performed without numerical measurement, through instruments such as documentary review of the charter, fishing permits and concessions, minutes of work plan, including semi-structured interviews and directors of the cooperative.

Regarding the scope of the research, the study is exploratory and descriptive cutting. It acquaints us with exploratory because relatively unknown phenomena, is descriptive because research who cling to this type of scope intended to measure or collect information independently and together on the concepts or variables that refer [Hernández, Fernández and Baptista 2010].

asking the application of penalties incurred, or make corresponding charge or accusation; disciplinary sanctions partners, the distribution of income, advance payments surplus and among partners, and approval of ecological measures proposed.

Theoretical discussion about planning

Concept

Reyes [1998] defines planning as determine the specific course of action to be followed. He sums with the question: What are you going to do? To Koontz and Weihrich [2002] planning is considered the determination of objectives and choice of courses of action to achieve them, based on the research and development of a detailed scheme to be conducted in the future.

On the other hand, Arango [2009, p. 294] studios of cooperative organizations, identifies that plan is “establishing policies, guidelines and general plans of the cooperative for the proper fulfillment of its objectives”. And Hernandez [2008] considers planning as printed projection of the action, taking into account past information of the company and its environment, which allow us to organize, direct and measure their overall performance and that of its members, through controls that compare planned with what was done.

From the above, it identifies that planning is a component of the management process that focuses on the anticipation of the work of the organization considering the establishment of objectives, policies, goals and plans.

Plan Components

Münch [2005] proposes the following components of a plan: 1) philosophy, 2) values, 3) Vision, 4) Mission, 5) Objectives, 6) Strategies, 7) Policies and 8) Programs. Meanwhile, Koontz et al. [2012] gives the name of the types of plans that Hernandez [2008] calls technical components of a plan. He notes that the plans can be classified as: 1) Missions and purposes, 2) objectives or goals, 3) strategies, 4) policies, 5) Procedures, 6) Rules, 7) Programs and 8) Budget.

Below is a table summarizing the proposed components of a plan, in which several authors agree [Hernandez 2008, Münch 2005, Koontz et al. 2012 among others, see table 1).

Table 1. Plan Components

Hernández [2008]		Münch [2005]	Koontz et al. [2012]
Component	technical components	elements	Sorting plans
1	strategies	strategies	strategies
2	Objectives	Objectives	Objectives or goals

3	Goals	philosophy	Missions or purposes
4	Policies	Policies	policies
5	Standards or rules	values	Rules
6	Procedures or processes	view	Procedures
7	program	Programs	Programs
8	Investment budget	mission	budget
9	Projects		

Source: prepared by the authors with several information METJ [2013].

Objectives

Koontz et al. [2012] handles interchangeably objectives and goals, defined as the ends toward which the activity is directed, represent the end point of planning, is the end to which is the organization, the integration of personnel (staffing), direction and control.

Goals

Goals are measurable partial results in the short or medium term achievement of these [Hernández 2008].

Policies

They are plans, statements (express or implied) that guide or direct reflections for decision-making. Define an area within which a decision must be consistent and ensure that an objective contributes to achievement [Koontz et al. 2012]. Hernandez [2008] considers policies as preset decisions, enabling staff to not continually be asking how to do things and prevents the interpreter what to do, sometimes conveniently, so that guide the action of the middle managers and operational, in order to unify the action and interpretation of relatively planned actions.

Standards or rules

The standards or rules have the role of ensuring the quality and consistency of work products and processes of a company [Hernández 2008]. For Koontz et al. [2012] the rules require specific actions necessary or lack thereof, in order to avoid deviations.

Procedures or processes

They are plans that establish a method of operation necessary to support future activities and also guidelines to act and detail precisely how certain activities should be developed [Koontz et al 2012]. Hernandez [2008] notes that the technical component of the plan is very important because an error in a move can affect productivity and hence the productivity of the company.

The Program

For Koontz et al. [2012] programs are a complex of goals, policies, procedures, rules, task assignments, steps, resources to be employed and other elements necessary to a course of action. Hernandez [2008] defines them as operations scheduling timelines, indicating the sequence of activities starting and ending dates, as well as the time required for each operation, with cost estimates and investment expenses, calculated in economic terms budget.

Investment budget

Hernandez [2008] refers to the investment budget when organizations are required to make their budgets and financial statements before the action. These budgets should include estimates of the costs of operation, it should set the selling prices of products or services, are forecast inflows and outflows of money under a financial calendar. Koontz et al. [2012] mention that the budget is a statement of the expected results expressed in numerical terms and this is the main instrument of planning in many organizations.

Projects

The projects are studies on the viability and profitability of new investment, where organizations conduct their expansion projects, restructuring, modernization or new business units. Activity is defined as the time that is done to create a product or service [Hernández 2008].

Research results

Characteristics of the study CO

The Fish Production Cooperative Society Riparian “Teodoro Perez Cervantes”, SCL, was founded in 1988 and is located in Fish Camp “The Castle”, Navolato, Culiacan, Sinaloa, Mexico. The species caught are shrimp and crab. Its activity is developed on the coast of the Pacific Ocean, particularly in the lagoon system and Ensenada Bay Pavilion Altata.

The tenure of the CA of the cooperative is two years. The current BD comprising of 2012–2014⁷, where President Enrique Medina Lopez was reelected (had his second period 2010–2012), President of surveillance is Jesus Sandoval Macdiel Hector Osuna and Secretary Brown Christmas Montes. The number of cooperative members are 118 (see table 2).

Table 2. Characterization of the Cooperative Organization (CO)

OC Name	Year of incorporation	Names CA members	Number of partners	Fishery
Fish Production Cooperative Society Riparian “Teodoro Perez Cervantes”, SCL	1988	President: Enrique Medina López	118	Granting permission to catch shrimp ¹ and crab
		President surveillance: Jesús Macdiel Sandoval Osuna		
		Secretary: Héctor Navidad Castaños Montes		

Source: own work, with data from the cooperative METJ [2013].

Planning in the CO

CO Planning involves the sectors and actors involved in it, the different levels of government and institutions involved. The main activity is not catching fish, crustaceans or other, but adding value to the product, processing, marketing it, for which training is required, transportation, technology and adequate infrastructure, among others.

Targets

The objectives of the CO could visualize the assembly work plan, which is done before starting the shrimp fishing season. In this assembly are proposed and discussed various issues: the subsidy, the register of the cooperative⁸, marketing, support trusts temporary employment, prices, vendors, the debts of the cooperative partners, funding, exclusion / admission of members, the number

⁷ On 2nd May.

⁸ There are candidates for partners, but do not allow government authorities more revenue, however, to renew the concession of shrimp could have a chance to register them, as well as the standard debug.

of employees hired in the season and if they are family members and/or residents of the community. The objectives of the CO, treated in the assembly, are fixed in writing in the minutes of the work plan.

Goals

Some of the goals that are reflected in the work plan relate to the quantity of output at which a person per harvest⁹, taking into account the average in the immediately preceding harvest, the number of gas cards that the federation will be sent by the grant of the fishery (based on the number of registered partners), the amount of economic resources that need to be enabled for the capture period. It also identifies the type and amount of support that will be managed at the federal, state and municipal levels and which partners will be distributed.

Policies

In terms of policy requirements found to include a new partner: they require high productivity, you need to be familiar, you are required to enable cover 70% depending on the partner who entered as many year's production next last.

Similarly we find that policy must provide about \$ 800.00 (eight hundred pesos 00/100 MN) per member to the federation to which they belong. Another policy is that the OC is paid the day after capture¹⁰, so there is no diversion of product, the partners capture and deliver to the cooperative.

Standards or rules

Standards or rules, upon which it is based, is the LGSC CO, to which we add each CO, it has its own constituent bases that make the LGSC and operational results in its own statutes. Executives interviewed, a direct question on knowledge of standards or rules, which are the bases indicate constitutive and mention: "Indeed the counter know the story, has the catch data, payments, and other relevant information" and they only know of the capture dates or period of closure of the fishery in question, but by the meter and / or the president of the federation to which they are grouped.

Procedures or processes

The procedures, identifying the activities carried out by members of the cooperative, to catch bay shrimp or offshore, are: a) 2 partners capture trip by boat, b) arriving at the place of landing, c) lower the product is selected by measure (large, medium, small and flea), d) is passed to the scale for weighing, e) record the total production kilos, f) the product is delivered to the customer.

⁹ Although the leaders say there atypical periods.

¹⁰ The tide of today pays tomorrow.

Moreover, at the beginning of catching, the partner will provide a certain amount of money to buy the supplies to carry the fishing day, to pay this debt, are reconciled weekly discounts.

Regarding safety of the bay, the federation is responsible for shaping the oversight committee, which monitors the fishing area and the shift change between cooperatives, it is a role that a particular cooperative calendariza that federation rightful conform monitoring committee and then it will be the turn of another. To overcome the cost of that activity, the CO disburses about \$ 200.00 (two hundred pesos 00/100 MN) if rent equipment for guard bay and if your property is not covered because the federal government covers about \$ 300.00 (three hundred pesos 00/100 MN).

Another activity, in which they identified how you plan to CO attention, relates to calls for government support. As for the procedures for the use of the CO public programs to modernize access to small boats, which aims to equip, rehabilitate or replace smaller vessels. In CO perform tasks that program management by the counter finding out the date of opening of the window of government institutions such as Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (Sagarpa). Modernization program of smaller vessels, the OC study in 2010 allowed him 4, 5 in 2011, 4 in 2012 and this 2013 requested 11 and authorized seven.

The steps to access the support the modernization program of smaller vessels are: 1) reported by the accountant of the opening of the windows to the supports, 2) managers are given the task of proposing how partners should benefit¹¹, 3) GA to decide of the name of the proposed member, 4) managers begin the process of gathering documents which are delivered to the president of the CO, 5) management in turn is accompanied by the accountant and together go to the instance in question, right there, they are given a folio number and expect to arrive authorization times. 6) managers report date of approval because continue to flock to government agencies for an answer¹². In August or September authorize government institutions support the partner who was authorized to support requested a letter arrives which specifies mapping engine capacity, 7) Partner and flock management with suppliers¹³ and motor¹⁴ boat review best price and convinces them that is their choice.

¹¹ Preferably the criterium is that was not previously benefited.

¹² Although note that there are already more or less planned dates, they usually come from their fishing grounds to the city of Culiacan, Mondays and sometimes Tuesdays of each week

¹³ We clarify that the manager interviewed said that the panga out "free" because "it costs a lot is the engine".

¹⁴ If the request was for both.

As support is tripartite¹⁵, the member will pay a percentage of the cost of the boat and engine awarded. THE CO in a policy study established since 2011, which among all the partners make a contribution of \$ 11,000.00 (eleven thousand pesos 00/100) to partner modernization program benefited from small boats. In that sense, cooperation is through the retention of a certain amount during the shrimp catch.

Also, CO partners access to income support program for agricultural PROCAMPO live better¹⁶, which aims to support the income of farmers, aquaculture and fishery through direct support, as well as complementary to the modernization of machinery and acquisition of equipment and energy inputs. In that program partners access CO gas subsidies and the procedure is as follows: 1) are aware of the counter opening of the windows to the supports, 2) managers are given the task of collect the documents of all partners, 3) steering turn is accompanied by the accountant and together, with records in hand come to the instance in question, right there, they are given a folio number and wait for authorization times come, it would be in May.

Riparian gasoline support is for all members who are part of the cooperative and who have met the required documentation which is giving them a card that includes the number of liters of gasoline is subsidized and the amount of liters depend on the ability of engine that has recorded the cardholder partner and is at the rate of \$ 2.00 (two pesos per liter).

Programs

Managers respond that do not have comprehensive plans to establish a sequence for the job.

Budget

The directors of the CO understand the budget as one resource that is required to enable partners at the beginning of the fishing season and, if applicable, which catch shrimp and crab, is about \$ 600,000.00 (six hundred thousand pesos 00/100 MN) for each harvest, which usually lasts for six months, from September to March.

¹⁵ The federal government supports 40%, the state government with 20% and 40% is contributed by the partner.

¹⁶ For more information access <http://www.sagarpa.gob.mx>.

Conclusions

The CO have a great importance in the Mexican economic system and they are strategic organizations for the specifics that they have, especially as triggers of local development.

We preliminarily conclude that one of the most common problems between the CO are the product of a nascent planning, a challenge for both the business because in them a high percentage of the partners has no previous work experience, even in the informal sector, to which we add a low level of formal education learning considerably difficult administrative or managerial skills, which prevents them from performing administrative functions effectively and efficiently, likewise, overlook the importance of the need to interact with the external environment of the organization and even take advantage of state policies and programs, they do not effectively or efficiently.

Despite the double structure seen in the CO, the social and economic, to perform exploratory work site visits, to review the state of the art and the results of this investigation, we find that given the prominence of a structure on another, dominating the social democratic above business.

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Social dimension of small business in Mexico. The case of the cooperative

Abstract: The present research describes the analysis of small business, from the social perspective of the economic model of the cooperative in Sinaloa, Mexico. The context of the research is a fishing cooperative located in the Port of Topolobampo. The cooperative cultural sense of belonging comes from its partners that are actively involved in promoting cooperation. This study involves the development of a theoretical framework which reviews the actions of small businesses, the cooperative and the social dimension. In addition, it has a qualitative approach and was developed from a case study that describes the experiences of cooperative members through interviews, reports etc. Among the research findings is that the members of the cooperative Cerro de San Carlos have organizational and administrative capacity as well as the constant pursuit for the common welfare.

Key-words: Small Business, Social Dimension, Cooperative in Mexico.

Introduction

Small business in Mexico has had a significant representation in the legal concept of Cooperative Societies, however, the treatment from a social dimension is limited. This implies that their economic participation in the work processes of the organization will become the axis of the partners and their leaders, so it gives place as an opportunity to improve, the social aspect for the development of communities and its people.

This study presents a qualitative approach and methodology as a research strategy case study. The first section has to do with the review of the literature and the theoretical framework of small business in Mexico and the cooperative society. Later comes the stratification of micro, small and medium size enterprises, according to the Official Journal of the Federation. A second point addresses the social dimension as the guiding thread of this research on the fishing cooperative in Sinaloa, Mexico. According to the data obtained from

the research, the findings presented disclose that the cooperative “Cerro de San Carlos” keeps an identity and loyalty to their community, engaging with local development from the social dimension.

This research has the following organization. In the section of the literature review there are arguments that support small business, cooperative society and social dimension. Subsequently the methodological framework expresses the steps followed to obtain information and data under study. After that there are the results of the investigation. Finally, conclusions and future research lines.

Theoretical Foundations

Small Business in Mexico

Talking about business involves a reflection on what is around us, allowing to know, understand and analyze their link with society and companies understood as a set of human and material assets in synergy, contribute to achieve objectives and goals outlined in their strategies.

The Royal Spanish Academy [2013] defines business as a unit of organization dedicated to industrial, commercial activities or services for profit.

For Chiavenato [1993], the company is a social organization for being an association of people for the purposes of a business and finally has a specific goal, which can be the profit or a need for a social care.

A company can be considered as a system in which a person or group of people develop a set of activities aimed at the production and / or distribution of goods and / or services, framed in a particular social order [Pallares, Romero and Herrera 2005].

Federal Labor Law [2013] emphasizes that, for the purposes of labor standards, the company is defined as an economic unit production or distribution of goods or services.

Small business is an important issue for Mexico, as the life and development of Micro, Small and Medium Enterprises are the present and future of this country. This organizational form has a vital stake in the economic sense, in political discussion, but mostly exhibits a social voice that gives strength to their actions and endeavors.

Neck [1997] defines a small business as an entity in which both production and management are concentrated in the hands of one or two people, who are also responsible for making major decisions, and is represented by self-employed workers, family businesses, owner-managers, limited liability companies, corporations and cooperatives.

The Official Journal of the Federation [2009] provides the stratification of micro, small and medium sized enterprises, as follows.

According to INEGI, National Institute of Statistics and Geography [2011], micro, small and medium size enterprises have a great importance in the economy, employment at national and regional levels, both in industrialized countries and in the lower degree of development.

This Institute believes that micro, small and medium sized enterprises worldwide represent a segment of the economy that provides the greatest number of economic units and personnel employed, hence the relevance is these businesses and the need to strengthen its performance, as they fundamentally affect the overall performance of national economies, indeed, in the international context it can be said that 90% or a higher percentage of total economic units is made up by micro, small and medium sized enterprises.

Table 1. Economic units made up by micro, small and medium sized enterprises

Estratification				
Size	Sector	Range number of workers	Range annnual sales (mdp)	Maximum limit combined*
Micro	All	Up to 10	Up to \$4	4.6
Small	Trade	From 11 to 30	From \$4.01 to 100	93
	Industry and Services	from 11 to 50	From \$4.01 to \$100	95
Medium	Trade	From 31 to 100	From \$100.01 to \$250	235
	Servicies	From 51 to 100		
	Industry	From 51 to 250	From \$100.01 to \$250	250

* Maximum Combined Top = (Workers) X 10% + (Annual Sales) X 90%.

Source: own work.

The current administration of the Government of Mexico (term 2012–2018), through the Ministry of Economy (2013) considers that micro, small

and medium-sized enterprises (SMEs) are the backbone of the national economy by trade agreements that has had Mexico in recent years and also for their high impact on the generation of jobs and national production. According to data from the National Institute of Statistics and Geography, there are approximately 4 million 15 thousand business in Mexico, of which 99.8% are SMEs that generated 52% of gross domestic product (GDP) and 72% of employment in the country.

Given the importance of SMEs, it is important to implement actions to improve the economic environment and support directly to companies, with the aim of creating the conditions that contribute to its establishment, growth and consolidation.

On the other hand, export support, provided by the Ministry of Economy through the Ministry for small and medium sized enterprises, is integrated into the SME export supply program, which main objective is to promote and facilitate the implementation and marketing of micro, small and medium sized enterprises SME to export activity from a medium-term focus on internalization of Mexican companies.

The federal agency said that through Internet technology, we can see that there are numbers of the two forms of emerging and classification of SMEs. On one hand, those which arise as companies themselves, that is to say which can correctly distinguish an organization and a structure where there is a business management (owner of signature) and work in money paid.

Mostly these are multinational capital and developed within the formal sector of the economy. On the other side are those who had a family background characterized by management, who are only worried by their survival, without paying much attention to issues such as the opportunity cost of capital or investment that enables growth.

We can mention some of the advantages of SMEs, according to the Ministry of Economy [2013]:

- They are an important driver for development.
- They have a high mobility, allowing them to expand or decrease the size of the company, as well as change the technical processes required.
- Due to its energy they have growth potential and eventually become a big company.
- They absorb a significant portion of the economically active population, due to its ability to generate jobs.
- They assimilate and adapt new technologies with relative ease.
- They are established in various regions of the country and contribute to local and regional development through its multiplier effects.

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- They have a good administration, although in many cases influenced by personal opinion or business owners.
Some disadvantages of SMEs, emphasizing the Ministry of Economy [2013]:
 - No profits are reinvested to improve equipment and production techniques.
 - It is difficult to recruit skilled and trained staff for inability to pay competitive salaries.
 - The production quality has some shortcomings because quality controls are minimal or nonexistent.
 - They cannot absorb the costs of staff training and updating, but when they do, they face the problem of leakage of trained personnel.
 - Some other problems arising from the lack of organization as insufficient sales, competitive weakness, poor service, poor customer service, high prices or poor quality, excessive fixed assets, poor location, lack of control of inventories, tax problems and lack of adequate and timely financing.

For Mexico SMEs are vital links, essential to the growth of Mexico. We have a substantial base of Micro, Small and Medium sized enterprises, distinctly more solid than many other countries, we use it to make the country competitive, it becomes a real advantage to attract new investment and strengthen the presence of Mexican products both inside and outside our nation.

Companies have different classifications, either by their activity, the ownership of capital, by the scope of its activity, depending on the destination of profits, size and legal form. In this study we advocate the small size of the company and the constitution of the cooperative.

Cooperative Society

The cooperative is an organizational form distinguished by its legal in Mexico with the Cooperative Societies Act (2009), which in the General Provisions, Article 2 states that the cooperative is a form of social organization composed of individuals based on common interests and on the principles of solidarity, self-help and mutual aid, in order to meet individual and collective needs, through the economic activities of production, distribution and consumption of goods and services.

Cooperatives, according to De Zuani [2003], have no profit and are formed to meet the needs and socio-economic interests of the cooperatives, who are also at the same time workers and in some cases suppliers and customers of the company.

The International Cooperative Alliance (2013) is an independent non-governmental organization which unites, represents and serves co-operatives worldwide, which states that a cooperative is an autonomous association of pe-

ople who have joined voluntarily to meet their needs and common economic, social and cultural aspirations through a jointly owned and democratically controlled company.

Meanwhile the Mexican Institute of Cooperative Development, AC, defines a cooperative as a form of social organization composed of individuals based on common interests and on the principles of solidarity, self-help and mutual aid, in order to meet individual and collective needs, through the economic activities of production, distribution and consumption of goods and services.

The aspects that characterize the social organization and its partners are its supportive character, mutual comfort and support, shared culture and identity, their contribution to local development, also has philosophical principles and values formation, through coordinated efforts, the benefits are for all cooperative members and their families, since it fights poverty.

One can say that in general there is an agreement in considering that the organizations which make up the social economy have the following main features: (I) the primacy of the individual and the social objective over capital, (II) voluntary and open membership, (III) democratic control of its members, (IV) the combination of the interests of members users and general interest, (V) the defense and application of the principles of solidarity and responsibility, and (VI) management autonomy and independence from the public authorities [Reyes 2012].

Research of cooperative societies in Mexico, has spread throughout the country, with different treatments such as strategy, finance, organizational design and structure, culture, communication, leadership, innovation, etc. With various studies, as service cooperatives (tourist), production (fishing), savings and loan (credit unions).

Added to these works is the National Network of Researchers Cooperative Educators and Social Economy (2013), the reason for this network is to support the process of development and consolidation of all associative entities based on the principles of the Solidarity Economy and cooperativism in Mexico, through education, research, bonding, inter-cooperation and training of its members and the dissemination of its principles and practices, to promote economic self-determination, social and cultural life of the Mexican people and the construction of alternative development paths.

Cortina, Brachet, Ibanez and Quiñones [2007] conclude that fishing activity in our country is of great importance from the perspective of production

and employment generation and social impact since it implies many coastal communities depend strongly on this activity.

Social Dimension

With Social Dimension, we refer to aspects of the contribution, a cultural and socio-economic benefit that is an organization, community, state, etc, and somehow represents their work and presence.

We can also mention that this dimension is defined as the social capital which men have built throughout their development in synergy with society and contextualization in a scope of management and transformation.

Here are some meanings from different angles of study that give meaning to the Social Dimension, for this research.

Table 2. Meanings of Social Dimension

Concept Knowledge Area	Concept	Author and year	Speech
Politics/ Economics	Social Sector	Mexican Cosntitution Article 25 (2002).	The law shall establish mechanisms that facilitate the organization and expansion of economic activity in the social sector of the suburbs, workers' organizations, cooperatives, communities, enterprises belonging mainly or exclusively to workers and, in general, all forms of social organization for the production, distribution and consumption of goods and services socially necessary.
Organizational Studies	Organization	Montaño (2007)	Social space with fuzzy boundaries, with multiple dynamic centers where hopes and disagreements settle a space of encounters and a loving and menacing figure in which, sometimes unknowingly, we keep inventing as social actors.

Sociology	Social Structure	Velázquez (2008)	The way in which people, groups and organizations (companies and institutions) are organized together.
Public Administration	Social Effectiveness	Faletto (2009)	Social efficiency also implies some sensitivity to social demands. These are expressed through organized forms of society
Regional Development	Territory	Couto (2009)	Socially constructed space, the result of human actions, where all the people who live there are direct or indirectly responsible for its development.

Source: own information, with data from the authors cited (2013).

These specificities of the social dimension, realize that both the individual and the community represent the key elements of the future of business, and more so in changing circumstances caused by the modernity of the organizations, the technological advances, and the importance to human capital, ecological awareness, social processes themselves and globalization among others.

Indeed globalization is treated as social dimension by the World Commission on the Social Dimension of Globalization (2013) and in agreement with this agency, the social dimension of globalization refers to the impact this process has on the lives and the working people their families and their societies. Includes the concerns and problems related to the impact of globalization on employment, working conditions, income and social protection. Beyond the world of work, the social dimension covers security issues, culture and identity, inclusion or social exclusion and cohesion of families and communities.

Methodological framework

The research was conducted in a cooperative society: Fish Production Cooperative Society “Cerro de San Carlos”, located on the Gulf of California, specifically in the Port of Topolobampo, Municipality of Ahome in Sinaloa State, Mexico.

The methodology used for this research is based on qualitative approach. Through this methodological tradition, first time began with an exploratory case study. Subsequently to obtaining information, was used to analyze documents (internal and external) of the cooperative organization, the observation and application of semi-structured interviews with the leader of the Fishermen Cooperative Federation Century XXI, the President of the Cooperative in qu-

estion and cooperative partners, the record was also made of reviews through a field journal.

Were selected and consulted various bibliographic sources, from which it was selected and analyzed theoretical information concerning small businesses, cooperatives and social dimension in order to obtain research findings.

The data collection was achieved with visits to the analyzed cooperative, just as appreciated the way you have setup social organization, work behavior of its members, organizational structure, beliefs, values, work processes, and identification of the social dimension in relation to philosophy and cooperative principles.

Findings

Fishing cooperative in Sinaloa

Fishing in Mexico has an economic, social and nutritional value with strong regional impacts on their high production potential has contributed in solving food problems and employment generation. This activity is performed in three main geographical areas: 1) Pacific coast, 2) Gulf coast and the Caribbean and 3) inland waters [Juarez, Flores and Moon 2007].

Sinaloa is located in northern Mexico, has a development potential in economic activities such as agriculture, livestock, industry, and fishing (in the state there are 141 fishing cooperatives). Located in the North Pacific; it allows you to have different strategies of communication and transportation, as it reaches inland sea, air and railroad routes.

The commercial and industrial port of Topolobampo (where the study was done) is located in the state of Sinaloa, northwest of the country, on the coast of the Pacific Ocean, just 322 miles from the entrance to the Gulf of California. It is located in one of the most productive agricultural regions of the country having 33.6% of the area of the State of Sinaloa for this activity. Topolobampo is connected to the north with major border cities like Nogales and Mexicali south with other major cities in Sinaloa Culiacan and Mazatlan. It also has a privileged position for handling products to and from the east, to or from the southern region of the United States of America, through the railway. By road, the port is connected to the whole country [Ministry of Communications and Transport 2013].

Cooperatives, as small businesses contribute to the local development community in achieving economic benefits, such as fighting poverty and hunger, cultural aspects in the presence of an identity, customs and beliefs strengthened, and social aspects manifested in the interpersonal and group relations, the common interest in the well-being and to the participation of all community engagement.

Fish Production Cooperative Society “Cerro de San Carlos”, SC of RL, in the port of Topolobampo

The Cooperative Production Society Cerro de San Carlos, located in Topolobampo, the municipality of Ahome in Sinaloa State, Mexico.

Picture 1. Location of Topolobampo, Sinaloa and Cooperative Cerro de San Carlos





Source: Google Maps and field work [2013].

The cooperative was established by charter in 1988, with a representation of 54 members and now has 28 members. Mr. Jose Alfonso Chaparro Bojorquez, president of the Fishermen Cooperative Federation XXI Century, to which belongs the Cooperative Cerro de San Carlos, leads this organization since 2002, and mentioned that the cooperative is a form of social organization for mutual aid.

The cooperative Cerro de San Carlos operates according to guidelines which marks the Cooperative Societies Act, with a board of Directors and Board of Trustees, being its President Mr. Jesus Manuel Arreola Lopez, who has one year in office, and with the experience of having participated in the same position years ago.

This cooperative belongs to Topolobampo lagoon system, coastal fishing, as it is located in an area close to the coast, which ranks as a prominent social engagement, allowing families of the community supplying the product, contributes to employment and marketing of harvested marine species.

The cooperative stands out among others in the same business in the northern state of Sinaloa, it has taken a step beyond the capture of the products, partners have a “risky move” (as mentioned by the President of the Federation) and go directly to the final consumer without intermediaries, this makes them competitive throughout the value chain, developing the process of the following activities:



Source: based on data from field research [2013].

The main activity of the cooperative is the shrimp fishery. The Ministry of Agriculture, Livestock, Rural Development, Fishing and Food-SAGARPA (2013), emphasizes that Sinaloa is a leader in the production of shrimp and tuna, and adds, fishing in Mexico is a major source of food and wealth for the

country under the extension of its coastline, 11 122 kilometers, equivalent to a third of the circumference of the globe. Sonora (611 thousand tons), Sinaloa (338 thousand tons) and Baja California Sur (151 thousand tons), are the three most important federal entities by the fishing volume in 2011. While the most important marine species are sardine (684 132 tons), shrimp (184 123 tons) and tuna (109 969 tons).

The cooperative Cerro de San Carlos, has a marketing channel to shrimp harvesting, mainly with Ocean Garden Products, Inc., SA de CV¹⁷. Other marine species such as red snapper, sierra, roncacho and snapper are primarily for markets in Jalisco and Mexico City.

Another aspect that distinguishes this cooperative is modernity in their administrative work processes. They have an internal control of all revenues and expenses through a secretary who keeps the books of the cooperative operations; this has allowed the formalization of the activity, in addition to electronic billing and registration information of their numbers to meet the financial capacity available. With this action, the partners have transparent information on its job of capturing results, generating trust confidence and agreement between them and their leaders.

It is worth noticing that the cooperative has its own infrastructure like cold rooms, ice machines for producing and maintaining the shellfish supply pass limitations that threaten marine species, also have a reception center caught products that is provide for the freezing processes, preservation and outlet. The cooperative has benefited from support from the Federal and State Government for the purchase of ecological¹⁸ marine engines being the contribution of 40% and 20% respectively, also have fuel subsidy through the gas card that is two pesos per liter, these livelihoods are the result of negotiations with the government agencies to be legally constituted and recognized, in addition to the efforts of these same instances. In addition to 2010 to date, it has been favored with the credit lines offered by the Credit Union Campesina S.A de C.V (SOFICAM)¹⁹ by FIRA (Trust Funds to Agriculture), an institution that is dedicated to supporting the development of the rural, agricultural, forestry and fisheries in the country, through the granting of loans, guarantees, training, technical assistance and technology transfer to these sectors [FIRA 2013].

¹⁷ Company dedicated to the import, export, sale and marketing of fish products.

¹⁸ Are non-polluting engines and gasoline has better performance.

¹⁹ Support granted for working capital as gasoline, ice and parts.

Social Dimension of the Cooperative

Based on what fishing is, according to Article 16 of the Tax Code of the Federation (2013), it includes breeding, cultivation, development and reproduction care of all kinds of marine and fresh water species, including aquaculture as well as capture and removal of the same and the first sale of such products, which have not been subject to industrial transformation.

In this context and in relation to the cooperative research in Cerro de San Carlos, the social dimensions are found in the concept from global partners on what to them is the cooperative: “we are family”, “we are committed to our work”, “is a way of life”.

The collective work is expressed in the appropriation that members make about the cooperative, to see it as an asset that must be protected, although its work is heavy, as they spend time in the deep sea to 20 or 40 fathoms²⁰ to catch marine species, they are careful and have skills gained from experience, mentioned the President of the Federation.

A feature that was detected was established by his administration in the continuity of the facts, to progress and improve, following through with regard to their cooperative. Similarly appreciated that behaves companionship in their actions, who like to do things right, something that helps this cooperative is that their members are settled in the same community of Topolobampo.

They base their relations on the philosophy and principles of cooperativism, express cooperative spirit of support, solidarity, considering that this organizational form occurs mostly in rural communities, to serve low-income people, and becoming a mechanism of self-help, partners have initiatives, implement actions, harmony reflects an atmosphere that all is well.

When there are conflicts or differences between the partners themselves or their leaders, they solve them reconciling because the important thing for them is to be united and in harmony, mentioned by José Alfonso Chaparro Bojorquez, president of the Fishermen Cooperative Federation Siglo XXI.

In the organizational aspect of this cooperative, it looks in the direction to meet their needs, with a sense of common purpose, there is a social commitment of the cooperative to the community, as it contributes to social and economic development, enabling taught to work in the group for the same common goal, and to collaborate in creating fraternal environments.

100% of the partners are the sole financial support of their families, that is to say, no other income other than those related to fishing as a source of employment of the household head, in times of capture, because the bans shrimp and crab, for example, partners seek other temporary work in ecotourism, in aquaculture, mar culture, an area of opportunity for employment. Some de-

²⁰ Nautical measurement (measuring both arms outstretched).

cide to go to the United States to work in vegetables and in the construction industry etc.

According to the information obtained, the demographic situation of the members of the cooperative shows that the age range is between 40–55 years in terms of schooling, some have complete and incomplete primary, completed preparatory studies and others truncated bachelor degree, who occupy the leadership of the cooperative. With regard to income, the economic remuneration of the fishermen's work daily and can be varied throughout the year, since many factors influence their remuneration (closure of marine species, weather conditions, among the most common), they can be as varied income as \$ 500 a day or more, or get nothing. An approximate monthly income of fishermen is \$ 4,400 and not reported any income greater than \$ 7,000 monthly.

According to the cooperative principles and philosophy, aspects of the social dimension of the cooperative Cerro de San Carlos, have to do with respect among members, collective solidarity causes, integral development and coexistence, search shared social benefit for their families and the wider community.

Conclusions

The contributions in this section are focused on reflection on the social importance of small businesses, as a way of life for those who have been organized into cooperatives, economic model impetus to the development of rural communities, particularly in the state of Sinaloa and at the same time the concern of other research lines of investigation open for discussion and study on the subject.

Picture 2. The cooperative Cerro de San Carlos, in Topolobampo, Sinaloa



Source: field research [2013].

-
- Is an integrated organization and identified with what dictates of the law of Cooperative Societies Act.
 - Promotes cooperative principles and values, such as solidarity, self-help, democracy, etc.
 - Contributes to the maintenance of families.
 - Belongs to another sector to improve economic and social conditions.
 - Considers human development as a central aspect.
 - The qualitative strength of the cooperative is the transmission of knowledge of the activity from generation to generation.
 - Efforts and way of working are part of the collective heritage in a sense of belonging.
 - The organization of the settlers settled in the community, responds to their own benefit.
 - Social commitment toward its community for shared needs.

Sinaloa is a state that has distinguished itself by its fishing production at a national and international level, bringing the cooperative societies engaged in fishing, as regional development axis concerning the economic and social impact in actions of solidarity economy.

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Marketing as a development strategy for small enterprises

Abstract: Positioning small businesses in today's demanding world and competitive environment resulting from globalization is a real challenge as they have to meet the demands of technological, economical, social, cultural and legal transformations, which force them to use marketing as a strengthening strategy. The dilemma is: which marketing strategies are appropriate for small enterprises seeking consolidation?

Small enterprises need to be oriented on how to improve their performance in today's competitive environment to consolidate the products they offer, based on the objectives built upon their core competencies and the conditions of the market they are operating in, by effectively using their human, financial technological and material resources. Marketing strategies will allow small companies to internationalize and develop detailed plans in which to state their basic purposes for the short and long term.

Key-words: strategy, marketing, Small Enterprises.

Introduction

Today enterprises face a much more intense competition than ever before, forcing them to focus their actions on their consumers; however, it is not enough to just gain those consumers. It is necessary to understand and to keep them. And that is why SE require support in the designing and implementation of marketing strategies that allow for the establishment and maintenance of profitable customer relationships by providing a greater satisfaction than that of the competitors, allowing enterprises to position themselves in the market with the best competitive advantage.

The most effective way to reach and sustain a competitive advantage and to achieve the company's goals over time is to meet the customers needs. In view of this, Small Enterprises face the dilemma of seeking strategies to help develop themselves.

This paper presents a theoretical analysis of marketing strategies and their role in the development of Small Enterprises.

The importance of marketing as a planning strategy

According to Rodríguez [2001], organizations are a characteristic phenomenon of modern society, and they relate to society in a way that they offer a means through which their different functional subsystems seek specific solutions to the problems it faces. Among the characteristics of organizations it can be stated that they exist in an external environment which surrounds the organization: other organizations, costumers, global society, economy, the legal system etc. The organization adapts permanently to its environment in a way that they implicitly assume each other: there is no organization without environment, or environment without organizations.

As the author states, one of the components of the environment of the organization are other organizations that become competitors, and to face each other and position themselves in the market, they have to design marketing strategies; in accordance to Goeldner [2011], marketing plays a decisive role in organizations: to match the right product or service with the right market or audience. The author defines marketing as the performance of business activities that direct the flow of goods and services from the producer to the consumer or user.

Such activities are vital to the success of a business: marketing mix, planning and development of the product, price, distribution channels, promotion, market research, personal selling, public relations and market segmentation. Kurtz [2012] conceptualizes marketing as an organizational function and set of processes for creating, communicating and delivering value to the costumer, and for managing costumer relationships in ways to benefit the organization and its stakeholders. Mullins [2006] holds that marketing is the planning and coordination of all company activities around the primary goal of satisfying customer needs is the most effective means to attain and sustain a competitive advantage and achieve company objectives over time.

In relation to **strategy**, Mintzberg [1999] states that most of the standard books offer its definition, usually presented in the introductory chapter, more or less as follows: "top management's plans to attain outcomes consistent with the organization's mission and goals". Dessler [2009] defines **strategy** as a company's plan for how it will match its internal strengths and weaknesses with external opportunities and threats in order to maintain a competitive advantage.

Ohmae [1990] points out that the competitive advantage is what *differentiates* all *types of business planning*. In the absence of competition, strategy would not be necessary, since the only purpose of strategic is to empower an organization to effectively gain a sustainable competitive edge over its competitors. Therefore, corporate strategy involves the attempt to alter the forces of the company in relation to its competitors to get a sustainable advantage over them.

According to Mullins [2006] a strategy must specify: 1) *what* (objectives to be accomplished), 2) *where* (on which industries and product-markets to focus) and 3) *how* (which resources and activities to allocate to each product-market to meet environmental opportunities and threats and to gain a competitive advantage).

Organizations do not usually have just one single comprehensive strategy; in fact almost all of them have a hierarchy of interlinked strategies. The three major levels of strategy in most large, multiproduct companies are:

- Corporate strategy, decisions about the organization's scope and resource deployments across its divisions or businesses: What business(es) are we in? What business(es) *should* we be in? And what portion of our total resources should we devote to each of these businesses to achieve the organization's overall goals and objectives?
- Business-level strategy: How a business unit competes within its industry, a major issue in a business strategy is that of sustainable competitive advantage? What distinctive competencies can give the business unit a competitive advantage? And which of those competencies best match the needs and wants of the customers in the business's target segment(s)? Finally, synergy should be sought across product-markets and across functional departments within the business.
- Functional strategies focused on a particular product-market entry; The primary focus of marketing strategy is to effectively allocate and coordinate marketing resources and activities to accomplish the firm's objectives within a specific product-market. Therefore, the critical issue concerning the scope of a marketing strategy is specifying the target market(s) for a particular product or product line.

Next, firms seek competitive advantage and synergy through a well-integrated programme of marketing mix elements (the 4Ps of product, price, place, promotion) tailored to the needs and wants of potential customers in that target market. In small, single-product-line companies or entrepreneurial start-ups, however, corporate and business-level strategic issues merge.

Likewise, Kurtz [2012] states that a marketing strategy is an overall, company-wide program for selecting a particular target market and then satisfying consumers in that market through the marketing mix: product, distributions, promotion and price.

McCarthy [2001] points out that the marketing plan is a written statement of a marketing strategy *and* the time-related details for carrying out the strategy. It should spell out the following in detail: (1) what marketing mix will be offered, to whom (that is, the target market), and for how long; (2) what

company resources (shown as costs) will be needed at what rate (month by month perhaps); and (3) what results are expected (sales and profits, customer satisfaction levels, and the like).

Longenecker [2009] refers that a well prepared market analysis along with a discussion of the competition are important to the formal marketing plan. But the information on marketing strategy forms the most detailed section of the marketing plan and in many aspects, is subject to the closest scrutiny from potential investors. Such strategy plots the course of the marketing action that will make or break the owner's vision.

The author explains that the marketing mix "4 p's" highlights the areas that a company's marketing strategy should address: 1) product decisions that will transform the basic product or service idea into a bundle of satisfaction, 2) place, also called distribution, activities regarding the delivery of the product to customers, 3) pricing decisions that will set an acceptable exchange value on the total product or service, and 4) promotional activities that will communicate the necessary information to target markets.

McCarthy [2001] determines that the job of planning strategies to guide a whole company is called strategic (management) planning – the managerial process of developing and maintaining a match between an organization's resources and its market opportunities. It includes planning not only for marketing but also for production, finance, human resources, and other areas. Although marketing strategies are not whole-company plans, company plans should be market-oriented. And the marketing plan often sets the tone and direction for the whole company. For that reason the author uses *strategy planning* and *marketing strategy planning* to mean the same thing.

Marketing strategy planning means finding attractive opportunities and developing profitable marketing strategies. A marketing strategy specifies a target market and a related marketing mix. It is a big picture of what a firm will do in some market. Two interrelated parts are needed:

- A target market – a fairly homogeneous (similar) group of customers to whom a company wishes to appeal.
- A marketing mix – the controllable variables the company puts together to satisfy this target group.

"The marketing strategy statement consists of three parts: the first one refers to the target market; the planned product positioning; and the sales, market share, and profit goals for the first few years. The second part outlines the planned price, distribution strategy and marketing budget for the first year. The third part of the marketing strategy plan describes the long term sales, profit goals and other marketing mix strategy over time" [Kotler 2004, p. 203].

According to Kurtz [2012], the steps in the process of marketing planning begins at the corporate level with the definition of the firm's mission, it then determines its objectives, assesses its resources and evaluates environmental risks and opportunities.

Guided with this information, marketers then formulate a marketing strategy, implement the strategy through operating plans, and gather feedback to monitor and adapt strategies when necessary. A good marketing plan revolves around an efficient, flexible, and adaptable marketing strategy.

To Longenecker [2009], a customer relationship program embodies a much broader marketing effort, leading to nothing short of complete customizations of products and/or services to fit individual customer needs. The central message of every Customer Relationship Management (CRM) program is "Court customers for more than a one-time sell" this is a "company-wide business strategy designed to optimize profitability and customer satisfaction by focusing on highly defined and precise customer groups". Modern CRM focuses on 1) customers rather than products; 2) changes in company processes, system and culture and 3) all channels and media involved in the marketing effort, from the Internet to field sales.

Small Businesses

Longenecker [2009] establishes that there is no generally accepted or universally agreed-on definition on small business. They meet the following criteria:

- Financing for the business is supplied by one individual or only a few individuals.
- Except for its marketing function, the business's operations are geographically localized.
- Compared to the biggest firms in the industry, the business is small.
- The number of employees in the business is fewer than 100.

According to the author, they develop strategic alliances with other small business in ways that enhance mutual competitive strength. He also mentions that about half of all small businesses maintain one or more strategic alliances with companies that are smaller or equal in size, especially when it comes to outside contractors, licensing partners, import/export operations, marketing agreements and shared manufacturing. He considers that these kinds of enterprises are more flexible, devoted and creative, and by being similar they tend to better understand each other's specific needs

The author adds that the size and maturity of the company have a direct bearing on the types of financing available. Larger and older firms have access to bank credit that simply is not available for younger and smaller companies.

An entrepreneur frequently depends on his own savings and then seeks funding among his friends or family members. Only if these sources are inadequate, will the entrepreneur turn to more formal channels of financing, such as banks and outside investors.

Small enterprises face challenges that force them to rely more heavily on previous business experiences; personal, those of relatives or people close to the entrepreneur. Being professional in their approach to management is a challenge for entrepreneurs since they should be able to add a measure of professional management without sacrificing the entrepreneurial spirit of the business. Many small firms are marginal or unprofitable businesses, struggling to survive from day to day.

In their attempt to develop themselves, small businesses encounter a variety of problems that force them to identify appropriate strategies that will lead them towards consolidation. Such strategies can adapt the ideas of marketing not only to large companies but to small enterprises as well, for-profit, non-profit or public sector organizations. They can be effective in both domestic and international markets no matter whether they are dedicated to the selling of goods or services.

Small enterprises and internationalization strategy

In accordance to Kurtz [2012], today's global marketplace has forced marketers – and entire nations – to extend their economic views to events outside their own national borders. First, international agreements are negotiated to expand trade among nations. Second, the growth of electronic business and related computer technologies allows previously isolated countries to enter the marketplace for buyers and sellers around the globe.

Globalization affects almost every industry and individual throughout the world; traditional marketers who take their firms global may do so because they already have strong domestic market shares or their target market is too saturated to offer any substantial growth.

Most large firms – and many smaller businesses – already participate in global commerce, and virtually every domestic marketer, large or small, recognizes the need to investigate whether to market its products overseas. Common reasons that marketers cite for going global include globalizations of customers, new customers in emergent markets, globalization of competitors, reduced trade barriers, advances in technology, and enhanced customer responsiveness.

The author mentions three basic strategies for entering foreign markets: importing and exporting; contractual agreements, such as franchising, licensing and subcontracting; and international direct investment.

In developing a marketing mix, international marketers may choose between two alternative approaches: a global marketing strategy or a multidomestic marketing strategy.

A global marketing strategy defines a standard marketing mix and implements it with minimal modifications in all foreign markets. This approach brings the advantage of economies of scale to production and marketing activities. The multidomestic marketing strategy approach refers to the application of market segmentation to foreign markets by tailoring the firm's marketing mix to match specific target markets in each nation.

Many marketing experts believe that most products demand multidomestic marketing strategies to give them realistic global market appeal. Cultural, geographic, language and other differences simply make it difficult to send the same message to many countries. Specific situations may allow marketers to standardize some parts of the marketing process but customize others.

Small businesses operate basically in local industries. However, in order to succeed, they must compete at a global level by implementing internationalization strategies. These enterprises need to venture into international markets to survive.

Companies, besides doing good marketing in the domestic market, need to operate outside their home country, even if it might be difficult or risky. Top managers are being forced to learn other languages and become familiar with other nations' culture and legal systems, as well as to handle other currencies, even when they might be unstable. Likewise, they have to face political and legal uncertainties, and redesign their competitive and appealing products to fit the needs, preferences, expectations and consumer behavior of the various types of consumers, and maintain customer relationships based on trust and open communication.

The relationship of trust and knowledge of customers are critically important, since companies will select these costumers on the basis of that relationship of trust. When there are few customers, small businesses have the choice to internationally adapt their products to match the needs of these buyers. This adaptation calls for buyers and sellers to cooperate extensively along the transaction process and for the trust to be strengthened. Enough information to estimate the potential demand will be provided to the company by the customers themselves.

Tools used by marketing managers as strategies for analyzing customers needs and the strengths and weaknesses of the competitors can provide decision makers with information related to the future growth and potential markets.

Among the advantages of internationalization, foreign markets can lead to better opportunities for companies to make profits than those provided by

their domestic market. In the same way, large foreign customer bases will allow them to achieve economies of scale and increase the volume of production to cover various markets, reducing the costs per unit produced.

It also helps companies in reducing dependence on a single market. The international market can help small businesses to defy foreign competition offering better products or lower prices in the domestic market.

Likewise, in order to develop an appropriate decision-making framework, companies will have to adjust to the decision making process of larger firms and to the actual behavior and limitations of local small firms; supported on previous research containing the information related to the stages of the product, so they can decide where to locate.

Conclusions

We can note that the authors identify the need to develop a decision-making framework to improve the effectiveness of the process of selecting strategies, one that adjusts to the limitations and actual behavior of small businesses.

In their attempt to make progress, small businesses face a range of problems that force them to look for strategies that will lead them towards consolidation. Such strategies can adapt the ideas of marketing and can be effective in both domestic and international markets

On that basis, it is necessary to determine the marketing strategies for fostering the growth and development of small enterprises. To that end, we have identified factors in the elements of internationalization, which are considered to be decisive for selecting those marketing strategies as part of the managerial process.

Foreign market entry decisions are seen as a response to the conditions of the marketplace and they must be made on the basis of accurate information obtained from market research studies.

Each marketing strategy has its own advantages and disadvantages. Market trends make business opportunities more or less attractive. That is why it is important for the decision-maker to have qualitative (interviews and past sales pattern analysis) and quantitative (surveys) information with which to decide on the most appropriate business or market to serve; analytical tools that allow for the assessment of the customer demands as well as the strengths and weaknesses of the competition.

Authors coincide in the fact that in the marketing strategies that contribute to the positioning of small businesses there are key factors like the marketing mix, the planning and development of the product, pricing, distribution channels, promotion, marketing research, personal sellings, public relations and market segmentation.

It is also important that small enterprises identify and evaluate what their competitors are doing (products, price, distribution channels and promotions); this information will allow them to determine the most appropriate strategies. Considering its market position and material, financial, technical and human resources, each company should establish its objectives and design its strategies.

To sum up, it can be said that effective marketing strategies for small businesses are related to the efforts made to reduce production and marketing costs (without sacrificing the quality and reliability of the good or service), combined with the creativity to design differentiated products better than the ones the customer can find in the market to challenge well established leaders. Similarly, reaching small segments instead of trying to penetrate the whole market will help build close, long-lasting relationships with the customers through a thorough understanding of their specific needs. To obtain that information, companies need to develop customer databases, to respond quickly and properly to the demands of identified consumers.

Companies that use marketing properly win and keep customers. To be competitive, small businesses must maintain adequate relationships with their consumers, by building solutions that meet their real needs and generate higher value than the competition. As a complement of these strategies, a strengthened marketing department and a competitive workforce are elements that provide small businesses with an opportunity to gain a competitive advantage over competitors, by adding value to their customers.

It is necessary to take into consideration that, although small businesses must decide on which market to penetrate, they face important challenges such as a limited availability of funds, so the formulation of public financing policies is essential to promote international trade. Once they have overcome these challenges, small businesses should design marketing plans to reach the target market and survive in today's context of a globalized world.

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Chapter Three

Challenges

Krzysztof Safin

The Wrocław School of Banking

Change and continuity in the management of small and medium enterprises

Abstract: Recognizing that contemporary enterprises operate in a stormy business environment demanding different ways of behaving is self-evident. The paper attempts to answer the question as to when and how one should react as the result of the above, and what changes should be implemented and under what impulses. The answers to these issues are important in particular for small and medium-sized enterprises where observation and measurement tool kit is necessarily limited. An automatic implementation of changes when facing previously unrecognized circumstances would be an equally big mistake as the stubborn pursuit of the *status quo*. Thus, a further question arises: to what extent can we implement changes in an enterprise, so as not to lose the ability to manage it and not to lose its identity. It appears rather difficult to find such practical tools that could be applied within SMEs capable of satisfying both aims – the necessity to introduce vital changes while at the same time maintaining the essential values. Hence, a practical recommendation is to develop the culture of (the potential of) change which would allow the company to automatically respond to any problems without having to resort to complicated systems of measurement and response.

Key-words: managing change, continuity, turbulent environment, measuring change, organizational flexibility.

Introduction

The belief that contemporary business operates in a chaotic environment necessitates the need, as consultants and scientists advise, to introduce into the management the rule: “change or perish”. A whole set of tools is then being offered so as to enable the organization to change, along with identifying the areas the change is to be applied to, regardless of the organization’s size and its range of operations. Consequently, what is recommended is to create scenarios, raise flexibility and “spot weak signals”, along with many other methods. Only some authors also specify the conditions in which to employ a given method or the conditions for implementing the changes in general.

Not unlike any other attempt to adopt schematic actions in response to dynamic social and economic phenomena this approach should be considered as the wrong one. The situation becomes further complicated in the case of small (and medium) enterprises displaying the characteristics of a family business whose imperative is to ensure continuity, which clearly clashes with the notion of change. With this context in mind, the division into big and small enterprises bears no formal character. In order to allow for a more universal way of approaching the issue, it has been assumed, after P. Drucker, that the management structure provides the only credible criterion for the size of a company. "A company is as large as the management structure it requires" [Drucker, p. 344].

In the paper below, it is believed that reflecting upon the desirability of change is equally important as the need for change. Failure to consider the purpose behind implementing changes can lead from feeling totally helpless when facing the environment to being totally helpless when facing one's own potential.

Character of the environment

30 years ago I. Ansoff argued that *nowadays* we were no longer dealing with a changeable but with a turbulent environment which means that we know neither the strength nor the direction of the changes. According to him, there are four basic trends describing the phenomenon of turbulence: a. a growth in the novelty of change; b. a growth in the intensity of the environment; c. an increase in the speed of environmental change; d. the growing complexities of the business environment. He further argues, as do many analysts of today, that in the last dozens of years there has been a significant increase in the complexities of the environment and the pace of changes occurring in it.

So what is the difference between the business environment of our times and that of the past? In absolute terms, one could mention many characteristic features including the fast pace of changes, their totality, their global reach; nevertheless, one should take into account that the forecasting methods and response techniques have changed as well. Although running a business has always meant running it in a changeable environment with the uncertainty of outcome, yet as P. Kotler and J.A. Caslione [2009, p. 31] claim, "today, the speed of change and the magnitude of shocks are greater than ever. This is not what was normal in the past. This is the new normality".

Table 1. Normality versus new economic reality

Element	Previous norm	New normality
Economic cycles	Predictable	None
Challenges, increase	Defined (on average every 7 years)	Irregular, unpredictable
Decrease and recession	Defined (on average every 10 months)	Irregular, unpredictable
Potential impact on the company's results	Low	High
General characteristic of the investment method	Expansive, multi-directional	Cautious, purposeful
Market risk tolerance	Accepting	Avoiding
Consumer attitude	Self-confidence	Uncertainty
Consumer preferences	Stable, evolving	Full of fear and fight for security

Source: P. Kotler, J.A. Casilione. *Chaotics: The Business of Managing and Marketing in the Age of Turbulence*, MT Biznes 2009, p. 31.

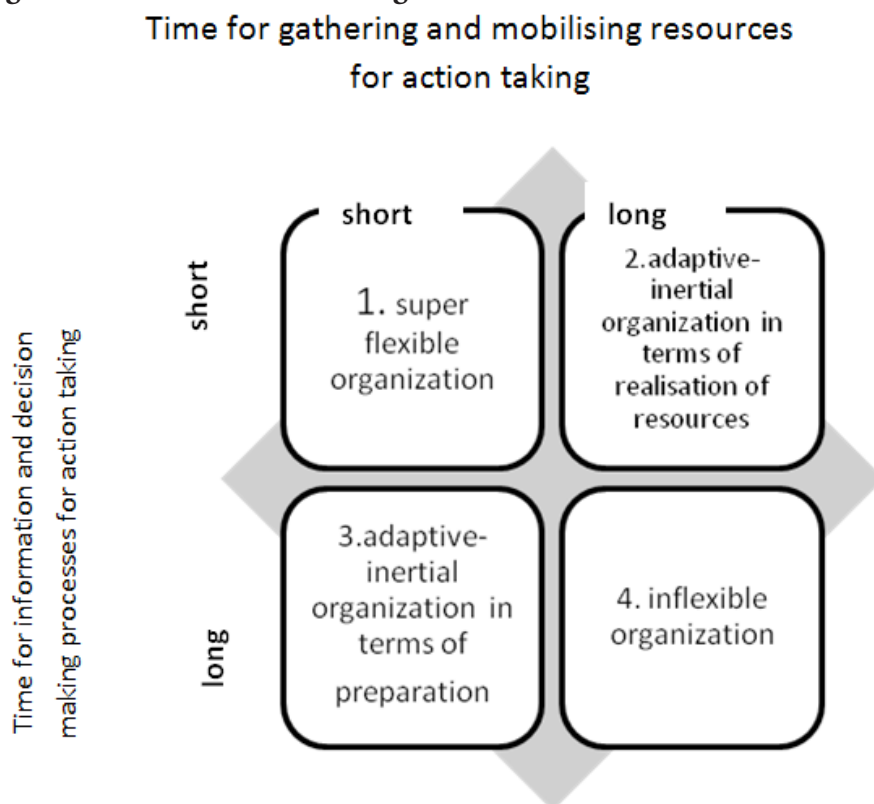
Basic response

Changes occurring in the environment certainly require adequate responses from an enterprise. Were we to describe the business environment of a company by the level of its uncertainty (unpredictability) then, in line with the concept by Courtney [1997, p. 66] and others, it is difficult to react effectively at the highest level of uncertainty. Following this thought, at the level identified by the author as the 1st level of uncertainty, the future is relatively clear and it is easy to plan the path towards achieving the set goal; at the 2nd level, the future is perceived through alternative scenarios with the goals having to be alternatively specified; at the 3rd level, the future is described as a range of possible events with the goal being found at any place within this range; at the 4th level of uncertainty, the future is identified by many dimensions which are of temporary nature, therefore defining and realising a goal is possible when employing various options. It is further argued that companies are most often confronted with the 4th level of uncertainty, where an effective response is only possible if there is a high level of flexibility in the company.

As J. Brilman [2002, p. 391] suggests, an organization shall be considered flexible if its structure and culture allow it to adjust quickly to customers' changing needs and competitive demands". An ideally flexible organization has the following characteristics:

- the ability to keep pace with the changing environment and to develop faster than competitors,
- a legal system for learning about the customers' opinion and responding quickly to their expectations,
- A short decision-making processes – flat structure, executive employees' empowerment,
- staff accustomed to changes (this being the most difficult aspect to achieve) [Brilman 2002, p. 391].

The response-time appears here to be an essential (often fundamental) dimension in terms of the company's flexibility. What is meant here is both the time for decision-making processes and the time of actual action (mobilising resources to enable action to be taken). These two dimensions allow for conducting a typology of enterprises in terms of their flexibility (figure 1).

Figure 1. Variants of a flexible organization

Source: R. Krupski (ed.), *Zarządzanie przedsiębiorstwem w turbulentnym otoczeniu*, PWE, Warszawa 2005, p. 29.

The flexibility of a company thus understood is associated with a specific and conscious activity which can be of reactive nature, i.e. actions are undertaken as a result of a, to some extent, forced situation (a crisis situation) or the activity can be of proactive nature, i.e. when there is increased competitiveness and it is possible to anticipate future conditions. In the latter situation flexibility appears to be a significant element of competitive advantage.

Limits of change

However, implementing these rules too literally (especially over a short time period) may prove dangerous as doing so can lead to a temporary or permanent organizational chaos. In a situation where there are no firm principles, nor permanent values nor hierarchies many employees may feel the lack of “the point of reference” for their own behaviour.

It is for this reason that many scientists think that striving to raise the flexibility level cannot be without limit, since it can threaten the very cohesion of the organization. According to M. Romanowska, responding to the changing environment should in fact refer to a minimum and maximum range of changes. It is especially important in terms of strategic perspective. "A rational approach to strategic planning assumes that the strategy of the organization should be adjusted to the level of uncertainty regarding a specific decision" [2008, p. 8]. In his model of organizational behaviour, I.H. Ansoff [1987, p.42] propounds three possibilities – budgeting behaviour within which strategic changes do not occur; strategic adaptation which enables the company to maintain the continuity of its processes and structures, yet the adaptation changes need to be implemented and strategic discontinuity (breakthrough) that rejects past experiences.

The demand to maintain continuity rather than the claim for rationality may seem stronger particularly in the systems subject to significant social pressure and control. P. Drucker argues that even in situations demanding fundamental changes, a strategic breakthrough that would not retain the minimum of processes and structures from the previous time is not possible. Considering all the aspects involved in the functioning of an enterprise solely from the perspective of their "momentary usefulness" and emphasis on "absolute flexibility" can lead to the disintegration of the organization. The chaotic environment will overlap with the external chaos, which will not be conducive to making rational decisions. It is also mistaken to treat the enterprise flexibility uniformly. The enterprise flexibility should differ in terms of its particular areas, functions, resources and processes. The core of an enterprise should be less flexible (e.g. accounting/finances) with its external areas (e.g. marketing, logistic) showing more flexibility.

The question thus arises: to what extent can we implement changes and increase the flexibility without losing the ability to manage the enterprise and without losing its identity, the latter being of even greater importance. Corporate identity is a unique set of characteristics enabling the company to be distinguishable from others, make it easily recognizable and one of its kind. The essence of the corporate identity is constituted by uniform codes of conduct and models of communication that are valid over long term. It consists of the management style, strategy, history, philosophy, culture, reputation, employee's behaviour. The necessity to maintain the continuity appears to be a significant part of this identity. Especially for family businesses ensuring the continuity is a value in itself (as it is demonstrated by adherence to tradition, including traditional work methods, respecting predecessors' contribution and values, being grateful for the opportunity to continue the work of previous generations). How is it

then possible to rise to the challenge of keeping pace with the changes without destroying the fundamental values the company was founded on?

The research shows that in family businesses the close relationship between the fate of the company and that of the family introduces a different business activity perspective. One could call it *a multi-generational business perspective*. What prevails here is generational perspective, adherence to tradition, invariability, permanent validity of certain principles. The guarantee of continuity and stability is provided by the family with its system of values and stability in the position of the company's boss. Working for the benefit of next generations and keeping the business for and in the family's hands extend the perspective, preventing the company from being treated as a tool for satisfying short-term goals. Moreover, it seems rather unlikely that the company would be regarded as an instrument of satisfying short-term goals (mostly consumable) of owners, managers, staff thus weakening the company's long-term development capabilities.

One could call this kind of continuity a strategic continuity, recognizing it, after K. Oblój [1987, pp. 55–56], as a situation in which it is possible to use the past model also in the future. The strategic discontinuity takes place when the model forming the basis for decision making and action taking thus ensuring the company's survival fails.

The continuity of the company may be described through four dimensions: personal continuity, organizational continuity, strategic continuity and financial continuity. These elements affect one another, remain in relative balance which contributes to realising the company's particular vision over long term. Disruption in one of these elements is not without consequence to the remaining ones. One should, however, recognize that in some situation the disruption will be intentional. Bad strategy, bad financial situation should force the company to carry out changes rather than attempts to maintain the previous state (continuity). The generational change in itself signifies the breaking of this continuity. With this in mind, Kappler talks about the continuity of an enterprise as having a practical value in terms of retaining certain habits, practices etc. which minimize the resistance to changes [Kappler 1997, p. 428]. One could argue, elaborating on what was suggested in the *Introduction*, that the frequently quoted dilemma between change or continuity does not seem to make much sense as it means either keeping pace with changes or retaining the core values. Yet, there are other relationships taking place in the company all of which come down to the fact that the necessity to maintain the continuity forces the company to carry out changes.

Both of these conditions are not therefore of an exclusive (one excluding the other) but of a complementary nature. Moreover, such a dilemma is not too common in practice – a company seldom encounters events requiring re-

volutionary changes. One could assume [Jick 1993, p. 7] that changes can vary in scope that is determined situationally (depth) and can comprise (a) improving previous solutions (developmental change), (b) a gradual transition of the company into a new organization (transitional change), (c) redefining the essence of the company (transformational change). The last two require the change of strategy, partial staff replacement, changes in the organizational culture and mission. The situations that require such radical shifts breaking the company's continuity take place relatively rarely and only as the last resort necessary to ensure the survival of the company. It is likely for this reason that the instruments that would enable a company to respond effectively are hardly sufficient. In the body of work published in Polish language familiar are the concepts presented by R. Krupski [2008, p. 64 and next]. He explores the idea of a strategy that has no goal, further expanding that it is relevant in particular with respect to small and medium-sized enterprises. It is even suggested that strategies should be perceived in the light of opportunities. In this context, strategies should be regarded as identified (*ex ante*) opportunities that need to be seized and as identified redundancy of resources and competences that should be created [Krupski 2008, p. 2005]. Making the organization more flexible would therefore no longer be the sole recipe for unpredictable events, but it would also include (sometimes primarily) building the company's potential. This "extra" potential could help to respond successfully to the events occurring in the business environment (opportunities and threats). The concept developed by P. Kotler and J.A. Casilione [2007, p. 110] of how to cope with chaos also refers to this kind of abilities and skills for managing unpredictable events. In their view, it is thus necessary to develop a system of automatic responses, which means a kind of behaviour that is not preceded by a prolonged analysis and measurements. If it comes to an unpredictable event the company knows how to react thanks to its response capabilities in the face of change. The simple rules idea is based on similar principles. The research shows that if people have too many options to choose from they tend to be afraid to make a wrong choice thereby delaying the decision making or choosing the safest solution. If one has to decide quickly, the simple rules prove to work considerably better. Based on the experiences of numerous companies, this type of response works very well not only for big enterprises but also for small ones whose architecture seems to rely on such flexible and simple rules of action taking. However, one should be cautious when claiming the above to be an inherent feature of small businesses. The ability to respond quickly to changes in the environment is considered to be one of the most important capabilities of small and medium enterprises. It is the result of a flexible organizational structure (one decision-making centre), staff and technological capabilities (mostly with universal

characteristics) enabling the company to compete effectively on the market. This flexibility also applies to the ability of “detecting” even weak signals coming from the market because a small enterprise cannot afford experimenting within the environment; recognizing the change sufficiently early allows it to respond ahead of time. Small enterprises, however, are characterized as very conservative with the tendency to alter their production methods, financing sources and range of products only when pressed by strong impulses threatening their very existence. Thus, for this kind of business relying on a particular flexibility (particular areas, functions) does not seem sufficient either. From the perspective of an organization, embedding the culture of change in the organization is more important than implementing a particular tool for coping with a changeable environment. If one were to understand the organizational culture (in fact the strategic culture) the way H.I. Ansoff does as a set of norms and values defining the preferences of a group for a particular kind of strategic action, then the particular challenge resides in ensuring the alignment between the culture and the current strategy of the organization.

It rarely happens that the culture of an enterprise with multi-generational tradition of many years is a *culture of change* as it is very resistant to change not unlike big (non-family) organizational structures. It is suggested, frequently with justification, that exercising restraint with respect to any market fads and ignoring momentary profits have secured success and longevity of a number of small companies. However, there are many examples where this philosophy has failed.

Recognizing simple rules, automatic responses or any other similar methods as proven to perform well in a turbulent environment does not yet mean that one of the fundamental problems of the change management shall disappear – resistance on the part of the opponents of any change. In theory as in practice, the change management provides many ideas on how to cope with resistance (dislike, indifference). The people resisting changes are the key element of the change management process. Overcoming fear and dislike of changes as they are demonstrated by the employees, and not infrequently by the very management, appears to be the primary factor leading to success. The attitudes shown by the organization’s members towards change are not always that of resistance (ranging differently); indifference and acceptance represent the attitudes towards change too. Fear of and resistance to change are often irrationally based, yet can, nonetheless, effectively obstruct any process.

If we assume that there is a real choice as to what extent a change should be implemented (and what to change) and what should be left unchanged then the next question arising is – what would be the basis for the decision. How to delineate the boundaries between change and stability. Furthermore, there

are those who, like P. Drucker, say that it is impossible to manage changes, the only way being to anticipate and be ahead of them. Here however, we will subscribe to the concept of the change management.

Inasmuch as coping with the problem of change and having to respond to it seems to be “controllable” on the operational level – managers are capable of responding to delays, temporary shortages and decline, a considerably more difficult task lies in developing this kind of response mechanisms on the strategic level. The problems already start when making the attempt to identify the nature of changes or simply the possibility to detect them. In the literature on the subject one can find many measurement instruments used for assessing various phenomena, whose particular levels imply changes. With the employment of the conventional systems of early warning many expensive actions need to be taken, which is beyond the reach of most enterprises (small and medium). These systems are mainly of financial nature and, as has already been mentioned, they refer to changes occurring over a short time period. The best known approach in terms of a long-term change analyses in a company is the approach taken by BSC (Balanced Score Card). Yet, it seems that in this case we are also dealing with a certain kind of simplification, since it assumes that everything changes but the set objective. This is the weakest element in most of the concepts pertaining to strategy realisation.

In big enterprises there are many complicated and expensive methods of *detecting* weak signals. The methods differ in their performance, yet they can enable managers to “scan” the enterprise and its environment according to various sections. However, the situation becomes more complicated with small businesses where neither collecting nor analysing data is possible. What is usually suggested, especially in the case of small enterprises, is to adopt a simplified option which is based more on building the response capabilities rather than learning how to be prepared (thanks to observation systems) for the different variants of the environment.

Conclusion

Despite the fact that the basic characteristics of a small business, such as: being an entity managed by its owner, operating on a local market, responding with a great amount of flexibility to the changes occurring in the environment and treating its customers on individual basis are still prevalent, all this is beginning to change in terms of the strategic behaviour. There are numerous examples (with their number growing) showing that in many respects small entities behave not unlike the big ones. H. Simon [2007] examines the behaviour of the enterprises which, although representing the medium-sized entities, are market leaders in their line of business, not infrequently leading the market

globally. There is also a reverse tendency, as big companies adopt the business models of small companies. It thus seems that we are facing a convergence phenomenon with differences being effaced rather than made deeper. The notion of big and small is losing its distinctness for it is becoming increasingly more often and in many respects an *open* category, to use a sport term – just an enterprise whose functions are based on general rules. With this in mind, it seems that the owner himself / herself (including his / her family) will not provide sufficient guarantee for the company's stability in the same way as the size of an organization will not in itself guarantee its flexibility. A strong organizational culture created over many years in the case of a small enterprise must have, to some extent, embedded flexibility, if it is to ensure its permanence.

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The process of business failure in Polish small enterprises

Abstract: The literature on the business failures points to a variety of factors responsible for this process. Small businesses are much more vulnerable to business failure than medium and large firms. This is due to resource limitations of small enterprises. As a result, failures processes occurring in them should be analyzed with taking into account the specific causes, symptoms and trajectory of business failures. The publication points to the specific process of business failures of small businesses and presents the results of the qualitative research conducted in selected Polish small businesses.

Key-words: business failure in small enterprises, reasons of failure, symptoms of failure, business failure trajectories.

Introduction

Economic failure is a phenomenon associated business projects, whatever their scale and profile. Small businesses are particularly vulnerable to economic failure.

It is a fact that only about 50% of small businesses are still trading after their first three years from initial set up [Watson 2003]. Their limited resources often puts small businesses in a much worse situation compared to medium and large companies. It can be seen particularly severe consequences of the economic failures of small businesses for the people managing them. Failure mean for them as a personal failure, often transferred to the family life and have social consequences.

In European Union small enterprises are defined as enterprises which employ fewer than 50 persons and whose annual turnover or annual balance sheet total does not exceed 10 million euro. Micro enterprises are defined as enterprises which employ fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed 2 million euro [Article 2 Commission Recommendation 2003/361/EC].

The small scale of economic activity affects the limitations in the management of these companies. In particular, the technical resources, social, organizational, etc. They are responsible for the formation of relationships: entrepreneur – organization – environment. In these relationships become visible both causes, symptoms and trajectories of economic failures of small businesses. Their specificity has been taken into account later in the publication.

There are four areas in which to focus research on business failure, a comprehensive approach to these areas creates the possibility of a holistic view of the phenomenon [Pretorius 2008, p. 411]:

- reasons for failure,
- symptoms and failure prediction methods,
- actions leading to the “healing” of business,
- learning on the basis of the experience of failure.

Areas determining the phenomenon of failure makes it complex and multidimensional, which makes it difficult to standardize the approach to the factors of failure. The cause of these problems is often unpredictable nature of the relationship between the factors that are associated with the specific case of failure [Pretorius 2008, p. 412].

The main aim of the study presented in the paper was the analysis of the reasons and processes that accompany small business failure. The achievement of this objective requires in particular the review of the business failure paths of small companies. Additionally, the analysis ought to take into account the symptoms that may indicate the threat of a small company collapse.

The main hypothesis assumed in the study asserted that: business failures of small companies are the result of a process specific for this type of companies. In the course of this process, symptoms of failure can be observed and their early identification provides a warning for the entrepreneur and allows to take corrective action.

The definition of business failure

As noted by many authors, a clear definition of the concept of business failure does not exist in the literature [Sharma, Mahajan 1980, pp. 80–89]. There is no clear consensus within disciplines as to what organizational failure is, how it occurs and its consequences [Cameron et al. 1987, pp. 222–240; Weitzel, Johnson 1989, pp. 91–109], let alone agreement between disciplines. Several terms have been used in the literatures: organization mortality, exit or death [Swaminathan 1996, pp. 1350–1377], organizational collapse [Argenti 1976], bankruptcy [D’Aveni 1989, pp. 577–605, Laitinen 1991, pp. 649–673, Hall, Young 1991, pp. 54–63, Thornhill, Amit 2003, pp. 497–509], decline [Lorange,

Nelson 1987, pp. 41–46, Chowdhury, Lang 1993, pp. 8–18, Pretorius 2009, pp. 1–16].

Definitions of failure, which researchers use, are adjusted to their specific research problems. Financial prediction models require obtaining homogeneous and comprehensive data on enterprises, hence the failure criterion is used in the narrowest sense of the definition, i.e. bankruptcy, related to formal judicial proceeding. In turn, the authors dealing with the demography of enterprises, derived from ecological approach, use the widest possible definition of failure in the sense of cessation. The criterion of profit or avoid losses are more subjective measures of failure, however, approaching the phenomenon in terms of quality and accessibility to sources of deterioration in the company, they seem to be more appropriate. Taking into account the specificities of small companies whose core businesses is a person, it would be considered a failure in the context of achieving his desired goals and motives to pursue activities, despite the high subjectivity of such measures fail, identifiable only in qualitative research. For the purposes of the study, author uses the definitions of failure proposed by D. Ucbasaran et al. [2013, p. 175]: “the cessation of involvement in a venture because it has not met a minimum threshold for economic viability as stipulated by the entrepreneur”.

Failure factors in small companies

Reasons for failure can be divided into environmental factors and internal factors [Baldwin et al 1997, Koksál, Arditi 2004, pp. 1–16], as well as to make a deeper divisions within those two groups [Liao 2004, Ooghe, De Prijcker 2006, pp. 1–47, Crutzen, Van Caillie 2007, pp. 1–32, Mellahi, Wilkinson 2004, pp. 21–41].

The reasons for failures cannot be treated as only one or a few separate factors, coming only from the environment or only from the inside of the organization, but they have to be considered as relations between these areas, especially in the context of a response to changes taking place in the environment.

The macroeconomic environment, for example government decisions, situation in the country and the world, affects both the entrepreneur and the policies and resources of the company and also has an impact on partner companies in its immediate environment. The immediate surroundings of enterprises creates a second group of reasons. The company constantly interacts with customers, suppliers, competitors, banks and shareholders. Interactions undertaken from its immediate surroundings determine its development in a positive or negative direction. Among the factors coming from inside the organization that have an impact on its operations there are mentioned the resources of the company [Liao 2004, Crutzen, Van Caillie 2007, pp. 1–32], both tangible:

the technical and financial, as well as skills and knowledge and the quality of the relationship with the environment [Crutzen, van Caillie 2007, pp. 1–32] individual characteristics of the entrepreneur [Liao 2004, Ooghe, De Prijcker 2006, pp. 1–47, Crutzen, van Caillie 2007, pp. 1–32], business strategy [Liao 2004, Ooghe, De Prijcker 2006, pp. 1–47], and company characteristics – age, size, sector, phase life cycle [Mellahi, Wilkinson 2004, pp. 21–41, Ooghe, De Prijcker 2006, pp. 1–47, Crutzen, Van Caillie 2007].

Symptoms of failure can predict the future phenomenon and that is why they may be helpful in analyzing the causes of failure and seeking a way to prevent bankruptcy. The main symptoms of the deteriorating financial situation of the company are: the decrease in sales and profit and decrease in liquidity [Ooghe, De Prijcker 2006, pp. 1–47, Koksai, Arditi 2004, Argenti 1976, Sharma, Mahajan 1980, pp. 80–89], decline in market share [Crutzen, Van Caillie 2007, pp. 1–32, Zelek 2003], increase in operating costs [Ooghe, De Prijcker 2006, pp. 1–47, Koksai, Arditi 2004], high level of debt [Koksai, Arditi 2004, Korol, Prusak 2005, Argenti 1976], large overcapacity [Ooghe, De Prijcker 2006, pp. 1–47, Zelek 2003].

The analysis of literature indicates that during the process of company collapse the situation adverse for the company often develops imperceptibly, undetected by the management as well as the environment. It refers particularly to the non-financial symptoms. Only the clear deterioration of the company's financial standing forces entrepreneurs to examine the internal situation of their company. Therefore: it is not the occurrence of individual symptoms but their combination encompassing various areas of the company that indicates poor standing of a company which may lead to business failure; non-financial symptoms are often not noticed or are underestimated by small company owners.

From the perspective of business failure prevention, it is important to notice negative signals coming from the organization before the situation of the company deteriorates to the point that it is noticed by external observers. Then the appropriate response to such symptoms may allow the company to leave the path of failure. The analysis of non-financial symptoms is a highly subjective method and these symptoms are more difficult to identify. However, combined with the analysis of the basic indicators possible to apply in a small company, these symptoms may persuade the owner to take corrective action.

Small firm failure trajectories

The phenomenon of business failure were analyzed from different points of view, both in terms of indicators that distinguish the company at risk of bankruptcy of companies succeeding, through statistical models for prediction of

business failure, as well as from the analysis of the causes and roads leading to failure. This last issue seems to be important in preventing future business failure. Understanding the root causes of the crisis in the company and the sequence of events leading to the failure gives principles to the construction of early warning tools of failure. Failure can of course occur suddenly, such as in the case of unforeseen events like natural disasters or the failure of the only customer or supplier. However, in many cases this is a long, gradual process of growing crisis in the company, which is not noticed in time and if not repaired can lead to the collapse of the company [see Argenti 1976].

In the dynamic approach of the studies of business failure the researchers propose one or more dynamic models that show how to combine events in time and offer different chronological phases which the companies go through to failure [Sharma, Mahajan 1980, pp. 80–89, Sutton 1987, pp. 542–569, Hambrick, D'Aveni 1988, pp. 1–23, Koksál, Arditi 2004, pp. 1–16, Sheppard, Chowdury 2005, pp. 239–260, Crutzen, Van Caillie 2007, pp. 1–32].

We can extract the initial phase of deficiencies, errors in management, when the first warning signs often go unnoticed or ignored by managers [Richardson, Nwankwo, Richardson 1994, pp. 9–22, Sharma, Mahajan 1980, pp. 80–89, Ooghe, Prijcker 2006, pp. 1–47]. Then there are strategic mistakes [Sharma, Mahajan 1980, pp. 80–89], insufficient corrective action [Richardson, Nwankwo, Richardson 1994, pp. 9–22], the problems worsen as a result of bad decisions. This in turn leads to the collapse of the organization, liquidity problems and consequently the collapse of company [Richardson, Nwankwo, Richardson 1994, pp. 9–22, Sharma, Mahajan 1980, pp. 80–89, Ooghe, Prijcker 2006, pp. 1–47].

The path leading to the failure does not proceed similarly in every company. There are different reasons for entering the path of collapse, the process itself as well as the form of the output. The literature strongly emphasized the reliance of this process (in particular the reasons for failure) on the age of the organization (eg theory of liability of newness, liability of adolescence). Age of company is related with phases of the life cycle of organization, the problems encountered by businesses in various stages of development differ from one another, different they may be their symptoms and how to repair the deteriorating situation.

The oldest and most well-known failure processes were developed by Argenti [1976]. He describes the relation between nonfinancial causes of bankruptcy and their financial effects within three different failure trajectories. Subsequent investigators have proposed their classification, similar to the Argenti trajectories by adding your own types, or expanding existing for more detailed descriptions of the causes and symptoms [Miller 1977, pp. 43–53,

Miller, Friesen 1983, pp. 339–356, Masuch 1985, pp. 14–33, Richardson, Nwankwo, Richardson 1994, pp. 9–22, Moulton, Thomas, Pruett 1996, pp. 571–595, Pasanen 2005, Ooghe, De Pijcker 2006, pp. 1–47, Crutzen 2010, pp. 1–236].

Based on the analysis of authors presented above, we can distinguish five general types of trajectories of failures relating to small enterprises [Ropega 2011, pp. 477–478]:

- An Unsuccessful Start-up,
- A Dazzled Growth Company,
- An Apathetic Established Company,
- An Unstable Management of the New Growing Company,
- Excessive Internal Consumption.

Table 1. presents main characteristics of failure trajectories.

Table 1. Characteristics of failure trajectories in small enterprises

Type of business failure	Characteristics	
	Reasons of failure	Symptoms of failure
<i>an unsuccessful start-up</i>	Internal reasons Lack of management skills in many areas of business activity Overoptimism of the owner The autocratic management style Lack of business planning and financial management Too little initial capital Underestimating the costs Lack of financial management Failure to develop relationships with suppliers and customers orientation to the product and not for sale External reasons The recession in the industry Lack of customers Distrust of contractors Intense competition	Heavy capital expenditures Underestimated expenses Low sales compared to the costs No profit Lack of liquidity Mistrust of customers and lenders

<i>a dazzled growth company</i>	<p>Internal reasons</p> <p>Too ambitious and hyperactive owner</p> <p>blindness, and excessive optimism after firms growth</p> <p>ignoring advice from others</p> <p>Heavy capital expenditures and extreme gearing</p> <p>Unadapted management and organization structure</p> <p>External reasons</p> <p>The decline in market demand</p> <p>Refusal of loans by banks</p> <p>Developments in the global market</p>	<p>Overestimated sales</p> <p>High operating costs</p> <p>Ignoring negative financial signals</p> <p>The decrease in profit</p> <p>Decrease in the liquidity</p> <p>Mistrust of customers and lenders</p>
<i>an apathetic established company</i>	<p>Internal reasons</p> <p>Lack of motivation and commitment of owners/managers</p> <p>Ignorance of changes in the environment, no reaction to changes</p> <p>Lack of internal control</p> <p>Loss of strategic advantage</p> <p>Lack of innovation activities or too slow to innovate</p> <p>Poorly managed restructuring / corrective action</p> <p>External reasons</p> <p>The aging of the industry</p> <p>Progress or technology changes</p> <p>Changes in the global market</p> <p>Mistrust of customers</p>	<p>Declining sales</p> <p>No profit</p> <p>Lack of liquidity</p> <p>Loss of competitive position</p> <p>Mistrust of customers and lenders</p>

<i>unstable management of the new growing company</i>	<p>Internal reasons</p> <p>High propensity for risk</p> <p>An ambitious and risky financial plans (high credit) overestimation of the future turnover</p> <p>Inability to react to changes in the environment in a later stage (due to liquidity problems)</p> <p>External reasons</p> <p>The decline in market demand</p> <p>Refusal of loans by banks</p> <p>Developments in the global market</p>	<p>Insufficient / low sales</p> <p>Large overcapacity</p> <p>High expenses</p> <p>The decrease in profit</p> <p>decrease in the liquidity</p> <p>Mistrust of customers and lenders</p>
<i>excessive internal consumption</i>	<p>Internal reasons</p> <p>Dominant manager focuses on his needs and image</p> <p>Using company assets for personal ambition</p> <p>Allocating profits on own consumption and not for business development and investment</p> <p>Fraud and creative accounting</p> <p>External reasons</p> <p>Refusal of loans by banks</p>	<p>High unjustified expenditure (eg purchase of expensive cars to companies)</p> <p>Lack of cash</p> <p>High debt</p> <p>Lack of liquidity</p> <p>Mistrust of customers and lenders</p>

Source: own study.

The purpose of qualitative research conducted by the author was:

- to verify the paths presented in the literature of failure that can arise in small businesses and
- to compare the theoretical assumptions of models describing the course of the failure of small businesses with practical examples of paths of economic setbacks.

The quality study was conducted in 2011–2012 in liquidated small companies in Poland. 32 liquidated companies chosen from among 1,000 randomly selected deletions from the register of Company were conducted in order to trace how a path of the failure ran in every case. For each case, information was gathered in interviews with owner. The results of the qualitative study indicate that company failures in the SME sector can be classified into different failure paths and comprise all the categories enumerated in literature. This outcome

indicates that features of bankruptcy are varied and there is not one dominant reason or collapse trajectory. It is true though that most of the entrepreneurs surveyed indicated changes in the environment as a reason for the business failure. An additional path has been identified in the surveyed companies – A Dazzled Apparent Growth Company. The separation resulted from the specific course of the trajectory in 7 of the 32 companies surveyed.

Qualitative research results confirm that the failure of a small business can take place in different ways. Both the initial configuration of the factors of failure and phase of the life cycle in which the organization determine the dynamics and consequences of successive events. As a result of the research were adopted the following findings:

- An analysis of the cases show that the occurrence of the primary causes of failure is significantly influenced by the entrepreneur. The research emerges a picture of the owners that have the attributes determine the quality of the management and efficiency of the business. We can see here, especially the lack of entrepreneurial behavior (creative approaches to problems, search opportunity, innovation, taking the calculated risk), and gaps in basic knowledge of management in different areas of activity. Those characteristics resulted in further stages of a mistaken assessment of the situation of the company and the wrong decisions both strategic and operational.
- Studies have also confirmed that the phase of the life cycle in which there is an organization has a significant impact on both the initial set of factors of failure and the whole process leading to the collapse of the company. This is evident especially in the case of pathways related to errors in the initial phases of the life cycle of the organization and among mature firms.
- The study gave the image of an additional trajectory of failure, which, due to the strong bonding with the person the entrepreneur and the specific barriers in access to information can only be characterized by micro and small enterprises. In larger organizations, both data availability and methods of analysis and evaluation are much better developed, and strategic decisions are not made individually and exclusively on the basis of intuition and faith in the success of the project.

Conclusion

The presented theoretical considerations and the results of the study indicate the complexity of the failure but also the specificity of its progress in small business. This is the basis for the conclusion that preventing unintended economic failures requires building a model of the process of business failures, the individualization of it (factors specific to the country / group of countries) and

to propose an early warning system for entrepreneurs warning the entrance to the path of economic failure. The results confirm that the appearance of such a model might have to reduce unintended failure of small businesses as well as their social and economic consequences.

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Conflicts and crises in a family enterprise – a model approach

Abstract: This paper presents the author's model of the occurrence of crises and conflicts in family enterprises in the context of the family enterprise life cycle, taking into account its components: enterprise, family and individuals.

Key-words: family business, conflicts, crises.

Introduction

In Poland, there is a multitude of family enterprises (60% of all businesses), which enables carrying out research in many areas. A popular theme in recent years is the issue of succession and the accompanying processes. Many researchers (Safin 2007, O'Boyle, Rutherford Jr, Pollack 2010; Hadryś 2011; Popczyk 2011; Bieńkowska 2011; Grześ 2011; Gołaczewska-Cob 2012; Niemczewska 2012, Woody 2012) emphasize, however, the determining influence of human resources management at the interface between business and family. According to the author, particularly important for the successful succession are crises and conflicts occurring in a family enterprise, which she understands as the trigonal market organism, consisting of a family, enterprise and an individual, which operates with different but mutually adapted goals, and in its realization, it uses its energy in the long multigenerational perspective through the management and control of its activity and property.

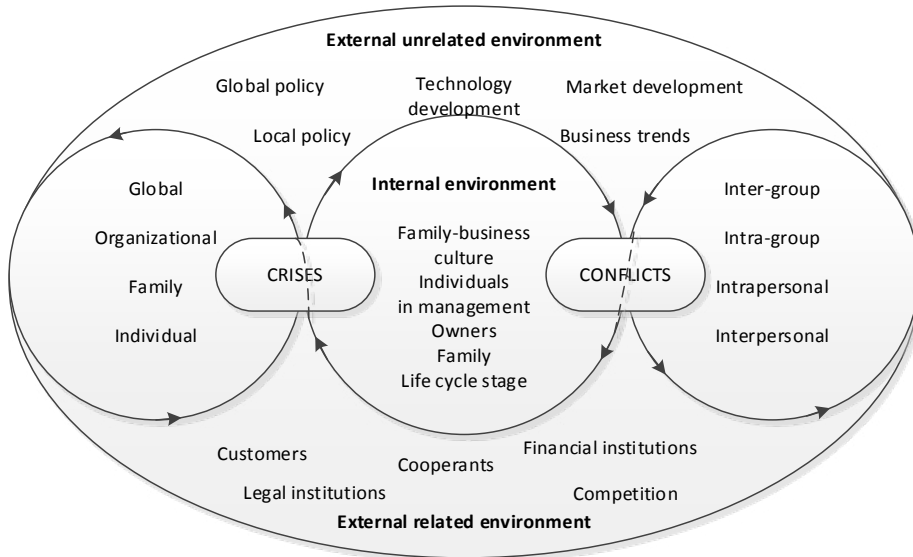
Presentation of a model

Analysis of the collected research material about crises and conflicts in a life cycle of individuals, families and enterprises in years 2011–2013 enabled the author to create a general model describing mutual relationship between crises and conflicts in family enterprises.

The essence of the model is the association between crises understood as actions, in which it is necessary to make difficult decision under pressure of time, and conflicts, which are connected with occurrence of contradicting interests

or goals and as a consequence the inability to realize these goals by one of the parties. Both the crises and conflicts decrease the efficiency of every company, but the family character of an enterprise causes the accumulation of the potentially negative effects of their occurrence (see fig. 1).

Figure 1. Theoretical model of conflicts and crises in a family enterprise



Source: Więcek-Janka 2013.

The core of the model is placing the family enterprise in the external environment, which is divided into environment related and not related to a family business.

A related external environment, determines the occurrence of relationships that have been initiated and accepted by the family business. These are most often business partners, customers, competitors, legal and financial institutions. The unrelated external environment is such, in which the company is present, but does not have a direct impact on its formation; it can be a global and local politics, technology development or trends in the industry.

A key element of emerging crises and conflicts is the internal environment, which consists of family-business culture, authority, property, influence of the family and the life cycle stage. Micro and small enterprises, which are predominately family businesses or potential family businesses, are also particularly vulnerable to the global crises, which belong to the external environment not directly related to the company, for example the global financial and economic policy. The years 2009–2012 show how strong is the influence of crises in the United States and the European Union on the functioning on local and natio-

nal markets. Moving the production of a car brand Fiat Panda from Poland to Italy resulted in a crisis in hundreds of small entities cooperating with a factory in Tychy. Another example is the tightening of requirements for companies when applying for EU grants or investment loans. Great impact is also made by natural crises occurring on a smaller scale, such as natural disasters, floods, droughts, hurricanes, etc. Their presence has led to the bankruptcy of many family undertakings and deteriorated economic conditions in many regions of Poland.

The presented model shows the impact of developed mechanisms on the crises, both related to the course of the family business life cycle, and resulting from the external environment. Lack of harmony in the internal environment can cause crisis that would destabilize its components, and as a result will lead to trouble situations. Worked out conflicts can enable the development of new regulatory mechanisms that lead to even further stabilization. The process stabilization-crisis-destabilization-conflict-solution-stabilization is repeated cyclically when there are changes in the external or internal environment of a family business. If a change is considered necessary for the development of an enterprises, then the crisis should be considered its component.

Taking into account the possibility of a crisis occurrence requires from companies changing and undertaking new challenges and tasks. Sometimes, however, instead of attitudes focused at finding solutions different than those that have become routine, crises situations trigger in the individuals a cautious attitude, resignation, frustration and critical thinking. Therefore, the crisis should be seen as challenges for teams and individuals which can use their resources of knowledge and skills to increase their own value and the value of the company.

Every company encounter conjunctural crises, crises of over-production (supply-side), and lack of demand. In the family business life cycle in every generation there are crises associated with adjustment of management to the personality of the owner and other family members and employees. Choosing the management style by a successor is always associated with the risk of clashes and conflicts, just as the development of autonomy in decision-making and their market verification. Often properly functioning business sphere is subjected to increased control and bureaucracy, which significantly reduces creativity and the freedom of generating ideas, locking them into the developed, often rigid, procedures. It leads to a crisis of authority and the need for succession [Stefańska 2011, Lewandowska, Hadryś-Nowak 2012]. The crisis of succession concerns two aspects of “readiness”: of successor, to take over the company and of current owners, to accept a new vision of the family business. The combination of these variables gives four possibilities of conflicts occurrence, as shown in figure 2.

Figure 2. Matrix of conflicts resulting from the succession process

	Readiness to accept a new vision of a successor	Lack of readiness to accept a new vision of a successor
Readiness to take over the company by successor	No conflict. Succession plan carried out though a proper selection and preparation a new role. Company has a secured continuity.	There are conflicts that result from trying to dominate the activities of the previous owner. The result is a departure successor or his subordinate.
Lack of readiness to take over the company by successor	Interpersonal conflicts occur resulting from successor's reluctance to submit individual goals to company goals, resulting in long-term implementation or leaving the company.	Conflicts on the ground of new successor being to forced to submit to a previous owner and overwhelming reluctance of successor to take over the company, resulting in the resignation.

Source: Sułkowski, Marjański 2001, p. 91.

Crises in a family are associated with its lifecycle and realization of its goals. The most commonly mentioned, both in literature and by the surveyed [see Safin 2007, Surdej, Wach 2010; Sułkowski 2012; Marjański 2012] is the engagement crisis. It is related to companies functioning in first generation and results from the necessity to share time and energy between business and family life. The choice between “spending time with children and providing them with basic living conditions” is assessed as the hardest. Many family enterprises at this stage (3–8 years of functioning) end their activity, because in such situation the family roles often contradict the business roles.

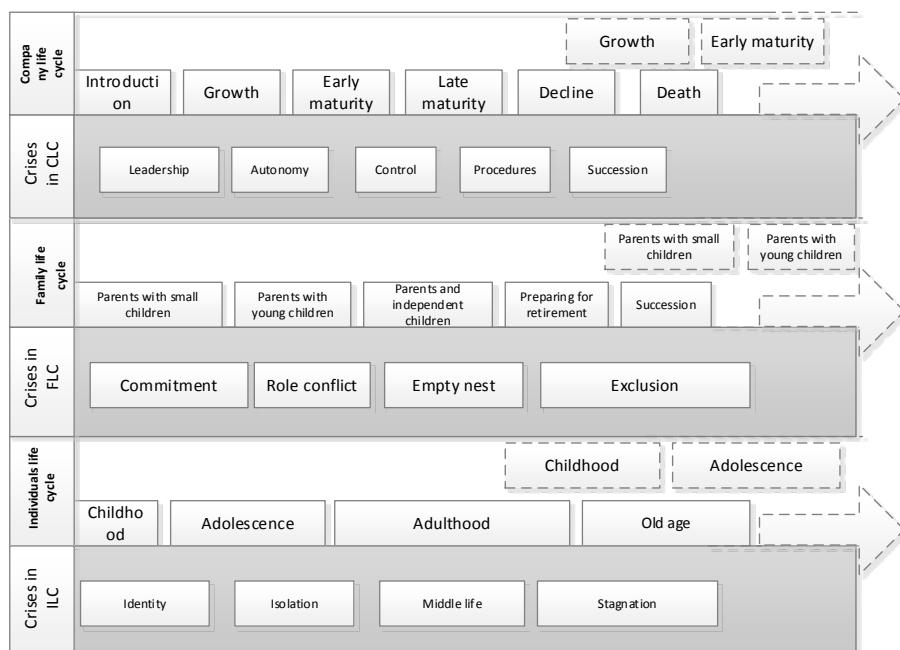
In the survey carried out by the author [2011–2013] respondents indicated the importance of owners' behavior toward their children employed in the company. Too high expectations and rigorous evaluation can discourage successor to work in the family business. Lenient treatment may produce similar effects. It is important to keep the attitude toward children balanced, so that they wanted to be successors of their parents business and at the same time were motivated to expand their knowledge and skills necessary to manage the company in future. Education of children and their development is the goal set by a family. Very often however this is connected with them leaving their homes, which causes the parents uncertainty about the future of the company and the family. The empty nest crisis causes discouragement of the owners; they begin to question the sense of running a business. Surviving such crises leads to the

acceptance of the process of succession, the development of its plan and ensuring the future of its current owners.

Individual crises are associated with requirements set to individuals by their families, and the atmosphere at home accompanying that process. Setting goals and educating the children in harmony with the development of the company and family allows to minimize the identity crisis, which they experience wondering who they are and what is expected of them. Family gives a reference point for the values and standards which, if consistent with the environment, minimize the impact of the isolation crisis typical for early adolescence period and associated with the choice a life path, building a relationship with a future partner and career planning [see Khanin, Turel, Mahto 2012].

For members of a business family, a middle life crisis is associated with a participation in the process of succession. It results from attempts to deal with a new situation by the successor or his subordinates. Both these parties can provoke a conflict.

Figure 3. A one-generation life cycle of a system company-family-individual covering crises of each subsystem



Source: own study.

From the perspective of the family goals, accepted and pursued by its members, we should take into account the interference of crises of each subsystem with others, which can result in a negative synergy effect and trigger the conflict. Figure 3. shows the phases of the life cycles of the family business, families and individuals along with the crises accompanying their course. We can see a certain pattern of crises overlapping in the three studied areas, which imply the formation of conflicts.

The model includes four groups of conflicts related to the operation of family business: intrapersonal, interpersonal, intra-group (family) and inter-group. The intrapersonal conflicts occur when, for example, someone has to give up their personal value system (choice between goals that cannot be achieved together), in a situation where they have to choose a so called lesser evil, or in case of cognitive dissonance (when choosing a behavior incompatible with their beliefs). People with a tendency to experience too deep and too frequent internal conflicts have more difficulty than others in the family and work environment; they often engage in interpersonal conflicts and cause more problems in their solving

[Więcek-Janka 2006]. Dąbrowski [1979, p. 4] treats internal conflicts as an essential element in creating a hierarchy of individual values and the multilevel internal psychological environment, as well as in creating a specific individual or social ideal. For this reason, individuals with tendencies to internal conflicts, later carried out to outside world, may be considered sensitive and focused on development. Lewin [1958] introduced a vector theory of an intrapersonal conflict, which main factor is usually the presence of two motives affecting an individual, that cannot be fulfilled, or are inherently contradictory, because they use limited resources. He distinguished the conflicts of different emotional coloring, involving positive and negative themes. Positive bring contentment, joy and satisfaction, negative – disappointment, sadness, etc. He considered to be the most difficult the conflicts resulting from the collision of two positive motives associated with a solution of a conflict, such as what to devote more time to: career or family? Choosing the “lesser evil” was assigned to the collision of two negative themes, such as the need to choose one of two business partners, none of which fully corresponds with the expectations. Another example of the application of Lewin’s theory is a successive process. We encounter it, when in the early stages there is a positive factor, but the consequence of taken actions will be a negative result. This can be illustrated with an example of poorly invested funds from an investment loan that must be repaid with interest. The opposite situation occurs when the initial sacrifices of family, economical use of resources will ensure the survival and development on the market.

Interpersonal conflicts most often arise between two people. Involvement of more people in a conflict should be understood as an intra-group conflict. In family enterprises we can observe many potential conflict situations, and usually they take place between:

- family members,
- employees,
- a family employee and a non-family employee,
- a family employee and a family supervisor,
- a family employee and a non-family supervisor,
- a non-family employee and a family supervisor,
- a non-family employee and a non-family supervisor,
- family managers,
- non-family managers,
- family manager and non-family manager.

These conflicts can arise from a variety of causes at the interface between business and family sphere. The most important, mentioned in the subject literature [Poutziours, Smyrniotou, Klein 2006; Stefańska 2011], are:

- choice of incompetent successors,
- a spoiled child syndrome,
- marital conflicts,
- autocratic tendencies of family members,
- entrepreneurial aggression (striving to reach the business objective without regard to the consequences in the family).

The functioning of individuals in three demanding areas and the ability to pursue their own dreams will sooner or later meet with criticism and disapproval, which results in the first place in interpersonal conflicts. The sources of such understood conflicts both in the family and in the company are: excessive expectations toward individuals, differences of opinion, conflicts of interest, the struggle for promotion, rewards and privileges, and the availability of financial assets. Another cause of interpersonal conflict in family businesses is when an individual, such as the owner, takes a number of important functions at the same time, which often makes it impossible to fulfill all the tasks at a desired level, and which he reports to the co-owners or relatives. Another source of conflict is the fact that very often the employed family members have low professional qualifications and lack competence and skills, which negatively influences mutual confidence and delegating important tasks [see Khanin, Turel, Mahto 2012].

An intra-group conflict is a form of interpersonal conflict, which involves more people connected by business and family relationships. Such understood conflict, included in the model, helps in maintaining stability and balance in a family, and mechanisms of change-crisis-conflict-another change force the adjusting of behavior of family members to the new market situation, which allows them to increase the cohesion of the group. An important classification associated with selecting by family members the tools needed to overcome conflict is a classification based on the causes of its occurrence. According to this criterion conflicts can be divided into material and emotional. A material cause of conflict refers to the knowledge base of family members (employed and not employed in a family business) and a difference of opinion as to how to settle a certain issue. Such conflicts are non-personal in character and are most frequently associated with the business arena [Sikora 1998, Sułkowski 2004, Sułkowski, 2006; Więcek-Janka 2006; Safin 2007; Stefańska 2011, Lewandowska, Hadryś-Nowak 2012]. The basis of emotional conflicts are disturbed interpersonal relationships. Typically they result from assuming certain emotional attitudes, high expectations toward other family members or bu-

siness. Unlike material conflicts, they are often irrational and, as such, can lead to destabilization and crises of a similar nature. Emotional cause of conflicts is sometimes associated with personality characteristics of owners and family members. Predispositions to get involved into disputes and resistance to emerging crises depend on their temperament, attitudes, behaviors, opinions, goals, dreams, expectations and projections reflecting their place in the community.

Intergroup conflicts in the family business exist between organizational departments or divisions, and between fractions in the family. Their sources can be the following:

- inadequate, dysfunctional distribution of tasks or privileges, unequal access to information and participation in decisions,
- vague decision-making path,
- limited organizational resources (material possessions, position, privileges, prestige, power),
- lack of clear objectives of the organization or disagreement as to the specific tasks,
- lack of consensus on the means and methods of achieving goals.

There are also external sources accompanying internal conflicts: location of the company, its social environment, the labor market, competition, markets for manufactured goods.

Each type of conflict is connected with a situation, which sources rooted in man or the environment, arouse in him a strong tension and motivate to actions aimed at eliminating this condition by changing the situation, becoming independent of it or adapting it [Więcek-Janka 2006].

A detailed study of causes of conflicts was made by Jeżak, Popczyk and Winnicka-Popczyk [2004]. They took into account the Polish cultural specificity, and they found that the most dangerous family conflicts, from the point of view of efficiency and business continuity, are:

- misunderstanding as to the work contribution in the company,
- disagreements around distribution of benefits from the company.

Kiedziuch [2006] analyzed the development of family businesses and drew attention to conflicts as a major destabilizing factor in their operation. As the main conflict-generating factor he considered an inappropriate succession plan, which may entail the occurrence of other sets of conflicts. Table 1 shows the classification of conflicts in family businesses.

Table 1. Causes of conflicts in family businesses

Categories of conflict	Causes
Improper succession plan	lack of testament regulating the inheritance preferences no inheritance decisions unsettled possession-inheritance documents and affairs no prenuptial property contracts the testament equally dividing the property between the successors
Passing and taking over the management of the company	delegating authority to potential successors no preparation of successors to take a new role, no practical knowledge of the company prejudice as to the gender and age of a person who is to take the helm a belief that it is the son who should replace the father the priority of "firstborns" to take over the company
Financial resources	lack of arrangements regarding the distribution and reinvestment of profits having own lifestyle ideas by individual family members (consumptionism) remuneration of employees – family members according to their personal needs and not based on their real usefulness lack of funds to finance the high inheritance tax
Personality characteristics of a company owner	need of a constant control resistance to change and innovation belief in being indispensable conviction of own infallibility
Family-business culture	not employed family members meddling into managing the company conflictuality a right to be employed by the company for every family member, regardless of their usefulness excessive competition between family members flawed communication (excessive or insufficient)

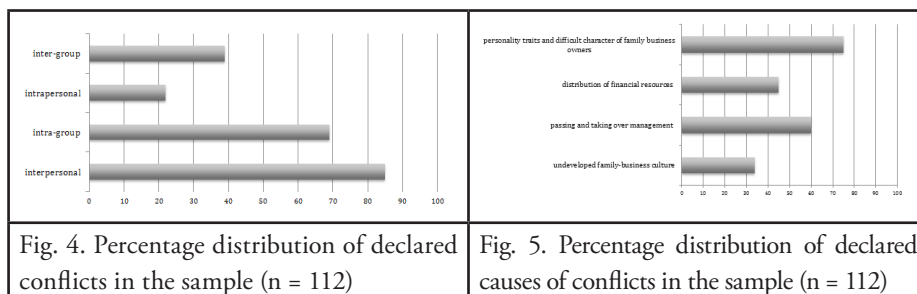
Source: Kiedziuch 2006.

Research methodology

In carrying out the verification process of the described model, studies were conducted in 112 family businesses in the Wielkopolska region²¹. One of the goals of this study was to identify conflicts in family enterprises and to determine their share in the research sample. A standardized individual interview method was used. Respondents indicated that in their companies the most often are interpersonal conflicts (85%) and intra-group conflicts (69%). Intrapersonal conflicts were admitted by 22% and inter-group conflicts by 36% of the respondents.

The structure of conflicts was also examined, which allowed for concluding that poorly executed succession process is the cause of conflicts in 54% of surveyed companies, and passing and taking over management of the company is the reason for conflicting families for 60% of respondents. Distribution of financial resources has been recognized by 45% of respondents as the main reason of conflicts occurrence. 76% of respondents indicated as the cause of conflicts the personality traits and difficult character of family business owners. Finally, 32% believe that the main cause of conflicts is undeveloped family-business culture. Results of research are illustrated in figures 4 and 5.

Figures 4 and 5. Research results



Source: own work.

Conclusions

This article attempts to present a model of crises and conflicts in family businesses, taking into account their complexity and mutual interactions. Looking at the family business as a system of individuals, family influences and business interests through the prism of crises they have to cope with at different stages of their life cycles allows us to understand the complexity of each even the smallest family business. Awareness of this internal and external complexity may allow business family members to create succession strategies and tactics of operational activity free of destructive conflict.

²¹ Wielkopolska is a region of Poland with 5 million inhabitants.

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Stimulants and barriers to the development of SMEs located in marginalised regions

Abstract: Small and medium enterprises are one of the main elements of regional infrastructure which determine competitiveness and future development of the region. Progress of the less developed regions cannot take place without active participation of small and medium enterprises.

The aim of the paper is the analysis of stimulants and barriers to the development of small and medium enterprises in Poland which takes into account the unique nature of marginalised regions. The first part of the paper presents the review of literature and studies on the growth and development of SMEs. The second part contains the analysis of determinants of the growth of SMEs based in marginalised regions which refers to the review of secondary studies as well as the author's own quantitative research.

Key-words: business environment, small and medium-sized enterprises, developed regions, marginalised areas.

Introduction

The rapidly changing environment determines new conditions in which business entities operate. Particularly sensitive to changes are small and medium-sized enterprises that are flexible and quickly adapt to new environmental conditions, although they do not have as much clout as large businesses. Small and medium-sized enterprises constitute one of the chief elements in regional infrastructure determining competitiveness and future development of the region. Less developed regions cannot progress without active participation of small and medium-sized enterprises. SMEs that operate in a given region contribute to forming the market equilibrium, increasing competitiveness, creating demand-export balance, decreasing the unemployment rate, promoting entrepreneurial attitudes and diffusion of innovations, etc. At the same time, however, SMEs are impacted by many regional factors which may stimulate

as well as limit the development of these business. Regional determinants are frequently directly related to the environment of small and medium-sized enterprises, i.e. the external environment which is a set of factors that affect the functioning and development of these enterprises.

In marginalised regions that are remote from centres of development, additional obstacles connected with the regions' specific features can be found, i.e. a low level of economic development, low income of inhabitants which is reflected in low demand, poor infrastructure (transport, educational etc.), social pathologies, increased migration processes and a lack of entrepreneurship in the local communities.

Marginalisation in the case of a region means long-term exclusion of a given area from development generation and participation in development profits, as well as exclusion of the regional community from active participation in economic processes, which in the long run leads to poverty, inability to meet basic needs and a lack of job opportunities [Lisowska 2010; Makieła 2008].

Substantial developmental differences between regions may cause the phenomenon of marginalisation of a particular region, which in turn may bring about a decrease in business activity there and intensification of negative social and economic phenomena such as unemployment, impoverishment of the society, exodus from these regions, low productivity, an ineffective educational system or social pathologies [National... 2009]. Various quantitative indicators (e.g. the rate of unemployment, GDP per capita, education indicators, Internet access, average income of inhabitants or R&D expenditure, etc.), as well as qualitative indicators (e.g. knowledge, innovativeness, quality and effectiveness of public administration, institutional capacity to manage development, etc) are parameters which allow to discern the less and more developed regions. Measuring the level of the regional development is a complex issue due to qualitative indicators and availability of comparable statistical data.

In order to identify marginalised regions in this paper, a synthetic indicator was calculated using Helwig's method [more in: Helwig 1968; Nowak 1990; Młodak 2006] at the powiat level comprising the following variables: (I) the rate of registered unemployment (%); (II) investment expenditure in enterprises (in million PLN per capita); (III) the number of national economy entities registered in the REGON register per 10,000 inhabitants; (IV) demographic burden parameter – non-productive age population per 100 people at productive age; (V) gross value of fixed assets in companies (in million PLN per capita); (VI) average gross wage; (VII) powiat budget revenue per capita; (VIII) total industrial output and output per capita. The collected data²² came from the Central Statistical Office of Poland (GUS) and concerned the year 2009. The

²² The statistical data comes from: Statistical Yearbook of Voivodships 2009 (2010), Warsaw: GUS & Regional Data Bank, http://www.stat.gov.pl/bdr_n/app/strona.indeks.

developed synthetic index allowed to discern 100 poviats²³ in which empirical studies presented further in this paper were conducted.

The position and development of the SME sector in marginalised regions is shaped by the dispersal character of their location, placing their activity near areas of demand which allows them to [Lisowska 2012; Stawasz 2007; Strużycki 2002]:

- reduce substantially transportation costs,
- adjust production volume to local needs,
- limit the cost of storage,
- decrease overheads,
- customise contacts with clients,
- develop their local reputation in all marketing aspects, their traditions and multigenerational contacts,
- form customer loyalty to the brand and the company.

The paper aims to analyse determinants of the development of small and medium-sized enterprises in Poland taking into account the unique nature of marginalised regions. The first part of the paper provides a review of literature and studies on external and internal determinants of SME development. The second part presents the analysis of determinants of the growth of SMEs based in marginalised regions, referring to the author's own research.

Characteristics of determinants of SME development

In today's economy, small and medium-sized companies are under intense pressure from rapid changes taking place in their proximal and distal environment. Thus, the development of these enterprises is subject to numerous factors of positive and negative nature.

The growth of the company is contingent upon change in the status quo over time [Baruk 2009, Steffens et al. 2009; Masurel and Mantfort 2006; Machaczka 1998], this development may concern the entire company, as well

²³ The list of poviats: lubański, jeleniogórski, milicki, ząbkowicki, głogowski, lipnowski, sępoleński, radziejowski, chełmiński, aleksandrowski, rypiński, janowski, łączycki, włodawski, lukowski, bialski, biłgorajski, hrubieszowski, krasnostawski, puławski, radzyński, parczewski, lubartowski, tomaszowski, chełmski, łączycki, zamojski, bełchatowski, skierniewicki, poddębicki, opoczyński, limanowski, gorlicki, miechowski, dąbrowski, nowosądecki, przysuski, łosicki, żuromiński, szydlowiecki, przasnyski, lipski, ostrołęcki, zwoleniński, węgrowski, pułtowski, sierpecki, makowski, sokołowski, garwoliński, białobrzegi, bieszczadzki, lubaczowski, jarosławski, ropczycko-sędziszowski, jasielski, łańcucki, brzozowski, rzeszowski, przemyski, przeworski, tarnobrzegi, nizański, hajnowski, sejneński, grajewski, moniecki, łomżyński, siemiatycki, kolneński, białostocki, wysokomazowiecki, człuchowski, bytowski, jędrzejowski, kazimierski, opatowski, buski, skarżyski, sandomierski, staszowski, konecki, węgorszowski, olecki, piski, lidzbarski, braniewski, gołdapski, elbląski, giżycki, bartoszycki, nidzicki, ełcki, iławski, działdowski, kolski, wągrowiecki, jarociński, szczecinecki, koszaliński.

as its areas, i.e. its goals, organisational structure or technology, and also be related to changes occurring in these elements of the environment that affect this particular organisation.

Literature on the subject lacks a comprehensive theoretical interpretation of causes behind the development of enterprises. While the identification of the key factors in the growth of various types of companies is possible, it is extremely difficult to formulate a consistent business growth model which allows to predict development capabilities of enterprises [Steffens et al. 2009; Masurel and Mantfort 2006; Smallbone et al. 1995]. Developmental factors concerning small enterprises are associated with the features of the enterprise itself, as well as with the characteristics of the entrepreneur [Bławat 2004; Storey 1994; Gibb and Davies 1990]. Numerous concepts and growth models described in literature provide a theoretical framework to analyse the development of small and medium-sized enterprises. Most of them, however, refer rather to large enterprises, which often renders them inapplicable in explaining the behaviour of SMEs [Lisowska 2012]. The concepts proposed by the following authors seem to be the most useful in explaining determinants of SME development: L.E. Greiner, M. Scott and B. Bruce, N. Churchill and V. Lewis. In the model proposed by L.E. Greiner, the growth of the company consists in evolution and revolution processes occurring alternately, analysed from the perspective of its age and size [Machaczka and Machaczka 2011; Steffens et al. 2009; Urbanowska-Sojkin 2003; Greiner 1972]. In this model, the life cycle of an organisation consists of five phases (phase one – growth through creativity, phase two – growth through direction, phase three – growth through delegation, phase four – growth through coordination, phase five – growth through collaboration), and each of these stages is finished by a revolution which is a response to the occurring crisis. Each phase of evolution creates a crisis which is treated as a turning point between subsequent phases of growth [more in: Greiner 1972, Machaczka 1998; Machaczka and Machaczka 2011]. The model of M. Scott and B. Bruce is the continuation of the concept of L.E. Greiner and it distinguishes five stages of business growth: inception, survival, growth, expansion and maturity [Masurel and Montfort 2006; Scott and Bruce 1987]. At each stage, the following concepts are defined differently: the level of industry development, key issues for the company, the role of the entrepreneur (top management), management style, organisational structure, control mechanisms and systems, the main source of funding, as well as the product range and distribution channels (table 1).

Another approach to business growth is presented by the model proposed by N. Churchill and V. Lewis which distinguishes five stages of growth: existence, survival, success, take-off and maturity [Churchill and Lewis 1983].

The company grows by moving through subsequent phases. In the first three phases, the company is small, in phase four and five, it is managed by professional managers [Masurel and Montfort 2006; Wasilczuk 2005; Machaczka 1998]. The development of the company is determined by eight factors encompassing the company resources and characteristics of its owner. The first group comprises: (I) financial resources (e.g. money and cash reserves); (II) human resources (the number of employed people and their qualifications); (III) systemic resources (management and IT systems, etc.) and business resources (all the elements which determine the position of the company in its industry or sector, for instance, its market share). The second group of factors related to the characteristics of the business owner includes: (I) the owner's motivation; (II) the owner's ability for action; (III) managerial capabilities of the owner; (IV) strategic capabilities of the owner. This model points to one important correlation, i.e. as the company grows, the capability of its owner to perform tasks independently decreases. The following factors play a more important role: strategic planning, capabilities of delegating decision making powers etc. [Lisowska 2012].

Table 1. Scott and Bruce SME Growth Model

	Stages of Growth				
	Inception	Survival	Growth	Expansion	Maturity
Stage of Industry	Emerging, fragmented	Emerging, fragmented	Growth, some larger competitors, new entries	Growth, shakeout	Growth/shakeout or mature/declining
Key Issues	Obtaining customers, economic production	Revenues and expenses	Managed growth, ensuring resources	Financial growth, maintaining control	Expense control, productivity, niche marketing if industry declining
Top Management role	Direct supervision	Supervised supervision	Delegation, coordination	Decentralisation	Decentralisation

Management Style	Entrepreneurial, individualistic	Entrepreneurial, administrative	Entrepreneurial coordinate	Professional, administrative	Watchdog
Organisation Structure	Unstructured	Simple	Functional, centralised	Functional, decentralised	Decentralised functional Product
Systems and Controls	Simple bookkeeping, eyeball control	Simple bookkeeping, personal control	Accounting systems, simple control reports	Budgeting systems, monthly sales and production reports, delegated control	Formal control, systems management by objectives
Major Source of Finance	Owners, friends and relatives, suppliers leasing	Owners, suppliers, banks	Banks, new partners, retained earnings	Retained earnings, new partners, secured long-term debt	Retained earnings, long-term debt
Major Investments	Plant and equipment	Working capital	Working capital, extended plant	New operating units	Maintenance of plant and market position
Product market	Single line and limited channels and market	Single line and market but increasing scale and channels	Broadened but limited line, single market, multiple channels	Extended range, increased markets and channels	Contained Lines. Multiple markets and channels

Source: the author's own analysis based on: M. Scott, R. Bruce (1987), *Five Stages of Growth in Small Business*, Long Range Planning, 20 (3), pp. 45–52.

The presented models of business development may provide a basis to determine factors in the development of small and medium-sized enterprises. In literature, factors that have an impact on the development of SMEs are usually

divided into external factors related to the company's environment and internal ones associated with the person of the entrepreneur and the enterprise itself. The analysis of the environment is often conducted at the level of macro-environment, meso-environment and micro-environment [Skowronek-Mielczarek 2011].

Macro-environment – the far environment is a set of general operating conditions for a given enterprise in a particular country or region. This type of environment encompasses economic, political, legal, technological, social and cultural, as well as international dimensions [Griffin 2010].

Meso-environment – the regional environment encompassing factors that affect the enterprise in the regional dimension taking into account the unique character of particular regions. The regional environment includes: public administration bodies, financial institutions, scientific and educational institutions, as well as institutions providing service infrastructure supporting the development of entrepreneurship and business activity [more in: Bednarczyk 1996, Wach 2008, Gancarczyk 2010].

Micro-environment – i.e. the competitive environment encompassing: customers, suppliers, business partners, competitors and trade unions. These entities have cooperative or competitive relations with the enterprise [Kamińska 2011] which are characterised by a feedback relationship.

Apart from elements of the environment on the micro, macro and meso-level, the analysis of factors in the development of small and medium-sized enterprises, ought to take into consideration also internal factors associated with the person of the entrepreneur and the enterprise, i.e. its entrepreneurial orientation. These determinants are the consequence of the characteristics of small and medium-sized enterprises – it is the entrepreneur who makes all decisions regarding the functioning of the enterprise in this type of company. The entrepreneur also decides whether to take advantage of business opportunities and counter threats arising from the environment.

Determinants of the SME development also include factors that affect decisions connected with the choice of business location [compare: Porter 2002; Strużycki 2004] such as: economic capacity of the region, well-functioning business environment, state of transport and technical infrastructure, access to capital and highly skilled workforce, attractiveness of the region and its promotion, as well as the living standards of the local community that affect demand.

Literature on the subject also stresses the importance of entrepreneurial orientation [Romero and Fernandez-Serrano 2011; Lumpkin and Dess 1996] as a determinant of the SME development from the perspective of the enterprise. This orientation is comprised of three dimensions: innovation, proactivity [Brown et al 2001; Stevenson and Jarillo 1990] and cooperation with other enterprises [Romero and Fernandez-Serrano 2011]. The introduction of inno-

vation in many areas of business activity is essential to create the competitive advantage and stimulate the development of the company. Proactivity, i.e. the ability of the company to find and exploit market and business opportunities ahead of its competitors, plays an important role here. Cooperation with other enterprises takes on either a formal form of cooperation agreements or an informal form based on personal relations of the entrepreneur. Forming cooperative networks, particularly among local businesses, allows SMEs to strengthen their competitive position and to develop more rapidly [Pyke et al 1991].

The degree of economic development of the regional economy, enabling business competition, and numerous external and internal regional factors, also have an impact on the growth of small and medium-sized enterprises. External factors determine the possibility of the operation of companies in the particular region, whereas internal factors allow to define strengths and weaknesses in terms of economic activation of this region that are the response to problems occurring in the area of [Strużycki 2011]: (I) creating a favourable climate for business development, (II) promoting the region, (III) making use of environmental assets and natural resources, (IV) developing social and technical infrastructure, (V) the financial situation, (VI) the local job market, etc. The analysis of these determinants enables the identification of problems connected with the growth of businesses in the region, as well as with the development of regions as such.

Apart from typical regional determinants, in marginalised regions the following factors related to the unique characteristics of these regions have a significant impact on business growth: limited demand due to decreased purchasing power of local communities, insufficient technical infrastructure, a lack of qualified staff, a lack of ability to use EU funds, poor preparation and exposition of assets of the given region to investors and passive support on the part of local authorities. The additional issues resulting from the specific nature of these regions affect significantly the adaptation of development strategies of small and medium-sized enterprises operating in these regions to the existing regional conditions in order to achieve the set objectives.

Determinants of the development of small and medium-sized enterprises based in marginalised regions – empirical results

The study²⁴ was conducted in the years 2011–2012 among the owners of small and medium-sized enterprises located in marginalised regions in Poland. The methodology of selecting marginalised regions for the research was presented

²⁴ The research was carried out as part of the project: Determinants of development of small and medium enterprises operating in marginalised regions. Development strategies and support policy. Project no. N N115 297738, contract no. 2977/B/H03/2010/38, financed by the Ministry of Science and Higher Education.

in part one of the paper. 3,000 business entities operating in these poviats were randomly selected from the database of the National Official Business Register (REGON) and sent a questionnaire by post and electronic mail. The selection of enterprises for the study was random and proportional to the number of companies in each category (micro, small and medium) in the given poviat. 271 correctly completed questionnaires were returned, which constituted an almost 9% return. Micro enterprises dominated among the surveyed companies with the share of 72.1%, while small enterprises constituted 19.6% and medium enterprises 7.7%. The majority of the surveyed companies were entities providing services 38.4% and running commercial activities 36.2%, manufacturing activities amounted to 25.4%. The analysis of the area of business operations of the surveyed enterprises indicated that most of the companies operated in the local market (72.7% of the responses) and the regional market (66.4% of the responses), 33.6% in the domestic market, the smallest number – only 7% – of the respondents operated in the international market.

The main objective of the study was the analysis of determinants of the growth of SMEs based in marginalised regions. These determinants encompass a group of factors that have a positive impact on the development of a company (development stimulants) and a group of factors that have a negative impact (development barriers). In the further analysis, they were divided into external factors connected with the company's environment and internal factors that refer to the entrepreneur and the enterprise.

In the first part of the study, macroeconomic determinants that may influence the functioning of small and medium enterprises in marginalised regions were analysed. Most of the factors evaluated by the entrepreneurs (compare: table 2) were seen as development obstacles and these included: funding accessibility (90.3% of the responses), grey market (83.2% of the responses), non-wage labour costs (76.7% of the responses), the country's macroeconomic situation (72.5% of the responses) and fiscal policy (70.9% of the responses). The most often listed stimulants to the development of SMEs included: EU funds (57.2% of the responses) and globalisation (47.3% of the responses). Access to information about forms of support and business cooperation opportunities (45.8% of the responses) and the patent and intellectual protection policy (38.3% of the responses) were seen as having no impact on the company's operations. The evaluated factors were seen by some respondents as barriers and for others as stimulants or as having no impact on the development of their companies, which indicates that these factors are of great importance for a company's development and also points out diverse needs of enterprises.

Table 2. Macroeconomic determinants of SME development

Macroeconomic determinants	Positive impact (%)	No impact (%)	Negative impact (%)
Access to information about forms of support and business cooperation opportunities	22.1	45.8	32.1
Non-wage labour costs	1.6	21.7	76.7
SME support policy	43.2	40.6	25.2
EU funds	57.2	34.3	8.5
Labour force – qualifications	35.1	21.6	43.3
External funding accessibility	8.9	0.8	90.3
Grey market	12.1	4.7	83.2
Patent and intellectual protection policy	29.6	38.3	32.1
State's fiscal policy	20.3	8.8	70.9
Business regulations	27.2	26.1	46.7
Administrative procedures	24.5	20.8	54.7
Economy's innovativeness level	41.3	26.2	32.5
Country's macroeconomic situation	17.7	9.8	72.5
Globalisation	47.3	13.3	39.4
World economic situation	26.0	32.5	41.5

Source: the author's own empirical study.

Identification of barriers and stimulants to the development of small and medium enterprises that result from the regional environment was another research area (compare: table 3). The following factors had a detrimental effect on functioning of their companies according to the surveyed entrepreneurs: the government policy and creating a favourable climate for business development (81.2% of the responses), the quality of human capital (76.7% of the responses), the level of socioeconomic development (70.2% of the responses), the standard of living of the local community (69.7% of the responses) as well as the access to capital and financial assistance (58.9% of the responses).

These barriers to development often result from specific features of marginalised regions situated far from the centres of socioeconomic development. The surveyed entrepreneurs listed the following factors as development stimulants: promotion of the region and its impact on attracting investments (81.5% of the responses), cultural and natural assets of the region (78.3% of the responses) and access to state aid (e.g. EU funds) (65.2% of the responses). This distribution of responses emphasises the importance of the regional envi-

ronment in creating developmental attitudes of small and medium companies operating in marginalised regions.

Table 3. Regional determinants of SME development

Regional determinants	Positive impact (%)	No impact (%)	Negative impact (%)
Cooperation among companies based in the region	34.4	30.7	34.9
Government policy, creating a favourable climate for business development	14.4	4.4	81.2
Quality and accessibility of services provided by business environment institutions	29.9	33.4	36.7
Access to capital and financial assistance	21.7	19.4	58.9
Access to state aid (e.g. EU funds)	65.2	19.5	15.3
Quality of human capital	16.1	7.2	76.7
Internal natural resources of the region (access to raw materials, natural and environmental conditions)	35.1	30.7	34.2
Cultural and natural assets of the region	78.3	12.1	9.6
Standard of living of the local community (purchasing power)	20.4	9.9	69.7
Innovativeness level of the region	68.9	22.3	8.8
Knowledge and technology transfer in the region	38.5	25.2	36.3
Promotion of the region and its impact on attracting investments and external capital	81.5	6.2	12.3
Socioeconomic development level of the region	23.1	6.7	70.2
Geographic location of the region	46.9	6.0	47.1

Source: the author's own empirical study.

Analysing the influence of internal determinants connected with the enterprise on the development of small and medium enterprises operating in marginalised regions, it can be seen (compare: table 4) that the following factors were perceived as development obstacles: the company's location (67.3% of the responses), technology applied (63.2% of the responses), financial potential (62.4 % of the responses) and human resources (56,3% of the responses). The following were seen as development stimulants: operational flexibility

(85.2% of the responses), business strategy (70.1% of the responses) as well as the company's image and reputation (59.2% of the responses). This structure of responses indicates weaknesses and strengths of the SME sector located in marginalised regions.

Table 4. Internal, business-related determinants of development

Internal, business-related determinants	Positive impact (%)	No impact (%)	Negative impact (%)
Organisational structure	34.2	21.7	31.1
Operating area of business activity	41.5	20.8	37.7
Innovativeness	35.1	28.7	36.2
Technology	22.2	14.6	63.2
Operational flexibility	85.2	10.6	4.2
Human resources	33.1	10.6	56.3
Financial potential	62.4	2.9	34.7
Material potential – technical infrastructure	36.9	13.4	49.7
Intellectual potential	41.2	26.7	32.1
Information resources and knowledge management	32.5	28.4	39.1
Ability to learn	41.5	21.4	37.1
Organisational culture	35.8	27.8	36.4
Company's image and reputation	59.2	21.3	19.5
Sector in which the company operates	45.4	8.3	46.3
Company's age	8.6	91.4	0.0
Relations with other companies	41.5	27.0	31.5
Company's location	23.9	8.8	67.3
Business strategy	70.1	2.5	27.4

Source: the author's own empirical study.

The analysis of internal determinants connected with the person of the entrepreneur indicates above all a positive impact of the analysed factors on the development of small and medium enterprises and these factors are seen mostly as development stimulants. These include: entrepreneurial competencies (creativity, flexibility, moderate propensity for risk taking) (87.4% of the responses), personal qualities (74.9% of the responses), perception of the environment and recognition of related market opportunities (80.2% of the responses), the network of personal relations (76.3% of the responses), business knowledge

and experience (73.1% of the responses) and motivation for running a business (69.4% of the responses). In this area, the following were perceived as obstacles: openness to innovation and change (68.7% of the responses), which results mostly from limited financial resources, as well as managerial competencies (62.4%) often connected with educational background of the entrepreneur which in the respondents' opinion has no impact on the development of a company.

Final remarks

The results of the carried out study indicate that small and medium enterprises based in marginalised regions have fewer development opportunities compared to enterprises based in socioeconomically developed regions as these business entities: (I) mostly operate in the local market and in the low-wage environment; (II) employ cheaper yet less skilled labour; (III) are characterised by low predisposition for introducing innovation and change; (IV) and are managed by low-skilled owners.

Therefore, it is necessary to formulate programmes for the development of small and medium enterprises located in marginalised regions. These programmes will enable the creation of permanent mechanisms to support these business entities by:

- availing of the endogenous potential of the particular region (e.g. its location, internal resources, knowledge and social resources, scientific research potential);
- improving the quality and professionalism of services for SMEs and adjusting their offer to the needs of these companies,
- providing improved access to external sources of funding (access to loans, better functioning of loan and guarantee funds, assistance in acquiring co-funding and applying for EU funds),
- wider application of instruments to support SME development on the part of local authorities and closer cooperation between territorial self-government and entrepreneurs.

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Chapter Four

Development and competitiveness

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The business model as a concept of enterprise management

Abstract: The uncertainty of functioning of modern enterprises and the need to meet the challenges of the market require managers to seek new or adapt the existing methods of management to the needs of an evolving economy. One of the organizational and management structures that can be used for the construction of competitive advantage under conditions of uncertainty surroundings is the business model. In this paper the author discusses the nature of the business model. Definitions of the business model and business model components, appearing in the scientific literature were presented and the relationship between corporate strategy and business model was discussed.

Key-words: definitions of the business model, business model components, strategic management, resources.

Introduction

The uncertainty of functioning of modern enterprises and the need to meet the challenges of the market requires managers to seek new or adapt the existing methods of management to the needs of an evolving economy. Changes in the environment of modern enterprises are much more unpredictable, and therefore cause greater risk in business management, to which companies are not always prepared. Changes are necessary for companies to survive and to succeed in the market. They are associated with the unpredictability and volatility of the external situation.

Maintaining a competitive advantage is possible when enterprises analyze and, if necessary, adjust the elements that determine it. The most important factors that have to be considered by contemporary managers are: differences in competition conditions and the change of key resources – a shift from natural resources and capital to intellectual property and human capital. Consideration of contemporary conditions of management led to the emergence of new concepts of running a business. The business model is one of

the organizational and management structures that can be used to build the competitive advantage under uncertain conditions.

The aim of this article is to discuss the business model as a tool used by modern enterprises to build and sustain competitive advantage. In the theoretical discussion the business model is considered from many points of view. It is a universal formula that allows to understand the essence of the enterprise. The fact that the issue of business models is a matter relatively not well recognized in Poland and that the research conducted by the author can help to fill the existing gap in this area serves as a justification of the adopted research approach.

The essence of the business model

In the world literature, the concept of the business model has been present for several years. For the first time the term business model was used in a scientific paper by Bellman in 1957. However, this term has grown in popularity in the second half of the 90's. Review of the literature on the subject, concerning business model performed by A. Osterwalder, Y. Pigneur, Ch. L. Tucci [2005] and Ch. Zott, R. Amit, L. Massa [2011], shows that there is no unanimity of understanding and determining the notion of business model. Among the authors dealing with business models, there are two different views on the nature of the concept. The first method of determining the business model refers to the way in which the company operates, whilst the second relates to the theory of business model in which elements and relationships are to be identified. The first approach of defining the concept of a business model is characterized by Galper, Gebauer and Ginsburg, and the second view is presented by Gordijn and Osterwalder [Osterwalder, Pigneur, Tucci 2005, p. 17].

The studies led by Ch. Zott, R. Amit, L. Massa revealed that from 103 publications on business model reviewed, more than one third (37%) do not define the concept at all, taking its meaning more or less for granted. Fewer than half (44%) explicitly define the business model, for example, by enumerating its main components. The remaining publications (19%) refer to the works of other scholars defining the concept [Zott, Amit, Massa 2011, p. 5].

This lack of clarity of concepts is a potential source of confusion and can lead to impediment of research and lack of progress in explaining business models as a tool to support the management of the company. Table 1 summarizes some of the definitions of the business model and indicates papers, in which those definitions were adopted.

Table 1. Selected Business Model Definitions

Author(s), year	Definition	Papers Citing the Definition
Timmers 1998	The business model is “an architecture of the product, service and information flows, including a description of the various business actors and their roles; a description of the potential benefits for the various business actors; a description of the sources of revenues” (p. 2).	Hedman & Kalling 2003
Amit & Zott 2001; Zott & Amit 2010	The business model depicts “the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities” (2001, p. 511). Based on the fact that transactions connect activities, the authors further evolved this definition to conceptualize a firm’s business model as “a system of interdependent activities that transcends the focal firm and spans its boundaries” (2010, p. 216).	Hedman & Kalling 2003; Morris, Schindehutte & Allen 2005; Zott & Amit 2007, 2008; Santos, Spector & Van Der Heyden 2009; Bock, Opsahl & George 2010
Chesbrough & Rosenbloom 2002	The business model is “the heuristic logic that connects technical potential with the realization of economic value” (p. 529).	Chesbrough, Ahern, Finn & Guerraz 2006; Chesbrough 2007a, 2007b; Teece 2007, 2010
Magretta 2002	Business models are “stories that explain how enterprises work. A good business model answers Peter Drucker’s age old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?” (p. 4).	Seddon, Lewis, Freeman & Shanks 2004; Ojala & Tyrväinen 2006; Demil & Lecocq 2010

Morris et al. 2005	A business model is a “concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets” (p. 727). It has six fundamental components: Value proposition, customer, internal processes / competencies, external positioning, economic model, and personal/investor factors.	Calia, Guerrini & Moura 2007
Johnson, Christensen & Kagerman 2008	Business models “consist of four interlocking elements, that, taken together, create and deliver value” (p. 52). These are customer value proposition, profit formula, key resources, and key processes.	Johnson & Suskewicz, 2009
Casadesus-Masanell & Ricart 2010	“A business model is... a reflection of the firm’s realized strategy” (p. 195).	Hurt 2008; Baden-Fuller & Morgan 2010
Teece 2010	“A business model articulates the logic, the data and other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering that value” (p. 179).	Gambardella & McGahan 2010

Source: based on Ch. Zott, R. Amit, L. Massa (2011), *The Business Model: Recent Developments and Future Research*, “Journal of Management”, Vol. XX, No. X, Pennsylvania, s. 7, http://www-management.wharton.upenn.edu/amitresearch/docs/2011/BusinessModelRecDevs_Amit-Zott_JoM2011.pdf.

In the Polish literature on the functioning of enterprises, the concept of business model is relatively unpopular. In recent years, this issue was addressed by: K. Obłój [2002], Muszyński M. [2006], T. Gołębiowski, T.M. Dudzik, M. Lewandowska, M. Witek-Hajduk [2008], B. Nogalski [2009], J. Brzóška [2009], L. Kozioł [2010], J. Gładys-Jakóbiak [2011], T. Falencikowski [2011, 2012], M. Duczkowska-Piasecka, K. Duczkowska-Małysz, M. Poniatowska-Jaksch [2012], M. Jabłoński [2013]. Based on the analysis of literature cited above conclusions can be drawn that most authors believe that the business model is a way of running a business, indicating the sources of success or failure of the enterprise.

Business model and strategy of the company

In scientific papers on business models, there is a discussion on the desirability of distinguishing between business model and strategy [Brzóska 2009, p. 4]. The strategy defines the long-term objectives of the company, answers the question how the company envisions its operations in the future and shows the allocation of resources that are necessary to achieve the established goals. The strategy requires analysis of the proximal and distal business environment and make adjustments based on the emerging threats or opportunities.

The business model in general is defined as a tool to present the business idea. It is a conceptual tool that contains a set of elements and their relationships and allows expressing the business logic of a particular company. It is therefore a static model as opposed to the strategy, which represents the way of actions and behaviors in relation to changing environmental conditions and its interior [Nogalski 2009, p. 2]. The business model cannot be considered abstract, but its utility can only be defined in a specific business environment or context [Teece 2010, p. 190].

T. Falencikowski emphasized that it is not possible to identify an essence generally applicable to business models. The business model can be used in conjunction with a uniform business. However, in a diversified company more than one business model may occur, then it is appropriate to use the plural form – business models, defined for each activity carried out in the company [Falencikowski 2011, p. 23].

Some authors use expressions the strategy and the business model alternatively [Magretta 2010, p. 1]. Others use the term business model for anything that gives the company a competitive advantage. However a review of the literature shows that the most common are opinions that the business model and strategy are closely related. According to A. Afuah, business model can be understood as an activity conducted by the company with the use of existing resources, in order to create maximal value for the customer and provide a position to create value. The primacy of the value creation stems from the perception of it as the most important goal of the company, the achievement of which gives it a competitive advantage. Its most important financial dimension is profitability, which is affected by activities carried out by the company and its resources [Afuah 2004, pp. 9–10]. Similar to the view of A. Afuah, the approach to business model is presented by A.A. Thomson and A.J. Strickland [2003, p. 3], who believe that the business model is about the economic effects of the strategy. Emphasis is placed on strategy in the model, because the current and future revenues are generated by products that are offered to customers, and the analysis of changes taking place in the environment of the company.

M. Duczkowska-Piasecka concluded that business model determining the way to earn money, stems from the strategic configuration of abilities of the enterprise to create value and deliver it to the customer in such a way that would allow to achieve the goals of the company and the needs of consumers and to beat the competition. Therefore, according to the author, the differences between strategy, which responds to the question “how?”, and the business model, that responds to the question “what?”, is revealed. The first questions defines the premises for preparation of competitive strategy, which will implement a specific business model to the market [*Model biznesu w zarządzaniu przedsiębiorstwem* 2012, p. 202].

K. Obłój defined the business model as the concept of the company which has to answer to three basic questions, related to the competitive advantage: what the company will do, what are the basic resources and competencies, how the resources and competencies are configured in the company? In the context of these questions, K. Obłój defines business model as a combination of the company’s strategic concept and the technology of its practical implementation, understood as a structure of the chain of the value allowing to effectively utilize and renew resources and skills [Obłój 2002, p. 97].

According to M. Muszyński, business model is the driving force behind the company’s success. The author identifies the business model with the company’s method of earning money and points out that each company can create their own individual strategic business model. The relationship between the strategy and business model M. Muszyński perceived as follows: strategy is for the specific business model and responds to the question how to implement it. All the tools of preparation, implementation and the control of the strategy are subordinated to the realization of the chosen business [Muszyński 2006, pp. 11–12].

To conclude the reflections on the relation of business model and strategy, the author of this paper assumes that strategy and business model are not identical and they are interdependent – a business model shapes business strategy.

Elements of the business model

Practical importance of business model can be expressed by the fact that the company’s business model can be seen as one of the two (along with the external environment) direct factors that affect the efficiency of the company. A. Afuah and Ch. Tucci presented the business model as a method of expanding and utilizing resources adopted by the organization, in order to provide customers with goods and services, value of which exceeds the competitors’ offer, and also gives the company profitability. This model specifies in detail plan for earning money now and in the long term. It also specifies the factors affecting maintaining a sustainable competitive advantage. This results in achievement

of the (long term) better results than the results of the competition [Afuah, Tucci 2003, p. 20].

Assuming that the business model is a rational structure, which is used for creating, delivering and capturing value, A. Osterwalder and Y. Pigneur presented the elements of the business model and the types of existing business models. According to their concept, the business model consists of nine blocks of four main business areas: customer, offers, infrastructure and financial credibility [Osterwalder and Pigneur 2010, pp. 15–18]:

- The value offered to customers by the company – the company product range, tailored to personalized customer expectations;
- The target customer – determination of market segments in which the company operates;
- Channels (distribution, communication, sales) – determination of ways and means of contact with the customer;
- Customer relations – relationships that the company builds with customers are a derivative of the quality characteristics of the market such as: the market culture, organizational and legal forms of the market;
- Key resources – used to implement the actions included in the company's business model;
- Key activities – identification of the main types of business activities that lead to the achievement of the objectives;
- Partner network – selection of the methods of implementation of the activities and processes in cooperation with other partners (including outsourcing);
- Income model – description of the company's method of earning money;
- Cost structure – indication of the consequences of the involvement of financial instruments involved in the business model.

This concept of the business model is not accepted by all. According to M.W. Johnson, C.M. Christensen and H. Kagerman business model consists of four blocks [Johnson, Christensen and Kagerman 2008, p. 55]:

- Block I – suggested value for the customer;
- Block II – profit formula;
- Block III – key resources;
- Block IV – key processes.

The authors indicate strategic circumstances that require adjustments in the business model. They emphasize that radically new products usually require new business models and suggest the need to perceive limitations of current business models.

T. Davenport, M. Leibold, S. Voelpel present the view of the need for holistic approach to the enterprise, and therefore taking into account social, economic, and environmental effects of functioning of the business entities [Davenport, Leibold, Voelpel, p. 186]. The business model that includes the elements listed below, presents the concept of holistic approach to the enterprise.

- Suggestion of the value for the customer,
- Architecture of value creation,
- Income model,
- Culture of values appreciated by the customer and the company.

Some authors analyze business models in the context of enterprise innovativeness, emphasizing that new technologies are forcing companies to change the business formula. G. Hamel defines business model as the basis for an innovative business concept, which uses the new market opportunities, and proposes a structure of such a business model based on four key elements [Hamel 2002, pp. 73–74]:

- basic strategy,
- strategic resources,
- communication and customer relations,
- network value.

Dynamics of changes in the market makes unstable even the best matched elements of the business model and the rational network of their relationships. Managers have to change certain elements of the model in order to overtake the competition. In many sectors, the changes are so rapid that companies need to redefine their business models [Brzóska 2009, p. 13].

Summary

Business model as a concept describing the operation of the company is becoming increasingly important in terms of dynamic changes in the environment, in which companies operate. The business model should determine: what the company is supposed to make profit on (the value provided to customers), who should be a customer of the company, how to proceed in the process of value creation for the customer. K. Duczkowska-Malysz and M. Duczkowska-Piasecka [2012, pp. 144–145] point out that companies which transfer the idea of business model to the functioning of the company have to take the following decisions:

- ¾ building market offers;
- ¾ building and maintaining relations with customers;
- ¾ management of infrastructure components;
- ¾ consideration of the financial aspects.

Observations of companies with market successes suggest that the more efficient and innovative business model is implemented in the company, the greater value is captured by the company.

The conducted analysis reveals that the issues related to the concept of business model have become in recent years the subject of scientific discourse in many academic centers. In the light of the presented information, the questions shall be considered if it is possible to standardize the business model for certain business activities? Do companies dealing with similar types of activity and being successful in the market, have the same business model? Is the change of the business model a remedy for achieving the competitive advantage by the enterprise? Finally, is it possible to see similarities in business models for specific types of businesses such as the SME sector or in family businesses? The intention of the author of this paper is to conduct empirical studies in the field of business models that could provide answers to the questions above.

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Floriculture businesses in the state of México: analysis of some factors that determine their competitiveness

Abstract: Competitiveness is a characteristic, which identifies a company's position regarding its business environment and determines its activities in regional, state and international markets.

This work presents the analysis of some of the factors that determine the competitiveness of floriculture businesses in the region of the Atlacomulco Municipality in the State of Mexico, through the use of contingency tables as well as indicators and statistic information derived from them.

The main findings of the research show that among the five selected factors (technology, training, quality, price and distribution), only the variable of training has a direct impact on business competitiveness. Nevertheless, this varies with respect to their size. For instance, training is essential to increase competitiveness of small and diversified producers, while it is not decisive for medium size producers.

Key-words: competitiveness, floriculture, technology, price, distribution, quality, training and socio-demographic factors.

Introduction

Business creation is a very important activity that has an impact in country's competitiveness. It is closely related to the level of economical development and social mobility. The phenomenon of business creation has been relevant for the economical development of countries, specifically because of the creation of jobs [Birch 1979, 1987]. In the 1990s, some countries experienced growth and a favorable economic expansion, nevertheless in recent years, growth rates have considerably reduced, limiting the possibility for new businesses to consolidate in a dynamic fashion [Amorós and Cristy 2008].

Some studies suggest that the new technologies' development and the emergence of new businesses models are activities exclusive to large businesses, which tend to displace smaller businesses because they are not able to compete due to their basic technologies and low production levels [Audretsch and Keilbach 2004; Lee et al. 2004; Belso-Martínez 2005].

Mexico is currently in a process of penetrating the competition of the global market. Facing globalization, the country has tried to open up its market niches through different activities such as comparative advantages for export. On the global level, there is an intensified competition and small business owners find it hard to survive. Nevertheless in countries such as Mexico, the lack of well-paid jobs has made small businesses and a viable self-employment option.

Much has been discussed about the real viability of entrepreneurship. Governments and different agencies are promoting entrepreneurship so that it becomes considered as a solid option to create new employment and promote economic development, not just as a temporary solution, but in the long term. Otherwise, it is considered that it would be very difficult that the country's current situation could be reversed in the short term [Dávila 2010].

This work presents the analysis of several factors that are considered as determinant for the competitiveness of floriculture businesses in a specific region of Atlacomulco. The work is divided into three parts. First part reference is made to competitiveness and to floriculture businesses starting with a global definition and working all the way to arrive in a particular definition locating the universe of the study and the working sample. In the second part, the method used is described and the hypothesis and variable analysis that were considered to have an impact on competitiveness are presented. Finally, in the third part the results are exposed and some conclusions are presented.

Competitiveness and floriculture businesses

According to Porter [1990], it is imperative to create economic competitiveness in every region in each country. This possibility is supported in the decisive

characteristics that a nation holds, which allow businesses to create and maintain advantages in specific areas. For instance, differences in the national economic structures, in values, culture, institutions and history contribute to competitive success. Therefore, the importance of competitiveness in equitable development of society is paramount, considering point of view that will allow economic democratization, that will make micro, small and medium businessmen stronger; since this sector is the most vulnerable in business environments in developing countries due to the presence of large business with better technology and better production capabilities.

It is because of these earlier that innovation, diffusion and technology application processes have become strategic, requiring investments in design and development in order to ensure sustainability in the environment in which they are located, and therefore, businesses may become able to compete [Benavides 2008].

Several regional economies are going through a process of important growth, although they present a clear deceleration tendency [Zaragoza et al 1990], therefore the need to perform a detailed study of the activities in the regions to identify the factors that are limiting or favoring the economic development.

In this work certain factors that contribute to the competitiveness in floricultural²⁵ businesses in the community of San Lorenzo Tlacotepec in the Municipality of Atlacomulco, State of Mexico; are analyzed.

In line with González [2011], in this community, trade is the most important economical activity, especially the sale of ornate flowers in pots.

It has been considered that this study is pertinent because in recent years, the way to competitive and sustainable growth in the State of Mexico has consisted in the creation of agglomeration economies under the scope of sustainable competitiveness, and the poles of concentration of economical activities have been established, as well as interactions between communities and cities, while identifying the most representative businesses in each area of study, whose development will allow to determine the businesses that promote the regions to growth [González 2011, p. 79].

Floriculture activities are significant due to the growth that they have experienced in the region in recent years. According to González [2001, p. 13], floriculture is considered as a competitive activity, which is linked to the global economy. Its potential is based on the characteristics of natural resources, as well as in social conditions, which have favored the participation of family production units in the national market and the extension of employment opportunities. Floriculture represents a relevant activity in terms of its economic, touristic and artistic significance and requires to be evaluated in its fair di-

²⁵ Floriculture is the agricultural activity related to the harvest of flowers and ornate plants.

mension. Those in the floriculture business are proud of being able to offer an excellent product that captivates consumers from every social status.

As can be observed, besides being an economical activity in the regions, floriculture also represents a source of identity and culture for the inhabitants, as well as a source for local development, based on which numerous families have the means to survive and also grow and reinforce the sense of community.

According to data from the State of Mexico's website, the most important floriculture areas in Mexico are: Ixtapan de la Sal, Metepec, Amecameca, Texcoco, Valle de Bravo, Tejupilco y Atlacomulco [<http://www.estadodemexico.com.mx/portal/noticias/article.php?storyid=750>], in those regions are produced the most of varieties of flowers like chrysanthemums, gladiolus, carnation, rose, lilies, gerbera, alstroemeria (Peruvian lilly), nube (baby's breath) agapanthus and cempasúchil (similar to marigold), which are commercialized in Mexico and exported to the United States and Canada.

In this study the area of Atlacomulco, which has a cultivable area of 12,945.40 hectares from which 55 hectares are dedicated to the production of flowers [Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación de México, SAGARPA, 2009], was considered as the universe.

The community of San Lorenzo Tlacotepec was considered for this study. People dedicated to floriculture in this community have become well known throughout the country by cultivating a large variety of pot grown plants and flowers which are distributed to several states, especially Nuevo León, Coahuila and Tamaulipas.

In San Lorenzo Tlacotepec, floriculture started developing since 1970, starting with a single greenhouse, which specialized on roses. Currently there are over 1000 greenhouses in several areas of the community, which produce several varieties of pot grown flowers²⁶; but for local businessmen, growth has been slow and they have not yet diversified their activities as they would have wanted to.

Nowadays different regions in Mexico are immersing in a process of penetration of competition in the global market therefore it is important to increase market niches, making use of the comparative advantages for exporting. One of the main challenges is to integrate businesses to the most important economic poles in a harmonic manner, moving towards logistics and infrastructure competitiveness, promoting scientific and technological development so that businesses will be able to enter productive processes allowing them to make the most of the technological advances [Villareal 2002].

²⁶ This information was obtained through interviews with people in floriculture businesses, since there is a lack of formal or official information with respect to floriculture in the community. Current entrepreneurial activity in San Lorenzo Tlacotepec, is considered in a developing process, being floriculture the main economic and entrepreneurial activity in the region, which started with the construction of a single greenhouse and later on expanding throughout the community.

In Mexico several researchers have studied competitiveness of agricultural activities. Such is the case of competitiveness of red tomato producers in Sinaloa [Soler 2007]; competitiveness in mango production in Tépican de Galeana, Guerrero [Rovas et al. 2004]; competitiveness of the value chain for oranges in Álamo, Veracruz [Rodríguez 2002]; competitiveness of coffee producers in Córdoba, Veracruz [Perea and Rivas 2008]; and competitiveness of ornamental plants producers in México [Orozco and Mendoza 2003].

Each of these studies show the importance of the agricultural sector to local development²⁷, identifying factors that are determinant for competitiveness, and have provided vital information for development of specific programs in each region. The main arguments of such studies suggest that competitiveness reflects the level of competence that a business has when compared to others, therefore, suggesting the analysis of internal factors, since they determine the situation that a company is facing including its infrastructure, human resources, technological activities, logistics, marketing, services, distribution and price.

A theoretical revision shows the importance of considering socio-demographic factors which, according to Rodríguez [2007], Reynolds et al [2003]; Low et al. [2005]; Wilson et al. [2007]; Langowitz and Minniti [2007]; Minniti and Nardone [2007] and Guerra [2008], are determinant in the individual for business consolidation, and these factors have been seldom considered in studies that analyze competitiveness based on Porter's model.

Factors that have been considered as determinant for floriculture businesses in San Lorenzo Tlacotepec were selected for this study, including: technology, training, quality, price and distribution, as well as three socio-demographic factors; age, education and gender, bearing in mind that business competitiveness involves the existence of a modern and efficient management with businessmen who understand the new competitiveness model for production, commercialization, marketing, the use of technology, communication, labor productivity and business management programs [Villareal 2002].

A revision of the literature regarding the variables that have been chosen is presented as follows:

a) technology

Regarding technology, literature suggests that there are four transcendent variables that interact with the transformations that the world economy has faced in the last years: urbanization, economic growth, structural overcapacity and technological change [Ramírez 2004]. Technology is an element that does not only include knowledge of processes and trades, but also about means and pro-

²⁷ Agricultural businesses can be defined as the group of manufacturing activities through which raw material and intermediate products derived from the agricultural sector are produced [Carranza and Valdivia 2002].

cesses related to production, which are closely related to innovation. Its nature is related to its conception and study and linked to the organization and the products it will manufacture [Soto and Dolan 2003].

Technologies that businesses use vary, starting from those that help prepare documents and transport goods, all the way to those that end up being incorporated to the product [Porter 2006]. The technology factor has a predominant space in terms of improving competitiveness. Several studies have determined the efficiency of use specialized machinery to increase production capacity. The use of technologies does not only put a company in a competitive level but also contributes to the development of communities in which the business is established [Acevedo and Germán 2008]. Recent studies show a lack of technologies in small and medium businesses in México [Casalet and Mónica 2004], which means that there is a disequilibrium in technological development in small and medium businesses when compared to large companies. The same applies to the low level of learning in the use of technologies that will help increase and extend their competitiveness. Therefore, the development, incorporation and adaptation of new technologies are fundamental for business competitiveness.

Some empirical studies regarding agricultural business in certain regions in Mexico have demonstrated the low index of technological development that businesses possess. For instance, Rodríguez [2002], suggests in his results that the technology that orange producers possess is rustic and obsolete and that only 10% of producers use sophisticated technology. The same results were found by Orozco and Mendoza [2003]. In their work "Ornamental competitiveness in Mexico", they suggest that 91% of their sample has confirmed that they do not have the technology for their production processes. In the same line, Rivas et al. [2004] have stated that mango producers in Tépán de Galeana, Guerrero, do not have qualified nor specialized labor force, and that there is an absence of harvesting material and equipment, which makes them low competitive producers.

Nevertheless, more recent studies acknowledge the importance of technology in agriculture businesses in order to compete in a changing world. Such is the case of Soler [2007], who has found that more than 70% of red tomato producers in his sample in the state of Sinaloa, México; use specialized harvesting and producing machinery making them highly competitive in their field. In the same line, Flores and González (2009) demonstrate important technological changes in businesses in Morelia, México.

b) training

Regarding training, Kydd and Oppenheim [1990] have studied the behavior of people as a competitive advantage in businesses. In their analysis they determined two variables: the environment in which the economic activity takes place, and innovation, which today continue to be analyzed due to constant changes.

Maintaining an adequate planning, evaluating and follow up system of human resources will have a positive impact in the competitive advantage by increasing the organization's efficiency. Therefore, environment in which the economic activity takes place guides organization which are opened to the exterior and demands an active and continuous participation of its members in the areas of learning, professionalization and innovation. In this sense, small and medium businesses need to promote highly skilled personnel who can identify themselves with business goals and make their best to obtain such goals.

According to Franco [2010], Mexican businesses need to invest in training because this would allow their personnel to have better performance, to take part in constant innovations and to keep up with the market. Quite often this factor is not considered due to economic issues, which is a mistake, because in the long term, training can become an important motivation of the workforce. Padilla and Juárez [2007] have suggested that training increases competitiveness in businesses and have a positive impact in the competitiveness of the region in which they operate.

Empirical studies regarding agriculture business in México have identified the low level of training that these business have. Such is the case of Rodríguez [2002] who suggests that orange producers from Álamo Veracruz, do not have and adequate training system. The same results became evident in a different context; according to Flores and González [2009] training is very important and even with the important technological changes that businesses from Morelia have experienced training their personnel has not grown in the same proportion. Soler [2007] has concluded that training is essential for harvest, production and export of red tomatoes in the State of Sinaloa.

c) quality

In several occasions, it has been confirmed that quality is an essential factor in business competitiveness because it allows obtain a competitive advantage due to a reduction in costs and the elimination of waste [Albright and Roth 1992]. One of the challenges that businesses face is the adaptation to technological and information changes and everything related to globalization. Facing these challenges becomes indispensable in order to adapt to the competitive environment and be able to survive in the market.

Following Santos and Álvarez [2006], in order for a business to become more flexible and efficient in meeting its goals, it has to pay more attention to managing quality, which requires the continuous improvement of products, services and procedures, using the available resources.

According to Evans and Lindsay [2008], quality refers to the group of basic tools for the property inherent of something that can be compared to any other

thing in the same class. In this sense, quality management represents a group of practices that stimulate the engagement of every organization in satisfying its consumers through the continuous improvement or the organizational procedures related to the offer of goods and services [Santos and Álvarez 2006]. If the company can perform every activity with quality, it will have a competitive advantage, which will allow it to occupy adequate market niches, since the consumer will be able to identify value.

Previous works such as those of Orozco and Mendoza [2003]; Rivas, Peña and Gómez [2004] have suggested that small producers do not follow predefined quality standards, although more recent studies have shown that several producers have implemented quality systems in order to have a better acceptance of their products in the market. Such is the case of the businesses from Morelia, which have manifested that they have implemented a quality certification system. Red tomato producers from Sinaloa, had also revealed favorable results in terms of the quality of their product [Soler 2007]. Additionally, coffee producers from Córdoba, Veracruz have expressed that they have a high quality product. In the same line, Perea and Rivas [2008] have shown that such producers have not received complaints regarding their product and that it is generally well accepted by the consumer because it fulfills their expectations.

d) price

Zardoya and Cosenzo [2004] consider price as the monetary expression of the movement of economic goods (being these raw materials, semi finished goods, finished goods, services or intangible rights) in a mercantile transaction between productive centers or business units which belong to the same economic group. Horngren et al. [2002] argues that the main goal of prices in an organization is to ease the optimization of its design making processes in the way in which the efficiency of the price system is proportional to the degree of adequacy, optimization and performance evaluation. Therefore, businesses try to determine the optimal price that can include the materials used and the efforts of each individual that takes part in the production process obtaining benefits that can be reinvested in the organization.

In Spain, a research performed by Pérez and Santa [2005] which focuses on the shoe making sector showed that the price of the product is in constant restructuration because of economic globalization, translating in an increase in international competitiveness. In this context, many businesses try to maintain their position through competitive strategies related to the price to cover the highest salary costs of their organizations.

In the Mexican context, empirical studies in agricultural industries have shown that price is determined by numerous factors which include seasonal

changes, damage by nature and an increase in exports; nevertheless, competitiveness in the value chain represents a considerable percentage according to the study performed on red tomato producers in the state of Sinaloa [Soler 2007]. Pérez and Rivas [2008] have argued that coffee is an important source of income, which has been supported by an upturn in its sale price.

e) distribution channels

A distribution channel is formed by people and companies that take part in the transfer of the property of a product while it passes from the manufacturer to the consumer or final user [Stanton et al. 2006]. It always includes the manufacturer and the final user, as well as intermediaries, wholesellers and detail sellers.

According to a study by Kantis and Angelelli [2006], it has been determined that the owners of businesses based on higher knowledge, show a certain lack of information and knowledge regarding commercial or trade aspects of their businesses, which is not verified in technical areas. There are differences with regards to the conventional sector, especially in the percentage of businessmen that possess information about commercialization channels. This can be related to the fact that they do not have a business plan that allows them to consider important information. Access to commercial information and project planning are areas in which businessmen show certain weaknesses.

Among the decisions in the marketing mix, the distribution channel is long terms since it cannot be changed easily; therefore it is important to make an adequate selection of the structure of the channel. Ramos [1991], in his research about distribution channels²⁸, explains distribution trends which are: an increase of foreign capital and the presence of large distribution groups, the increase in the concentration with the growth of distribution chains and buying centrals, loss of relative importance in traditional stores versus large wholesales, the development of supermarkets and intermediate strategic distribution decisions. Therefore the importance in establishing distribution channels in order to expand the market for a product. Ramos [1991] suggests that is it because of these trends that a product will have a larger share in its environment.

Spain is considered as one of the countries with the best and efficient distribution systems in terms of agricultural products [Mollá y Sánchez 2000]. Introducing its products in France has allowed Spain to increase its income and businesses have been concentrated in structuring their distribution channels in order to have efficient processes and minimum costs. Literature shows scarce studies about this subject in Mexico. Such is the case of Soler [2007] and Perea and Rivas [2008], who have suggested that when an adequate planning

²⁸ "Estrategias de la distribución alimentaria".

of the distribution channels is in place, a company can be highly competitive, which has happened, for instance with red tomato producers in the state of Sinaloa and coffee producers from Córdoba, Veracruz.

f) sociodemographic factors: gender

Socio-demographic factors such as age, education and gender have been frequently analyzed in literature as determinant individual characteristics for entrepreneurship [Shane 2003; Minniti and Nardone 2007]. In terms of gender, interest in this subject has become more important since in the last years, the presence of women in entrepreneurial activities has had a considerable increase in certain countries.

g) sociodemographic factors: education

Education is associated with the creation of businesses considering that individuals with higher education levels are more able to develop successful businesses. Becker [1964] suggested that the education factor is an important aspect for economical analysis, and contemplated this factor as an indicator of human capital in explaining individual behavior for the creation of businesses. Recent studies have found that individuals with a higher level of education have more probabilities to start a new business since the knowledge they possess allows them to acknowledge business opportunities [Arenius and De Clerq 2005] and to better solve the problems that occur in businesses [Cooper et al. 1994]. An empirical study in an agricultural region in Mexico shows that the educational level of businessmen is high and that is the reason why their businesses are considered competitive [Flores and González 2009].

h) sociodemographic factors: age

Studies such as those of Robison and Sexon [1994]; Busenitz and Barney [1997]; Grilo and Irigoyen [2006], consider that age is a determinant factor for the consolidation and success of businesses. Empirical evidence suggests that younger individuals are more prone to start a new business than older individuals, being their most active period for business creation between 25 and 34 years, both for men and women [Reynolds et al. 2002; Reynolds et al. 2003; Levesque and Minniti 2006].

Method

Since the region of San Lorenzo Tlacotepec lacks of official registry regarding the number of floriculture businesses that are established; information provided by the municipal delegate in the community has been used. This information has been complemented with data obtain from the Atlacomulco web page.

According to the data that was collected, in 2008 there were approximately 400 businesses dedicated to the production and commercialization of flowers in pots, therefore a quota sample method was used, considering only the businesses that are located in what is called the commercial area, in which most producers and sellers are concentrated in the community. According to these criteria, the size of the quota sample was 33 floriculture businesses.

A questionnaire based on the Likert scale was conducted using Porter's [2006] theoretical foundations. The instrument was complemented using data from empirical research in other regions in Mexico in an attempt to identify the determinant factors for competitiveness, including the studies of Rodríguez [2002]; Orozco and Mendoza [2003]; Soler [2007]; Rivas et al. [2004]; Perea and Rivas [2008]; and Flores and González [2009].

The questionnaire was applied to the owners of floriculture businesses in the community and it consisted of 27 questions. A scale from lesser to higher frequency was used for the answers.

The questionnaire was divided in two sections. The first included socio-demographic factors integrated by the variables of gender, age and education, while the second section included the rest of the variables: technology, training, quality, price and distribution channels.

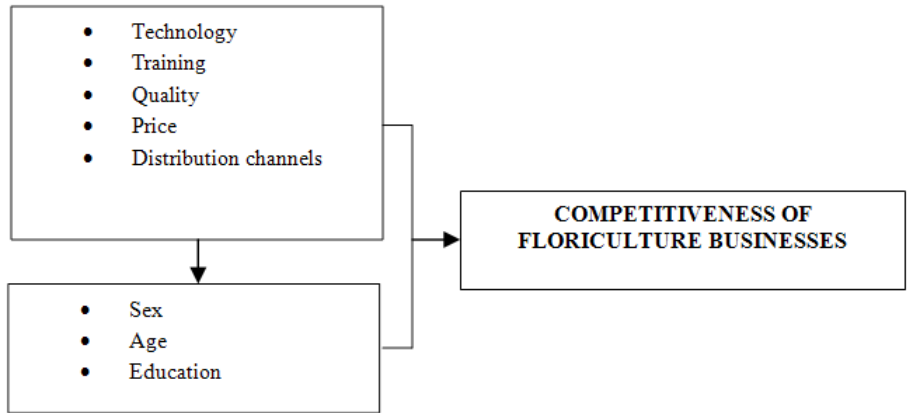
Questions for each variable were done based on theoretical information that explains that such variables have an impact in competitiveness.

The hypotheses for each variable are as follows:

- *H1: Technology has an impact in the competitiveness of floriculture businesses*
- *H2: Training has an impact in the competitiveness of floriculture businesses*
- *H3: Quality has an impact in the competitiveness of floriculture businesses*
- *H4: Price has an impact in the competitiveness of floriculture businesses*
- *H5: Distribution channels have an impact in the competitiveness of floriculture businesses*
- *H6: Gender has an impact in the competitiveness of floriculture businesses*
- *H7: Education has an impact in the competitiveness of floriculture businesses*
- *H8: Age has an impact in the competitiveness of floriculture businesses*

Figure 1. synthetizes the hypothesis that will be tested in this study.

Figure 1. Hypothesis model



Source: own work.

Table 1. shows the description of the variables that are used in this study. It needs to be noted that the variable of age was re-coded²⁹ for its analysis based on arguments by Langowitz and Minniti [2007]. At the same time the education variable was re-coded³⁰ according to Caldera et al. [2010].

²⁹ These authors consider that in the range between 25 to 34 years of age the probability of having entrepreneurial activities is higher, especially in developed countries.

³⁰ In Mexico the basic education level, refers to the minimum level of education that all individuals should have in order to continue with their education, be able to find a place in the labor market, have access to better job opportunities, and obtain a dignifying job that will allow for personal and professional development. Basic education in Mexico includes three levels: preschool, primary and secondary, making a total of between 11 and 15 years of study, being obligatory and free of charge. The medium education level includes three types of education: propaedeutic (general high school), propaedeutic-terminal (specialized or technical high school) and terminal (medium professional). The first two include both scholar and open systems. The scholar mode is generally attended by students from 16 to 19 years old which have obtained a secondary certificate. Higher education is the maximum level of studies. It includes bachelor's degrees, studies to become teachers (Escuela normal) and postgraduate studies. In order to pursue graduate studies, students must have a High school diploma or an equivalent. In order to pursue a master's degree, the student must have a university diploma. In general a bachelors degree takes from four to five years [Caldera et al. 2010].

Table 1. Description of variables

Variables	Description
Floriculture businesses	Categorical variable that identifies the type of floriculture businesses. It considers the following variables: 1 = Small diversified producer 2 = Small specialized producer 3 = Medium producer 4= large producer
Technology	Dichotomy variable that detects the importance of technology in floriculture businesses. It considers the following values: 1 = Yes 2 = No
Training	Dichotomy variable that identifies that personnel in floriculture businesses are trained to perform their duties. It considers the following values: 1 = Yes 2 = No
Quality	Categorical variable that detects the importance of quality controls in floriculture businesses. It considers the following values: 1 = It is indifferent to me 2 = Not important 3 = Important 4= Very important
Price	Dichotomy variable that detects whether the floriculture producer considers that its price is competitive with regards of the price of other producers. It considers the following values: 1 = Yes 2 = No
Distribution	Dichotomy variable that detects whether the floriculture producer knows marketing studies or some tools to detect market behavior and trends. It considers the following values: 1 = Yes 2 = No
Sex	Categorical variable that provides the sex of the participant. It considers the following Values: 1= Male 2= Female

Age	<p>Categorical re-coded variable that provides the age of the participant: It considers the following values:</p> <p>1 = 18-24</p> <p>2 = 25-34</p> <p>3 = 35-44</p> <p>4 = 45-54</p> <p>5 = 55-64</p>
Education	<p>Categorical value that measures the level of education of the participants. It considers the following values:</p> <p>1 = Higher academic level</p> <p>2 = Lower academic level</p> <p>3 = Primary</p> <p>4 = Secondary</p> <p>5 = High school/technical</p>

Source: own work.

Once the data had been collected, it was treated and analyzed to test the hypothesis. In order to do so, a basic descriptive analysis of data was performed (univariate analysis³¹), through the study of the frequencies of each response regarding the variables considered for this study. A bivariate³² study was later conducted, using contingency tables to determine the association and independence between variables, which in this case were qualitative.

Interpretation of results from the contingency table was conducted using the Chi square³³ test and the following nominal statistics: Cramer's V³⁴ and Spearman's correlation³⁵. Additionally corrected residuals³⁶ helped identify different categories within the variables.

³¹ Univariate analysis includes the analysis of distributions with only one variable; bivariate analysis includes two variables [Kerlinger and Lee 2006; Hair et al. 2008].

³² This type of study considers variables two by two allowing bi-dimensional distributions that emerge when two characters of the same population or sample are considered [Pérez 2011, p. 187].

³³ The Chi square test is used to contrast the null hypothesis, H_0 = variables "x" and "y" are independent. If the significance associated with this statistic is smaller or equal to 0.05 the independence hypothesis is rejected.

³⁴ Cramer's V is an extension of the Phi coefficient but in this case, and different from the contingency coefficient, if it is normalized it can fluctuate between 0 and 1; values close to 0 indicate that there is no association while those close to 1 indicate a strong association.

³⁵ Treatment of original data is of paramount importance. Its values go from -1 to 1, the sign identifies the direction of the relationship between variables and the absolute value in the force of such relation.

³⁶ Corrected residuals, also known as typified residuals are the result of a transformation that emerges as a difference between the observed and expected frequencies. Its usefulness lies in the fact that they are distributed normally N (0,1) and their interpretation is simple. The relationships between different variables can be analyzed when the typified residual is large (in terms of absolute values) and it is said that the corresponding categories are related when typified residuals are larger than 1.96 (with a 95% level of confidence) or 2.58 (with a 99% level of confidence), and they will be significant and indicate the type of relationship (according to the sign) that exists between categories.

Results and conclusions

Data in table 2 describes the individuals in the sample that was used.

Table 2. Descriptive statistics: Floriculture businesses (in percentages %)

Variables	Categories	Percentage
Technology	Yes	72.7 %
	No	27.3 %
Training	Yes	81.8 %
	No	18.2 %
Quality	I am indifferent	0 %
	Not important	9.1 %
	Important	66.7 %
	Very important	24.2 %
Price	Yes	42.4 %
	No	57.6 %
Distribution	Yes	81.8 %
	No	18.2 %
Sex	Male	66.7 %
	Female	33.3 %
Age	18–24	0 %
	25–34	33.3 %
	35–44	39.4 %
	45–54	18.2 %
	55–64	9.1 %
Education	Lower academic level	15.2 %
	Primary	36.4 %
	Secondary	21.2 %
	High school/technical training	27.2 %
	Higher academic level	0 %

Source: own study.

Based on table 2, the participation of a larger number of males in floriculture businesses in San Lorenzo Tlacotepec can be observed with a 66.7%. Female participation was a bit higher than 30%.

Regarding age, data shows that over 70% of participants have an age between 25 and 44 years; 18.2% are between 45 and 54 years and only 9.1% are between 54 and 64 years.

In terms of the level of education, 36.4% of the participants have only finished primary studies, 27.2% have studied either high school or have received technical training, and a bit over 21.2% finished secondary education. 15.2% have a lower academic level.

Regarding technology, 72.7% of flower producers considered that technology is important for their business, while a smaller percentage considered that it was not important.

The variable of training showed that 81.8% of participants considered that their personnel are well trained to perform their activities. A smaller percentage considered that personnel are not well trained.

In terms of quality, 66.7% of producers consider that it is important to have quality rules and standards; 24.2% believe that it is very important, and only 9.1% believe that quality is not that important.

Regarding price, 57.6% of the producers believe that their price is not competitive when compared to other producers, while the rest believe it is.

81.8% of the participants know some tools to detect the behavior and market trends, while the 18.2% do not have knowledge of such tools.

With these findings it is possible to conclude that even when an increased participation of women has been recorded in business creation, this particular sector does not present the same situation as there are fewer floriculture businesses owned by women than men. Ibarra and Gómez (2007) have found a similar number of women and men in a Latin-American study which included México. Maybe this is due to the type of activities required in flower production, which include male force.

Tables 3 and 4 present the results of the association links between floriculture businesses and socio-demographic variables (gender, age and education) as well as the variables of technology, training, quality price and distribution, to determine which are the variables that can be associated with competitiveness.

The results of the bivariate analysis are as follows.

Contingency tables for each selected variable are presented along with the different statistic significance test and association measures that integrate each tool such as the Chi-square test by Pearson (X^2), Cramer's V and Speraman's correlation coefficient.

The tables have been constructed with the two groups of factors that have been considered. Table 3 presents an intersection between the variable of business creation and those of technology, training, quality, price and distribution.

It can be observed that from the five selected variables: technology, training, quality, price and distribution, only the variable of training is related to the competitiveness of floriculture businesses. This is indicated by the value of X^2 (9.952) which can be translated into $p=.019$, which is smaller than .05 and is corroborated by Cramer's V test.

The corrected residuals show a positive and significant relation between the same diversified producer and the category of affirmative response. The medium producer shows a negative and significant relation in the category of affirmative response, which can be confirmed by the residuals which are higher than 1.96. Therefore, this can be traduced in categories of responses as follows: for a diversified small producer training is essential in his business in order to be more competitive, while for the medium size producer, training is not that important.

With regards to sociodemographic factors, table 4 shows the intersection of the variable business creation and the variables of sex, education and gender. The results obtained by the X^2 test do not show any relation among the variables, which is corroborated with Cramer's V test ($P0.303, .345$ and $.202$ respectively) additionally the corrected residuals do not show any relations among their categories since their values are smaller than 1.96.

Therefore, Hypotheses 1, 3, 4, 5, 6, 7 and 8 are rejected, while only Hypothesis 2 is confirmed, which indicates that producers considers personnel training as essential for the competitiveness of their businesses.

Table 3. Contingency table regarding the intersections between the variable Floriculture Business and the variables of technology, training, quality, price and distribution.

Floriculture businesses		Technology		Training		Quality			Price		Distribution	
		Yes	No	Yes	No	Not impor.	Impor.	Very impor.	Yes	No	Yes	No
PPD	Recount	9	5	14	0	3	8	3	4	10	10	4
	% desirable	10.2	3.8	11.5	2.5	1.3	9.3	3.4	5.9	8.1	11.5	2.5
	% de variable	64.3	35.7	100	.0	21.4	57.1	21.4	28.6	71.4	71.4	28.6
	Corrected residuals	-.9	.9	2.3	-2.3	2.1	-1.0	-.3	-1.4	1.4	-1.3	1.3
PPE	Recount	3	0	3	0	0	2	1	2	1	3	0
	% desirable	2.2	.8	2.5	.5	.3	2.0	.7	1.3	1.7	2.5	.5
	% de variable	100	.0	100	.0	.0	66.7	33.3	66.7	33.3	100	.0
	Corrected residuals	1.1	-1.1	.9	-.9	-.6	.0	.4	.9	-.9	.9	-.9
PM	Recount	10	4	8	6	0	12	2	8	6	12	2
	% desirable	10.2	3.8	11.5	2.5	1.3	9.3	3.4	5.9	8.1	11.5	2.5
	% de variable	71.4	28.6	57.1	42.9	.0	85.7	14.3	57.1	42.9	85.7	14.3
	Corrected residuals	-1.1	.1	-3.2	3.2	-1.6	2.0	-1.1	1.5	-1.5	.5	-.5
PG	Recount	2	0	2	0	0	2	0	2	0	2	0
	% desirable	1.5	.5	1.6	.4	.2	1.3	.5	1.8	1.2	1.6	.4
	% de variable	100	.0	100	.0	.0	100	.0	100	.0	100	.0
	Corrected residuals	.9	-.9	.7	-.7	-.5	-2.1	2.6	-1.3	1.3	-.7	-.7
χ ² by Pearson		Value	2.390		9.952	11.813			4.537		2.270	
		Sig.	.096		.019	.066			.209		.518	
V by Cramer		Value	.269		.549	.423			.371		.262	
		Sig.			.019	.066			.209		.518	
Correlation by Spearman		Approximated	.406		.403	.264			-.140		-.206	
		Value	-.136		.403	.264			-.140		-.206	
		Sig.			.403	.264			.437		.250	
		Approximated	.451		.020							

Source: own work.

Table 4. Contingency table of interactions between the variable Floriculture business and the variables of sex, age and education

Floriculture business		Sex		Age				Education			
		Male	Femal e	25-34	35-44	45-54	55-64	Primary	Secondary	Highschool	> NA
PPD	Recount	11	3	2	6	4	2	2	4	5	3
	% desirable	9.3	4.7	4.7	5.5	2.5	1.3	2.1	5.1	3.0	3.8
	% de variable	78.6	21.4	14.3	42.9	28.6	14.3	14.3	28.6	35.7	21.4
	Corrected residuals	1.2	-1.2	-2.0	.3	1.3	.9	-.1	-.8	1.7	-.6
PPE	Recount	2	1	2	0	0	1	0	1	0	2
	% desirable	2.0	1.0	1.0	1.2	.5	.3	.5	1.1	.6	.8
	% de variable	66.7	33.3	66.7	.0	.0	33.3	.0	33.3	.0	66.7
	Corrected residuals	.0	.0	1.3	-1.5	-.9	1.5	-.8	-.1	-.9	1.6
PM	Recount	7	7	6	6	2	0	3	7	2	2
	% desirable	9.3	4.7	4.7	5.5	2.5	1.3	2.1	5.1	3.0	3.8
	% de variable	50.0	50.0	42.9	42.9	14.3	.0	21.4	50.0	14.3	14.3
	Corrected residuals	-1.7	1.7	1.0	.3	-.5	-1.6	.9	1.4	-.8	-1.4
PG	Recount	2	0	1	1	0	0	0	0	0	2
	% desirable	1.3	.7	.7	.8	.4	.2	.3	.7	.4	.5
	% de variable	100	.0	50.0	50.0	.0	.0	.0	.0	.0	100
	Corrected residuals	1.0	-1.0	.5	.3	-.7	-.5	-1.0	-1.1	-.8	2.4
χ ² by Pearson		Value	3.643		10.062			12.205			
		Sig.	.033		.003			.002			
V by Cramer		Value	.332		.319			.351			
		Sig.	.033		.003			.002			
Correlation by Spearman		Approximated									
		Value	.169		-.373			-.025			
		Sig.	.348		.032			.888			
		Approximated									

Source: own work.

In this research several variables and factors have been analyzed to determine which of them have a positive impact in the competitiveness of floriculture business in the community of San Lorenzo Tlacotepec, Municipality of Atlacomulco. According to the results, only the variable of training is decisive for the competitiveness of these businesses.

Through the research, during the stage of collecting data it was found that there are several additional factors that might have an effect in the competitiveness of floriculture businesses in the region, especially climate, since it determines the possibility of being able to cultivate and harvest year-round, besides volume and production capabilities because they can respond to demands in high sales season.

This research also helped to demystify some beliefs regarding floriculture. For instance, that flowers require a delicate handling and that labor force is mainly female, which does not apply to the community which was analyzed since most of the producers, were male, and between 25 and 44 years of age.

As future lines of research, the authors would like to complement this study with additional variables such as continuity, climate and volume, considering that in general, flower production and sales increase during festive seasons in México and in the world such as during Mother's Day, Valentine's Day, graduations, the Day of the Dead, the festivity of the Virgin of Guadalupe, Christmas, etc.

In this sense the authors consider that even when floriculture is becoming more important, producers should be sensible to the fact that their product is basically for ornate or decoration purposes and therefore its demand can fluctuate considerably because it cannot be considered a basic product.

In 2010 the State of Mexico produced over 60% of the value of the national production of flowers, therefore its importance as a national supplier; still, due to weather conditions in different regions in the country, floriculture represents a potential activity for the economic development of numerous communities. The producers in the State of México need to consider the earlier, since anyone interested in entering this line of business only requires seed capital to start operations, and of course, adequate training.

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Consequences of value-based management for developing the organisational agility potential of a family business

Abstract: Changing environment makes entrepreneurs think differently, work closer with all stakeholders and respond quickly to customer needs, including those which are family-run. These are often focused on building their value in the long term and forget about increasing flexibility. Question how to combine the traditional style of management which is faithful to tradition and family values with a very clear challenge of maintaining business agility becomes one of the most important questions of every manager and business owner. Adding existing specific interrelationship between the business and the founding family, makes the management process in a family business very emotional and even more difficult. This process is most clearly evident where the values of the owner, founder and family merge. The founder's values, which interweave with the values of the family system he / she belongs to, determine the choice of corporate mission and strategy, as well as the way in which company employees communicate with all external stakeholders (customers, contractors, suppliers and other business partners). It is the owners who create the organisational culture of their businesses based on their own, more or less conscious, value systems.

Key-words: family business, agility, value management.

Introduction

More dynamic changes in the external environment provides challenges for contemporary business, including those which are family-run. These chal-

allenges are to create value added while working with all stakeholders, adapt to changes easily and respond quickly to customer needs. A business which has such skills was called an agile business and is treated as a new business paradigm [Trzecieliński 2011].

The pace of changes taking place in many areas at the same time and the need to adapt to them are a big challenge for the organisation and people in a business. Before they manage to fully adapt to one change, they are facing another one which brings a new uncertainty and makes the environment more complex. Therefore, the challenge for company owners or managers is to act in turbulently changing conditions which makes it necessary to evaluate the existing management paradigms in both theory and practice. There is a clear management trend of creating agile businesses of higher flexibility allowing them to adapt to ever changing conditions.

This also applies to family businesses which, while being often focused on building their value in the long term, must increase their flexibility. Their strategic decisions are based on the values of the company founder or owner which is why it is interesting to find the answer to the following question: how to combine the traditional style of management which is faithful to tradition and family values with a very clear challenge of maintaining business agility?

The purpose of this article is to try to interpret the consequences of value-based management for developing the organisational agility potential of a family business. To explain the concept of value-based management and show their effect on the concept of an agile family business.

Value-based management in family businesses

Although the term family business is used in the popular vernacular, its definition is not as clear as one would think. The difficulty is that there are no clear-cut criteria for distinguishing this group of companies from others. As a result, business of various legal forms, types of ownership, sizes and management methods are included in this group [Sułkowski and Marjański 2009]. Each type of business organisation, whatever its size, legal form or sector, may have a family element as long as the ownership and management system belongs to a family. **Therefore, it may be concluded that a family business is an enterprise of any size or legal form whose capital is either wholly or predominantly owned by a family, at least one of its members exerts a decisive influence on the management or has a management role himself/herself with an intention to keep the business permanently in the family's hands. Thus it is a business whose ownership is controlled by a single family [after: Jeżak, Popczyk and Winnicka-Popczyk 2004] and more than one family member is involved in the operations of such a business [after: Sułkowski and Marjański 2009]**³⁷.

³⁷ A wide review of the family business definition is provided by dr Ewa Więcek-Janka.

The most important characteristic of family businesses is the strong interrelationship between the business and the founding family. It is not possible in family businesses to separate entirely processes which occur in the family from those occurring in the business. The emotional and intellectual processes which define the internal world of a family and processes inside an organisation merge and are interdependent [Sułkowski and Marjański 2009]. This process is most clearly evident where the values of the owner, founder and family merge. Each family and each business has a set of its own values. Within such a meaning, a family is an integral system which is characterised by various variables: **a set of norms, internal rules, system of relations and hierarchies**, specific measures to maintain the cohesion and vigour of such system and certain goals it tries to pursue. This is similar to a business enterprise. The system of values and organisational conduct form an integral part of corporate culture in every enterprise. It owes to key values that universal rules are understood and respected, and with such rules the management can control, maintain and develop the social communication process between customers and employees, employees and employers, as well as influencing the effectiveness of the organisation in the long run.

These conclusion are interesting when compared with the results of research that defines corporate longevity potential. It turns out that the factor on which a long life of a business is conditional are consistent values and their impact on the internal and external environment of the organisation. Results of research conducted for more than six years by J. Porras and J. Collins demonstrated that the source of endurance and development of an organisation are the core values, and more specifically a strong awareness of one's own core values, their invariability in a changing environment and conscious value management i.e. implementing them in every aspect of the business [after: Stachowicz-Stanusch 2007]. G.R. Sullivan and M. V. Harper point to the key importance of values in business activities: *The practice has shown businesses with a highly developed sense of organisational values to be the most successful and their success to last longest* [Stachowicz-Stanusch 2007, p. 36].

"Value" is a concept in economics which has many centuries of tradition and is of fundamental importance to the discipline. It has been a philosophical concept only since the 19th century which is not long ago [Tatarkiewicz 2007]. Value is the most general standard of behaviour, an idealised norm, thus a concept on the basis of which more detailed social, environmental and cultural norms are designed. However, values are interpreted differently in different cultures, societies and even local communities [Kosewski 2008]. Value is considered to be everything that is valuable, and, according to U. Schrader, what is valuable is determined by human needs

and desires [Schrade 1992]. The scale and hierarchy of values applies to both life and collective activity, as well as individual lives and conduct [Michalik 1980]. According to M. Scheler [1987], values are objective and prescriptive (moral obligations). Morality is about making choices in line with such value hierarchy. The higher the value, the more lasting it is, less dependent on the body, gives more profound satisfaction and is easier to share with other people. Each person can, according to his/her own criteria, be attached to one's own or other value hierarchies to a different extent. One would consider honesty to be more important than justice, another one may prefer proper conduct to effective action [Kosewski 2009].

With its high stability and a much stronger expression compared with non-family businesses, the system of values in a family business may play a very useful role [Jeżak, Popczyk and Winnicka-Popczyk 2004]:

- it causes family members to identify their own ways in life with the development and success of the business, support business continuity and preservation of the family tradition;
- modifications of the styles of conduct in a business are controlled and are rather evolutionary changes which results in a more gentle and better prepared change implementation process;
- it consolidates and brings the family together around the business, making it become a business success factor and not an obstacle to growth.

The above discussion of the benefits arising from the identification of the key shares values of a family business resulting from the values of the founder, family and employees is supplemented by results of the research conducted by B. Poustner and J.M. Causes, who concluded that shares values [after: Stachowicz-Stanusch 2007]:

- promote a high level of corporate loyalty;
- facilitate consensus on the main goals of the organisation;
- stimulate ethical conduct;
- reduce the level of stress and tension at work;
- develop a strong belief in the need of personal effectiveness;
- develop satisfaction from participating in the organisation;
- develop teamwork.

The founder's values, which interweave with the values of the family system he/she belongs to, determine the choice of corporate mission and strategy, as well as the way in which company employees communicate with all external stakeholders (customers, contractors, suppliers and other business partners). It is the owners who create the organisational culture of their businesses based

on their own, more or less conscious, value systems [Sułkowski and Marjański 2009]. This is why this factor may, after it has been properly formalised, naturally become an essential part of competition as it is an authentic link that makes up the company's identity which is genuinely believed in by the founder, and, as a consequence, by the key personnel. This is because it is important that an enterprise acts in line with what it declares and the values it subscribes to in every aspect of its business [Zarębska 2008]. The source of success in this respect is in management which comprises not only the corporate process or technologies, but also human hearts [Skrzypek 2004]. The focus on identifying and strengthening the shared and most important values for the business is often characteristic of family businesses which do it intuitively as it were. Consequently, it is worth analysing how value-based management affects the market agility of those businesses.

Conditions of an agile businesses

Agility is the skill of responding to changes. However, it differs from flexibility. The latter refers to the ability of a business to quickly change the tasks which are performed in a routine manner. Each new situation is identified by the business in advance so the procedures which are necessary to implement changes that are needed are devised and prepared earlier. The traditional dimensions of flexibility relate, among other things, to the product or service, e.g. value, product mix, flexibility of specifications, and also with the process: changes in the use of machinery, flexible working time and scope and flexibility in innovations. **Therefore, to become agile, a business needs to cope with unexpected changes on the market and changes of market demand** [Goldman 1995]. Agility may refer to every dimension of flexibility.

However, the key difference between these concepts is fast response to unforeseen market changes. Companies implement a variety of specific strategic practices aimed at promoting agility and enriching the customer. R. Vokurka and G. Fliender [1998] identify numerous internal and external strategic initiatives that promote agility. The authors cite examples which include the following:

- reductions in manufacturing cycle times and order-response times,
- partnership,
- outsourcing,
- schedule-sharing,
- supply-channel performance improvements,
- postponement,
- teamwork and cross-functional management teams,
- employee education, training and empowerment,
- business process re-engineering.

An agile business is in many respects different from a traditional one. The following table focuses on the HR-related aspects in a business and identify distinguishing features of both types of businesses by set criteria (including also references to researches in the field).

Table 1. Distinguishing features of traditional and agile firm

Criteria-Distinguishing features	Traditional manufacturing company	Agile manufacturing company
Organisational structure	Vertical, traditional and line [Maskel 2001; Vokurka and Fliedner 1998; Assen 2000]	Flattened, and team managed [Maskell 2001; Vokurka and Fliedner 1998; Meredith and Francis 2000; Hormozi 2001; Bustamante 1999; Assen, Hans, van de Velde 2000; Sohal 1999; Hooper, Steeple, Winters 2001; Mondragon 2004]
Devolution of authority	Lack of empowerment, centralized and informal authority	Self-autonomous and empowerment [Maskell 2001; Vernadat 1999; Crociott, Youssef 2003; Zhang, Sharifi 2000]
Employee status	Existence of specialists, no exposure to other functions and skills, inflexible and ignorant of changes	Learning employees, multi-skilled and multi-functional, self-committed [Maskell 2001; Hoek, Harrison, Christopher 2001; Vokurka and Fliedner 1998; Meredith, Francis 2000; Hormozi 2001; Bustamante 1999; Assen 2000; Zhang and Sharifi 2000; Sohal 1999; Yusuf Adeleye, Sivayoganathan 2003; Ribeiro, Fernandes 2010]

Employee involvement	Very little involvement of employees in decision making, ideas and knowledge are seldom shared or utilised	Fully empowered employees, ideas and knowledge of employees are fully utilised [Gunasekaran 1999; Meredith and Francis 2000; Vernadat 1999; Hormozi 2001; Hoek, Harrison, Christopher 2001; Bustamante 1999; Meredith, Francis, 2000; Crociott and Youssef 2003; Jin-Hi, Anderson, Harrison 2003; Almahamid, Awwad, McAdams 2010; Ribeiro, Fernandes 2010]
Nature of management	Autocratic and stagnant	Participation based management and susceptible to changes and improvements [Hoek, Harrison, Christopher 2001; Crociott and Youssef 2003; Bustamante 1999; Hooper, Steeple, Winters 2001; Ribeiro, Fernandes 2010]
Role of leadership	Focuses on the relationship between the leader and the supporters in the context of their role in the organisation	Strategic leadership which combines a vision with operational management [Hambrick, Pettigrew 2001; Crociott and Youssef 2003; Avery 2009; Grzesik 2011]

Source: own compilation based on G. Ramesh and S. Devadasan literature review on agile manufacturing criteria, "Journal of Manufacturing Technology Management", 2007, vol. 18, no. 2.

S. Goldman, R. Nagel, K. Preis [1995] identified four key dimensions of agile competition:

- enriching the customer – this entails quickly understanding the unique requirements of each individual customer and rapidly providing them.
- co-operation – (intra-organizational and inter-organizational co-operation such as supplier partnerships and perhaps emerging virtual relationships with competing organizations) in order to enhance competitiveness,
- new organizational structure – to master change and uncertainty through techniques such as concurrent engineering and cross-functional teams,
- impact of people, information and technology – recognizes the importance of employees as a company asset, placing greater emphasis on education, training and empowerment.

S. Meredith and D. Francis describe a project of the Agile Manufacturing Research Group (AMRG) which was formed to conduct research into the agility of SMEs. The research methodology used a case study analysis which resulted in the creation of a 16-dimensional “agile wheel”. The resulting model is a business audit tool allowing to measure the agility level and ensure a common definition for all agility components. It is not a coincidence that the model is illustrated by a wheel. The authors aimed to show that individual components of the model are closely interrelated. Consequently, if any of them is missing, the wheel turns slower, similarly to agility which requires all sixteen components to be integrated and developed. The wheel was divided into four sections [Meredith, Francis 2000, pp. 138–142]:

1) agile strategy – requires skills in four areas:

- environment analysis – which is defined by corporate procedures which allow to collect data from the environment;
- strategic commitment – this refers to the top management’s desire to adapt agile procedures;
- full dislocation – adaptation of agile procedures and practices in all departments and at each employee level;
- agility evaluation – defines the degree to which agile procedures and practices have been implemented in the business;

2) agile process – focuses on organisational processes which support agility, such as:

- flexible assets and system – aiming at “lean” resources and systems which means no more wastage and maximising effectiveness in all aspects of the given process;

-
- quickly “obtaining” new products – this refers to the way in which businesses improve their product offering, which does not always mean in-house product development as new products can also be developed working with third parties;
 - swift problem resolution – which requires the skill of quickly identifying signs of problems and arranging the necessary resources which, when implemented, will allow to resolve the problem;
 - reach information system – it allows to ensure that decisions are made effectively, as agility requires frequent and fast decision-making;
- 3) agile connections** – this refers to external connections which enable agility:
- agile benchmarking – it ensures comparative foundations for defining agility objectives; knowing best results of rivals allows to set criteria;
 - profound customer analysis – it ensures a very close relationship with customers, whether existing or potential; Sony corporation described this as “taking customers’ body temperature every day”;
 - working with suppliers – this aims to pull down barriers between the business and supplier, share goals together and build a long-term relationship;
 - cooperation results – meaning improved abilities resulting from cooperation, businesses create connections which enable them to form virtual organisation; agility and flexibility is more advanced (improved) where businesses connect to share their key competences to create an ad hoc enterprise;
- 4) agile people** – agility in this area requires the following practices:
- structures able to adapt – bureaucratic organisational structure does not favour agility, developing adaptive corporate structure requires corporates to reconfigure and adjust to use the opportunities which arise;
 - multifunctional flexible teams – agile businesses are less dependent on systems and more on the intelligence and opportunism of its employees; abilities, skills, commitment and empowerment of employees are the key and critical features of an agile firm;
 - quick decision making – this is possible with advanced information systems and fast and effective information flow;
 - continuous learning – is defined by the openness of employees to new ideas and a continuous process of learning and improving one’s skills.

Value management versus family business agility

At the stage of establishing a family business, actions taken by the founder are determined by his/her individual values and have a fundamentally affect the creation of shares values with all the employees involved, while the stage of growth requires that those values be consciously identified, and, with time, even skilfully managed. *Value-based Mangement (VM) is a process of passing the core values of an organisation from one generation to the other by assuming the duties which arise from such core values and protecting them on behalf and for the benefit of the organisation and its members by institutionalising them* [Stachowicz-Stanusch 2007]. There are at least several ways in business practice of identifying the main corporate values. They include: the guiding questions method, selective choice method and aided indications method. The process of identifying and institutionalising shares values in a family business may also take the following stages [Blenchard and O'Connor 1998]:

- The owner (founder) defines his / her own key values.
- The management and other members of the owner family define the key values without the founder's presence.
- The results of both analyses are compared.
- Values of key employees are identified.
- Values which are important from the business perspective in relation to customers, business partners, employees and other significant stakeholders are determined.
- All the proposals are synthesised, the founder chooses the key values.
- The core values are integrated into the mission, vision and day-to-day operations of a family business.

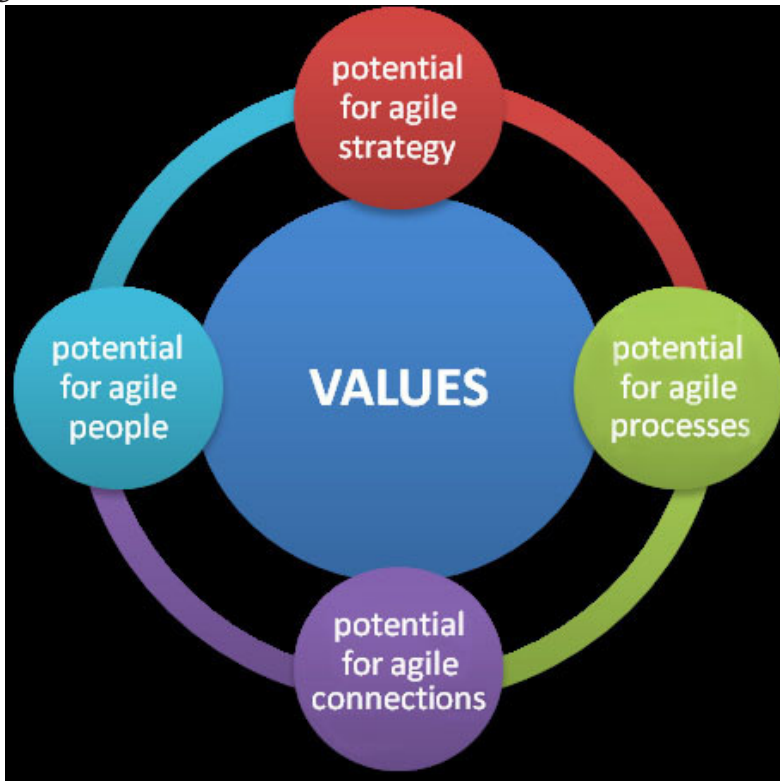
Businesses operating worldwide define their own identity both in the context of competitiveness and ethical conduct. One of the most universal, and increasingly more popular, tools of defining one's own identity is the set of corporate values (core values). Values are like the corporate DNA, they determine the conduct, internal conditions and corporate image. Where they are defined properly, they help promote certain attitudes of the personnel and facilitate recruitment on the one hand, and help to build a corporate image in the environment which is consistent with its character on the other. The translation of values to each level of internal operations in the organisation and external relations are what humanises management which thus creates a new dimensions of corporate functioning. Value-based management is both the philosophy of management as well as practical actions aimed at focusing on practicing the

fundamental values in a firm and adapting them to the corporate mission and vision for the future [Lachowski 2012].

As shown by the research published within the “Corporate Values Index 2009”³⁸ report, the majority of firms operating in developed market-based economies declare that they defined the system of values which is in effect in the business. It means that the recommendation by J. Collins and J. Porras is put to practice.

Therefore, when analysing the source of decisions with respect to individual areas of an agile business (strategy of processes, connections and people), it should be noted that they result from the values acknowledged by the founder. The values subscribed to by the founder, and thus also by the business family and management team, are directly linked to the agility of the business.

³⁸ The “Corporate Values Index 2009” project covered more than 3,800 businesses from 11 countries all over the world. The countries in which the research was conducted included: Poland, Germany, France, Italy, Austria, India, Holland, Spain, the UK, Ukraine and the US. The “Corporate Values Index 2009” report provides a summary of the second edition of the research carried out over the last year in 11 countries all over the world by companies of the international ECCO Network. It provides answers to the questions about the scale of value application in business as a concept of management and marketing strategy planning. The idea behind the report is to show differences between systems of values defined by businesses which operate in different conditions, http://www.onboard.pl/data/file/pdf/RAPORT_CorporateVALUES2009.pdf.

Figure 1. Values

Source: own work.

A research was conducted into a group of family businesses participating in two family business-dedicated projects carried out in a similar period. The purpose was to diagnose the strongest values influencing strategic decisions in family businesses. These two projects were:

- the Family Businesses (*Firmy Rodzinne*)³⁹ partnership project of the Polish Agency for Enterprise Development and the Family Businesses Initiative (Inicjatywa Firm Rodzinnych), a pilot project devoted to the support for family entrepreneurship in Poland (The research was among those

³⁹ The Family Business Training and Advisory Programme (Program Szkoleniowo-Doradczy Firm Rodzinne) was implemented from the end of 2009 to the end of 2012. It is a partnership project of the Polish Agency for Enterprise Development and the Family Business Initiative (Inicjatywa Firm Rodzinnych). It is a pilot, hence also a research, project. The needs, expectations and problems of project participants were continuously monitored and checked, while the goal, programme and course of the project were formulated on a regular basis in order to best match the expectations of participants.

beneficiaries of the Family Businesses programme who took part in two-day workshop sessions devoted to development strategy) and

- the international *Business Transfer Programme II (BTPII) project*⁴⁰ (The research was conducted among those beneficiaries of the BTP II programme who took part in two-day workshops devoted to corporate development strategy).

The outcome of the research allows to conclude that entrepreneurs base their decisions on values which, when assigned to agility categories, can be outlined as follows:

- **Potential for agile strategy** – it requires founder's values related to the desire to create new business areas, courage, risk management ability, adaptability in new circumstances.
- **Potential for agile processes** which is a factor in such values as: openness to change, striving for personnel development, professionalism, accuracy, flexibility.
- **Potential for agile connections** – this refers to external connections which enable agility and are, in turn, based on such values as: competition, but also social involvement, building relationships, importance of local communities.
- **Potential for building an agile team** – it results from behaviours based on such values as dignity leadership, teamwork, self-improvement, discipline, acknowledgment, valuable rivalry, contacts with people.

Summary

Increasing the awareness as to the identification of the core values affecting managerial decisions and conduct may have a positive effect on the development of the family businesses' agility potential. While the vast majority of business owners have so far treated values as something they are not conscious of, or internal decision-making signposts, when one wants to increase organisational flexibility and business agility, it would be worth identifying them in an in-depth manner as they are what can hamper, or, conversely, stimulate such potential. The need to increase organisational agility makes such an analysis a worthy pursuit.

⁴⁰ An experienced team of scientists and representatives of training and advisory firms from seven European countries (Austria, Finland, Holland, Poland, Portugal, Spain, Sweden) formed an international consortium for two years (01.11.2010 – 31.10.2012) to collaborate on a project concerning family business ownership transfers. The name of the project was "Business Transfer Program II (BTPII)" and is based on a pilot BTP project in which a tailor-made training programme was designed and tested combined with a tool scanning both sides of the transfers – the acquirers and acquirees. BTP II is a project co-financed by the European Commission as part of the Leonardo da Vinci programme.

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Development of export-oriented MSMEs in Indonesia

Abstract: This study is about export-oriented micro-small and medium enterprises (MSMEs) in Indonesia. As a descriptive analysis in nature, the study does not test certain hypotheses. Instead, the main objective is to address two issues, i.e. export performance and intensity and their access to trade facilitation (TF). Based on secondary data analysis and field surveys in two clusters of MSMEs located in the province of Central Java, the study shows that although their export continue to increase, export intensity of Indonesian MSMEs is relatively low compared to many other developing countries, and large enterprises have more access than MSMEs to TF.

Key-words: MSMEs, MIEs, SEs, MEs, LEs, export, trade facilitations.

Introduction

Micro, small and medium enterprises (MSMEs) are very important in Indonesia. They are not only the largest source of employment but also they have a great potential for export, which Indonesia really needs. As a descriptive analysis in nature, this study does not test certain hypotheses. Instead, it aims to examine empirically export performance of Indonesian MSMEs and their access to trade facilitation (TF). It has two main research questions:

- (1) How intensive are Indonesian MSMEs in doing export?
- (2) Do they have access to TF, such as trade finance, trade insurance, trade procedures, etc., and how helpful TF is in supporting their export?

This is a descriptive study in nature, and methodologically, it is based on secondary data analysis and field surveys in two clusters of export-oriented MSMEs in Central Java.

The outline of this study is given as follows. First, it examines recent development of MSMEs in Indonesia. Secondly, it examines their export performance, followed by presentation of findings and discussion of the field surveys. The study ends with some conclusions.

Development MSMEs

The importance of MSMEs in Indonesia is reflecting by their majority in number of existing enterprises, and their number steadily increases annually (Table 1). In 2012, their share in total enterprises is above 98 per cent. The majority of them are from the micro enterprises (MIE) category, which are scattered widely throughout the rural areas. Most MIEs are undertaken by poor households who could not find better job elsewhere.

Table 1. Total number of enterprises by size category in all economic sectors in Indonesia, 2000–2012 (in thousand units)

Size category	2000	2003	2005	2007	2009	2010	2011	2012
MIEs & SEs	39,705	43,372.9	47,006.9	47,720.3	52,723.5	53,781.1	55,162.2	56,485.6
MEs	78.8	87.4	95.9	120.3	41.1	42.6	44.2	48.997
LEs	5.7	6.5	6.8	4.5	4.7	4.8	4.95	4.97
Total	39,789.7	43,466.8	47,109.6	49,845.0	52,769.3	53,828.5	55,211.4	56,539.6

Sources: State Ministry for Cooperative and SMEs (www.depkop.go.id) and Indonesian Central Bureau of Statistics (BPS) (www.bps.go.id).

The majority of MSMEs are found in agriculture, and MIEs are mostly agricultural-oriented compared to SEs (small enterprises) and especially to Mes (medium enterprises). The second important sector for MSMEs is trade, hotel and restaurants. In the manufacturing sector, MSMEs are traditionally not so strong as compared to LEs (large enterprises). As shown in Table 2, there are in total around 2.7 million MIEs and SEs combined. It is obvious that Indonesian manufacturing MIEs and SEs are generally engaged in simple, traditional production activities, such as the manufacturing of wood products (including furniture), textiles, garments, footwear, food and beverages and handicrafts.

Table 2. Number of Manufacturing MIEs and SEs by Group of Industry in Indonesia, 2010

Group of Industry*	MIEs	SEs	Total (MSEs)
(1) Food	881 590	48 320	929 910
(2) Beverages	29 848	547	30 395
(3) Processed tobacco	22 804	30 365	53 169
(4) Textile	221 504	13 153	234 657
(5) Garment	244 810	31 738	276 548
(6) Leather & its products, including footwear	26 647	6 263	32 910
(7) Wood & its products (not including furniture) & handicraft from rattan, bamboo & its alike	623 761	15 345	639 106
(8) Paper & its products	6 780	488	7 268
(9) Publishing & Recording Media Reproduction	19 675	4 630	24 305
(10) Chemical & its products	18 223	945	19 168
(11) Pharmacy, chemical medical products & traditional medicine	4 974	69	5 043
(12) Rubber & plastic & their products	12 346	1 440	13 786
(13) Excavated non metal products	193 129	22 429	215 558
(14) Basic metal	1 288	265	1 553
(15) Metal products non-machinery and its tools	54 571	7 160	61 731
(16) Computer, Electronic goods and optics	397	37	434
(17) Electrical tools	113	86	199
(18) Machineries and their tools	1 129	411	1 540
(19) Vehicles, Trailer and semi-trailer	3 314	174	3 488
(20) Other transportation tools	4 383	325	4 708
(21) Furniture	96 938	10 228	107 166
(22) Other manufactures	55 592	7 306	62 898
(23) Repairs services & machines and their tools installation	6 481	703	7 184
Total	2 529 987	202 737	2 732 724

Note: * based on Indonesian Standard Industrial Classification Codes.

Source: BPS (2010).

Their share in gross domestic product (GDP) is always higher than that of LEs. In 2011, MSMEs' total output value at market current price was 57.94 percent of Indonesia's GDP, and increased to 59.08 percent in 2012. Their higher GDP share than that of LEs is mainly because their number is much huge than that of LEs. However, as compared to many other ASEAN member states, Indonesia is not the largest state in terms of GDP contribution of MSMEs (Table 3).

Table 3. MSMEs' Contributions to Total Enterprises, Employment and GDP in ASEAN by Member State, Most Recent Data (%)

	Indonesia	Malaysia	Philippines	Thailand	Vietnam	Lao PDR	Cambodia	Brunei	Singapore	Myanmar
Number of unit	99.9	99.2	99.6	99.6	99.9	99.98	99.0	98.5	99.0	96.0
Employment	99.0	59.0	63.0	77.9	77.3	99.0	50.0	98.0	51.8	n.a
GDP	58.2	32.0	32.0	31.7	39.0	69.0	76.7	68.4	60.0	n.a

Note: n.a=data not available

Sources: Tambunan 2009a, b; OSMEP 2010; IFC 2010, Walsh and Southiseng 2011, ASEAN 2011, Win 2012 and MPI 2011.

Export Performance

Generally, Indonesian MSMEs are domestic market oriented. Nevertheless, many MSMEs do export and their export (non-oil and gas) continue to grow every year, except in 2009 (Table 4). Probably the decline was caused, among other factors, by the 2008/09 global economic crisis. During that crisis, many Indonesian exports of manufactured goods including furniture which is produced and exported mainly by MSMEs, dropped.

Table 4. Export Values of Indonesian MSMEs, 2006–2009 (Rp billion/US\$ million)

Year	Non-oil and gas Export				
	MIEs	SEs	MEs	LEs	Total
2006	Rp 13,477.2	Rp 29,365.4	Rp 79,108.2	Rp 656,231.8	Rp 778,182.6
	US\$ 1,347.7	US\$ 2,936.5	US\$ 7,910.8	US\$ 65,623.2	US\$ 77,818.3
2007	Rp 15,024.9	Rp 34,661.8	Rp 93,325.7	Rp 749,999.9	Rp 893,012.3
	US\$ 1,502.5	US\$ 3,466.2	US\$ 9,332.6	US\$ 75,00.0	US\$ 89,201.2
2008	Rp 20,247.2	Rp 44,148.3	Rp 119,363.6	Rp 915,091.2	Rp 1,098,850.2
	US \$2,024.7	US\$ 4,414.8	US\$ 11,936.4	US\$ 91,509.1	US\$ 109,885.0
2009	Rp 14,375.3	Rp 36,839.7	Rp 111,039.6	Rp 790,835.3	Rp 953,089.9
	US\$ 1,597.26	US\$ 4,093.3	US\$ 12,337.7	US\$ 87,870.6	US\$ 105,898.9

Source: State Ministry for Cooperative and SME (www.depkop.go.id).

Many of export oriented MSMEs do not sell all of their products abroad but they also serve at domestic market (Table 5), and the majority of those doing export do not pursue export directly, but instead indirectly through intermediaries, such as traders, large-sized exporting companies, trading houses, or subcontracting arrangements where MSMEs manufacture semi-final products are to be completed by LEs (e.g. the processing of raw materials into ready-made foods in the food industry that would take place in MSMEs, and later packaged by LEs).

Table 5. Number of Manufacturing MSEs by Group of Industry and Market Destination, 2010

Group of industry*	Unit	Market destination		
		Domestic	Foreign	Both
(1)	929 910	928 857	971	82
(2)	30 395	30 395	-	-
(3)	53 169	53 151	18	-
(4)	234 657	233 443	940	274
(5)	276 548	275 461	733	354
(6)	32 910	32 623	6	281
(7)	639 106	635 744	2 480	882
(8)	7 268	6 988	47	233
(9)	24 305	24 304	-	1
(10)	19 168	19 156	-	12
(11)	5 043	4 954	-	89
(12)	13 786	13 720	-	66
(13)	215 558	214 745	268	545
(14)	1 553	1 553	-	-
(15)	61 731	61 130	448	153
(16)	434	434	-	-
(17)	199	199	-	-
(18)	1 540	1 540	-	-
(19)	3 488	3 488	-	-
(20)	4 708	4 708	-	-
(21)	107 166	106 142	798	226
(22)	62 898	60 020	1 841	1 037
(23)	7 184	7 184	-	-
Total	2 732 724	2 719 939	8 550	4 235

Note: * for group of industry, see Table 2.

Source: BPS (2010).

From a regional perspective, the intensity of Indonesian MSMEs in doing export is relative low. Based on data on direct export of MSMEs that are available from various country sources, Table 6 shows that Indonesian MSMEs contributed only around 18 percent to the country's total export of non-oil and gas, compared to, for instance, China Taipei about 56 percent, or China approximately 60 percent.

Table 6. Shares of MSMEs in Total Exports in Selected Asian Countries Asia, 1990s and 2006

Negara	Share (%)
China	60
India	38-40
China Taipei	56
Vietnam	20
Singapore	16
Malaysia	15
Indonesia	18
Thailand	46
Philippines	22
Pakistan	25

Source: Tambunan 2009 a, b.

MSMEs' Access to Trade Facilitation

Concept and Definition

As explained in Grainger [2009], TF is the simplification, harmonization, standardization and modernisation of trade procedures. It seeks to reduce trade transaction costs at the interface between business (i.e. exporters and importers) and government and is an agenda item within many customs related activities. The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) defines TF as the simplification, standardization and harmonization of procedures and associated information flows required to move goods from seller to buyer and to make payment (OECD 2003). In UN/CEFACT and UNCTAD [2002] TF covers: trade procedures, customs and regulatory bodies, provisions for official control procedures applicable to import, export and transit including: general arrangements, customs controls, official documentation, health and safety, financial securities, and transshipment, provisions relating to transport and transport equipment, including: air transport; sea transport; and multimodal transport, provisions relating to the movement of persons, provisions relating to the management of dangerous goods, provisions relating to payment procedures, provisions relating to the use of information and communication technologies, provisions relating to the commercial practices and the use of international standards, and legal aspects of TF.

While TF frequently refers to all measures that can be taken to facilitate and ease cross-border trade flows, there is no standard formal definition of trade facilitation. In a broader sense of the term, as stated in Damuri [2006], TF can be defined as any action intended to reduce transaction costs which affect the international movement of goods, services, investments and people. For some others such as Moisé et al. [2011], TF refers to policies and measures aimed at easing trade costs by improving efficiency at each stage of the international trade chain. They also cited the WTO definition of TF, which is the simplification of trade procedures, which is understood as the activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movements of goods between countries/economies. Therefore, removing administrative and technical barriers to trade, as a way to reduce trade transactions costs, and facilitate more inclusive participation of MSMEs in international trade, must also be considered as part of improving TF measures.

All the above mentioned items considered as TF affect transaction or trade costs and hence trade volume. Theoretically, there is a negative correlation between the level of development of TF and the transaction/trade costs, or a positive correlation between the quality of TF and trade volume.⁴¹ There are several measurements/indicators often used to estimate the quality of TF in a country, which include the logistics performance index (LPI), the ease of doing business (EDB), total transportation costs to abroad as a percentage of total import value. The LPI reflects the overall perception of a country's logistics based on over 1,000 responses to a survey of logistics performance which can be evaluated in selected key subcategories. These subcategories may include: efficiency of customs and other border procedures, quality of transport and information technology (IT) infrastructures, international and domestic transportation costs, ease of shipments and logistics competence, and tracking ability and timeliness of shipments. The value of the index ranges from 1 to 5, with a higher score representing a better performance.

The EDB, initiated by the World Bank, is about trading across borders subcategory rank which represents a country's TF capabilities based on six indicators: number of documents for import / export, time (in days) for import / export, cost (US\$ per container) to import / export. A higher rank is associated with a more favorable environment for trading across borders.

Total transport costs as a percentage of total import value can be distinguished between total freight costs and air freight costs. The first one reflects

⁴¹ There are enough studies which show that improvement on TF could lead to substantial economic gains or trade expansion. Among the studies by Wilson, Mann and Otsuki [2003], who suggest that raising capacity in broad measures related TF, such as customs, regulations and infrastructure across whole countries, could increase world trade.

the ratio of total freight charges and insurance costs to the net value of merchandise goods imports. In the case of Indonesia's imports, this is calculated at the origin of Indonesian ports and is reported as a percentage of Indonesia's total import value. This includes all shipments through air, maritime and land freights but excludes domestic transportation costs between cities. The second indicator, by definition, reflects the ratio of total air freight charges and insurance costs to the net value of merchandise goods imports. In the Indonesian case, this is calculated at the origin of Indonesia's gateways, and is reported as a percentage of total imports. The average air freight rate reflects the costs of transport from the Indonesian main ports to the foreign countries at the Indonesian customs procedure.

Field Surveys in Central Java

Profile of the Sample

Total respondents surveyed in two clusters of export-oriented MSMEs in Solo and D.I. Yogyakarta (both are situated in the province of Central Java) are 82 producers with the following specification: Solo: 20 LEs and 10 MSMEs (total 30 respondents), and D.I. Yogyakarta: 3 LEs and 49 MSMEs (total 52 respondents)⁴².

Findings and Discussions

Main Constraints in Doing Export

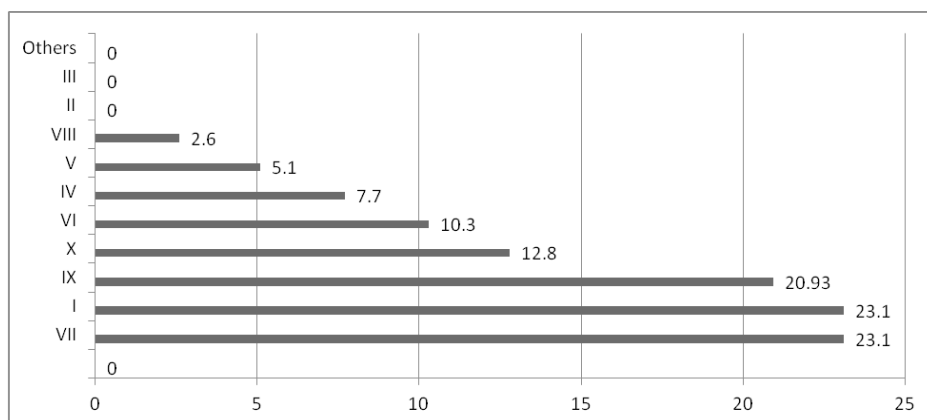
During the survey, the respondents were given a list of problems related to crucial inputs / sources of growth, i.e. (I) access to raw materials / other inputs; (II) access to money to financing working capital; (III) access to trade financing; (IV) access to information on market, trade policy /regulation, and others; (V) access to technology; (VI) access to workers with high skills; (VII) identifying / getting potential buyers in abroad; (VIII) access to efficient transportation facilities; (IX) establishing distribution networks abroad; (X) sustained and cheap supply of energy; and others.

As can be seen in the following two figures, the structure of main constraints regarded by the respondents is different between MSMEs and LEs. With respect to LE category, the structure of respondent by kind of constraint shown in Figure 5 indicates that identifying/getting buyers abroad appears as

⁴² The survey, which took place during May 2012, was conducted in collaboration with local chamber of commerce and industry (CCI): in Solo with the CCI of Solo, and in DIY Yogyakarta with the CCI of DIY. During the survey, focus group discussions (FGDs) with local government officials, some respondents and official of local CCI were also conducted in the offices of the local CCI during the same month.

the most problem for the largest percentage of the respondents. Lack of access to such as fund/credit, transport facilities, energy and skilled workers seem to be less serious problem for the majority of them. Even, none of them said that they have serious problem in getting access to trade finance. It is not surprise given the fact that in general MSMEs, not LEs, which have difficulties in getting credit, including trade finance, from banks or other non-bank financial institutions.

Figure 5. Percentage of Total Respondents from the LE category by Type of Main Constraint



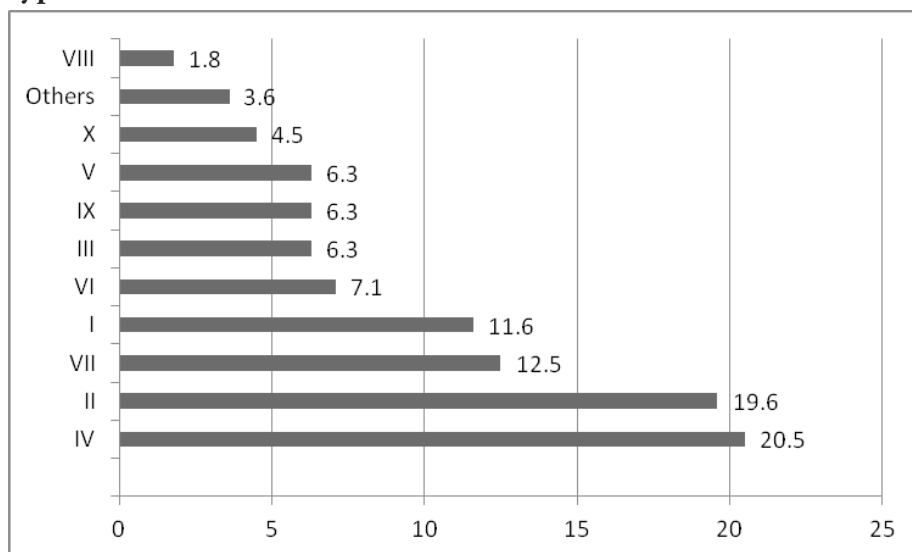
Note: type of constraints, see text

Source: field surveys 2012 by the Author.

For the category of MSMEs, as shown in Figure 6, lack of access to information on market condition or changes or potential and current trade policies and regulations / deregulations is the most serious constraint for the largest percentage of respondents. This is in line with the figure at the national level shown by national data (BPS) that difficulties in doing marketing, which caused among other factors by lack of comprehensive and update information on outside markets, are among serious problems particularly for MIEs. Many reasons that can be thought of for their lack of access to information, which ranges from having no money enough to use/purchase information technology (IT) to having no knowledge on how to get the right information or to do good communications, and this is mainly because their low level of formal education. Especially in the category of MIEs, which is the dominant category within MSMEs in Indonesia, the owners / producers have only primary education, and even many of them never finish their school. So, it is hard to expect (if not impossible) someone with only have maximum 5 degree primary

education can read very well and understand the meaning of information he/she has and to communicate especially in English.

Figure 6. Percentage of Total Respondents from the MSMEs category by Type of Main Constraint



Note: see text for types of constraint

Source: field surveys 2012 by the Author.

One interesting finding during the field survey, yet related to the problem of information, was that the majority of the respondents said that they do not know what are the current government regulations that in fact affecting their export activities or what are the current programs initiated or designed by government specially to support exporters.

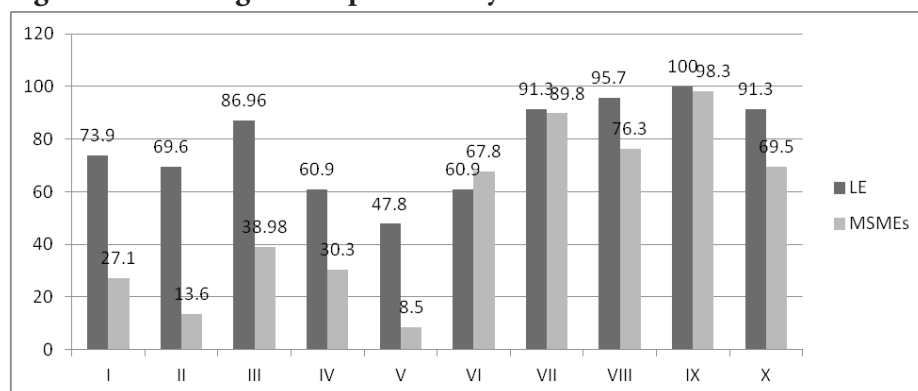
Access to TF

No doubt that in this era of globalization and world trade liberalization in which competition is increasingly tight with more risks of failure caused by such as unanticipated global economic crises, global political instability, sudden market changes, and unexpected change in trade policies, access to TF for individual exporters, ranging from trade finance, trade insurance, information, and testing laboratories has become more crucial than ever before. For instance, although it has enough capital, a firm financing its external trade activities through banks or backing up its export by trade insurance faces less risk financially than otherwise.

During the field surveys, the respondents were asked whether they have access to a given list of types of TF, namely (I) export financing; (II) trade insurance; (III) information; (IV) laboratory; (V) storage; (VI) training; (VII) telephone; (VIII) internet; (IX) electricity; (X) promotion. They were requested to answer yes or no for each type. If the answer is no, the respondents should give the main reason, whether because the procedure is too complex for them, or too expensive, or they just do not now that particular facility does exist (they never heard), or other reasons. The findings may suggest that LEs have more access to all TF they need to support their export activities than their smaller counterparts.

As can be seen in Figure 7, for export financing, around 73.9 percent of total 23 LEs in the sample have access, while only 7.1 percent of total 59 MSMEs surveyed. For trade insurance, almost 70 percent of the sampled LEs have access to, compared to only around 3.6 percent of the sampled MSMEs. For access to information, the comparison is almost 87 percent of LEs versus almost 39 percent of MSMEs. For the remaining items, it reveals the same structure that LEs are much better than MSMEs. If these findings may represent the real condition of MSMEs in general and the export-oriented ones in particular in Indonesia, it is then no surprise what national data has shown that export share of MSMEs in the manufacturing industry is much smaller than that of LEs.

Figure 7. Percentage of Respondents by Access to TF



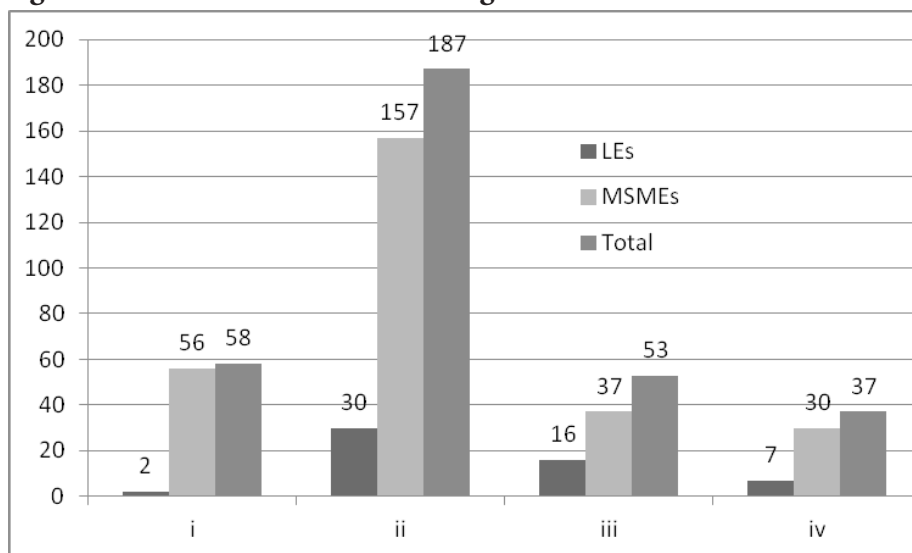
Note: see text for types of TF

Source: field surveys 2012 by the Author.

Next, with respect to the main reason of not having access to some of the listed TF, they were given a list of reasons, i.e. (I) procedure too complex; (II) not knowing; (III) too expensive; (IV) other reason. Based on how many times the same reasons mentioned by respondents, as shown in Figure 8, not kno-

wing or personally uninformed (II) reveals as the main reason, both for LE and MSME respondents. However, in the percentage term, among those who have no access, there are more MSME than LEs respondents (i.e. 84% versus 16%) who said that they never heard or not knowing as the main reason.

Figure 8. Main Reasons of Not Having Access to Some Listed TF



Note: see text for kind of reasons.

Source: field surveys 2012 by the Author.

There are two possible reasons for that, namely lack of information from the government side about the existence of particularly facilities, or / and lack of activeness from the producers side in looking for information about facilities provided by the government. In many cases, owners of especially MIEs and SEs do not even know what kind of supports or facilities they really need which are good for their business performance. On the other hand, supporting facilities for MSMEs introduced / provided by ministries also often lack of wide promotion / socialization, so only a small number of MSMEs not only those located in Jakarta and other big cities but also whose owners have good connections or have built strong networks with ministries know about such facilities and have more chance to get access to them.

Within the group of MSMEs, next important reason is difficulty in procedure (I) with 96.6 percent compared to only 3.4 percent among LE respondents. The difficulty in procedure considered as also an important reason for many MSMEs for not making a good use of existing facilities including credit schemes from banks is also supported by the national data 2010, showing

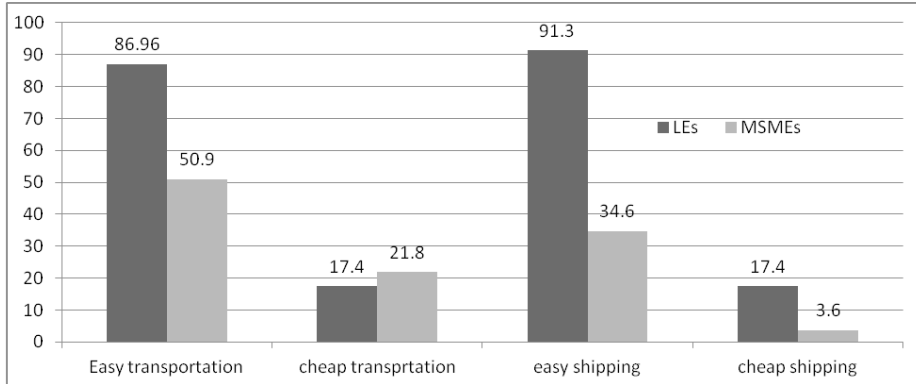
that approximately 9.8 percent of the sampled MSMEs not having loans from banks or other non-bank financial institutions said that difficulty to follow or to understand procedure in applying credits is the main reason.

This finding is understandable, given the fact that the majority of owners of MSMEs, particularly MIEs and SEs, have only primary education that often make them difficult in understanding the procedure in applying for or the system in using a facility. In other words, for low educated producers, the procedure of a facility may be too complex, which in fact not really. Too expensive (III) has been found as the next main reason of not having access to some of the listed TF. For some other respondents, no need yet is their main reason (IV).

Other TF which are also not unimportant, or even the most important ones, are services for getting export license, transportation (in quantity and quality) to harbor, airport or hub, and shipping. With respect to services for getting export license, three main questions for the respondents were: how much they have to pay, how much documents, and how many days they have to wait before they get it? The finding shows that total days LE respondents need to deal with export license vary from minimum only one day to the longest 30 days; while, interestingly, it is between 1 and 10 days for MSME respondents. For the cost, it also varies, ranging from minimum Rp 100.000 to more than Rp 10 million for both categories of respondents. For total documents, it ranges from only 1 to 8 documents for the LE respondents, while for the MSME ones, the range between 1 to 12 documents. For a broader picture of this issue, the World Bank report on *Doing Business* in 2009 does not give how many days an exporter to get its export license; it only gives total days for export, i.e. starting from the final contractual agreement between the exporter and the buyer abroad (importer) in Indonesia, namely 21 days, compared to East Asia and Pacific 23.3 days and OECD 10.7 days. For documents for export (in number): Indonesia 5, East Asia and Pacific 6.7 and OECD 4.5; and cost to export in US\$ per container: Indonesia 704, East Asia and Pacific 902.3, and OECD 1,069.1.

Regarding transportation (not only such as road and railways but also means like container truck) and shipping, the key question for the respondents were: whether it is easy and cheap? As shown in Figure 9, the finding shows that more LE than MSME respondents who said that transportation is easy. But, for the costs, they have different opinions. More MSME than LE respondents said that transportation is cheap, while it is the opposite for the shipping cost. However, this is not really surprising finding. It can be that their export volume on average per individual firm is relatively smaller than that of individual LEs, so they do not need big trucks, and they often used/hired non-modern trucks to bring their goods to ports, or many MSME respondents export indirectly, so they are not directly involved in shipping.

Figure 9. Percentage of the Respondents by Easiness and Cost of Transportation and Shipping



Source: field surveys 2012 by the Author.

Finally, the respondents who have access to some or all of the listed TF were asked whether the TF are helpful for their export activities. The result shows that almost 96 percent of all respondents from the category of LEs who have access said it does; whereas it around 93 percent for the MSMEs category. Although the difference is not significant, this may suggest that LEs are more satisfied than MSMEs with existing TF. There can be many reasons for that. It can be that trade insurance, for instance, is more suitable and cheaper for LEs exporting in large volumes than for MSMEs with smaller export volume. It can also because owners of especially MIEs who do have access to internet but do not know how to use it effectively, so they do not find the information they need.

Conclusion

Based on both secondary data and primary data from field surveys, this study comes with the fact that Indonesian MSMEs are relatively weak in doing export. Even, it has been found from the field surveys that many of MSME respondents did not export directly, caused by the fact that most of them lack of necessary inputs including information, capital and skills. Lack of these inputs makes them very hard (if not impossible) to improve their productivity and quality of their products which are two important determinants of level of competitiveness, as well as to do export by themselves.

With respect to access to TF, it has been found that LEs have more access than MSMEs, and not knowing or personally uninformed about the existing TFs reveals as the main reason for not having access. This fact from the field surveys is supported by national data which suggests that many MSMEs in

Indonesia do not make a good use of existing facilities simply because they are not aware that such facilities exist or do not know the procedure.

Although many other factors are also important in determining the ability of a company to do export, improvement in access to TF may thus improve Indonesian MSMEs' capability to do export.

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Identification of logistic processes factors stimulating of competitiveness in SMMEs. An example for confectionery branch in Poland

Abstract: The role of competitiveness in SMMEs sector is very important in time of globalization, and by market oriented implemented enterprise activities. Recognize of main factors of competitiveness can be the first step into the development of micro enterprise. In research and analyze should be separate the processes influencing on potential and principle of competitiveness. The growth of competitiveness should be measured in enterprise and observed in longer time to take decision of management of processes. Presented research was conducted by observation, meeting with experts and discussions with managers in confectionery branch in selected microenterprises in confectionery branch in years 2000–2009. The 30 entities (microenterprises) were selected from group of 140 micro, small and medium enterprises in confectionery branch. The enterprises participating in researches are located in five voivodeships in central, south and western Poland.

Key-words: competitiveness, microenterprise, competitiveness factors, competitive advantages.

Introduction

The activity of microenterprises is now an object of research of institutions interested in SMMEs sector development. In main stream relatively new national research carried out by State Agency of Entrepreneurship Development (PARP) or State Statistic Office (GUS) there are problems of microenterprises in statistic terms. The significant participation of microenterprises in national economy can be interesting for science units to deepen researches, in that the sector research. The structure and development of many of microenterprises in Poland make an analogy to economy history of microenterprises in countries of European Union or non EU states. Polish microenterprises represented the specific relation inside built the own rules of management, found by owners

interests, family tradition or saving the unique values. Often the tendency of concentration on internal affairs of microenterprise led to situation that those companies could not keep up of changes in environment and in the end the most of microenterprises registered changes and took the worse competitiveness positions in branch.

Condition of taking up a theme of evaluation of competitiveness of micro enterprises were the own observation and researches in confectionery branch in years 2000–2010. The strong competition and high dynamic changes in environment caused that micro enterprises looked for methods of keeping on the confectionery market. The aim of article is presentation of research in group of confectionery micro producers about possibilities of growth of competitive position. This information can be useful in SMMEs in other branches, too.

Place of micro enterprises in economy

The Strategy of Europe to 2020 assume the strengthening of SMMEs by realization of development of sector and growth of employment. The participation of micro enterprises in SMMEs sector informed that micro firms are the largest group and for this reason micro enterprises should include into Strategy of Europe 2020. Micro enterprises are the subject of researches in Poland at the turn of the century 20th and 21th, and there are lack of earlier information about statistic and others. The same as in European countries and USA researches are carried with the development of economy [Sułkowski, Marjański 2006]. The European researches give the overall view of SMEs in 27 countries, and there are possible to prepare the national profile and characteristic, and show the difference in individual countries. Also the researches in Africa region [Gasa 2012] confirm, that the recognize the competitiveness factors is helpful into prepare of strategy in SMMEs. American SMMEs researches [Ernst 2004] described the competitiveness drivers as innovation and innovative capacity in SMMEs. The important effects gave the usage of IT in American SMMEs [Morales, Qureshi 2010 and Hairuddin 2012]. Instruments of marketing important in SMMEs as the competitiveness factors were researched [eg. Bartle 2010 and Lukasova, Bajdak 2009]. The individual effects of competitiveness for SMEs in Dominikana, in logistics presented C. Kirby, N. Brosa [Kirby, Brosa 2011]. The relationship between characteristics of owner of microenterprise are important factor in development of SMMEs (Adkins 2013). In Poland the researches of SMMEs are dated from several years, and the statistic data necessary to comparison and some discussion are not available. Polish researches of SMMEs presented opinions that an environmental changes and structural changes in sector drive the new competitive positions of SMMEs, especially the technological changes and globalization [Kokocińska 2012,

p. 18]. They showed that there are lack of ICT factors⁴³ in Poland. The key competence in Polish SMMEs, according to Prahalad and Hamel, presented Piątkowski [Piątkowski 2012]. There are not so many researches about factors of competitiveness and potential of competition. Some notes about research of influence of management of competitiveness of SMMEs in several sector presented Janczewska [Janczewska 2012]. There are the starting researches about competitiveness of SMEs sector in Poland [Juchniewicz 2009]. Initial evaluation of main similarity and difference between structure of Polish SMMEs and the same sectors in EU- 27 are shown in table 1.

Table 1. Structure of enterprises in Poland and EU-27 comparison in % dated on 2009 year

Company size	Number of companies	Participation in general numbers of enterprises in Poland (%)	Participation in general numbers of enterprises in EU-27 (%)
Micro	1502959	96,0	91,8
Small	44500	2,8	6,9
Medium	15185	1,0	1,1
Total SMEs	1562644	99,8	99,8
Large	3105	0,2	0,2
Total	1565749	100,0	100

Sources: study by European Commission, SBA Poland 2009, NACE C-I, K from M. Kokocińska (2012), *Małe i średnie przedsiębiorstwa w gospodarkach europejskich, Metody badawcze, Dekompozycja sektorowa, Profile krajów* (Small and Medium Enterprises in European Economies), Wydawnictwo Uniwersytetu Ekonomicznego w Poznaniu, Poznań, p. 73.

The European research initiatives started on 1992, named The Observatory of European SMEs and next 2008 SME Performance Review and Ecorys Nederland BV. Those offices presented annual reports of SMEs, especially about innovativeness, export activities⁴⁴. Actually the most particular researches of SMMEs leads Small Business Act SBA), about information policy and support policy for SMEs. According SBA the main direction of development of

⁴³ Information and Communication Technology- factors described by OECD. There are 15 factors , as for example: access to Internet, cable TV, numbers of mobile telephones, and influence of investment of ICT into one employee.

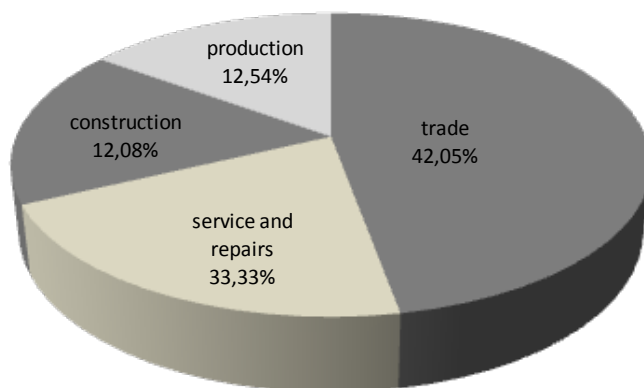
⁴⁴ Author participated on years 2009–2010 in research of conditions of export activity of SMEs-by Internationalization of EU SMEs in export to third countries (realized by EIM Business Policy Research, EU).

SMMEs should be force of entrepreneurship and innovations and influence of institutional environment and global dimension of activity of enterprises.

Structure of SMMEs in Poland and comparison with EU-27

In SMMEs in Poland the most popular kinds of micro enterprises is trade activity – it is about 42,05%. The next kind is service and repairs activity – about 33,33 %, production activity – 12,54% and construction industry about 12,08% fig. 1).

Figure 1. Types of activity in Polish SMMEs in 2011



Sources: E. Balcerowicz (2009), *Mikroprzedsiębiorstwa w Polsce na tle Unii Europejskiej – SMMEs in Poland in Connection with EU* [in:] A. Żołnierski, *Report about Condition of SMMEs in Poland 2007–2008*, PARP Warszawa, p. 63; M. Kokocińska (2012), *Małe i średnie przedsiębiorstwa w gospodarkach europejskich, Metody badawcze, Dekompozycja sektorowa, Profile krajów (Small and Medium Enterprises in European Economies)* Wydawnictwo Uniwersytetu Ekonomicznego w Poznaniu, Poznań.

SMMEs in Poland characterized the different structure than in EU. In Poland the trade micro enterprises taking up shares about 52,05% form every micro enterprises – are the largest group in EU. The opposite situation is in service activity – where Polish SMMEs are the smaller one (33,33%). Not so big differences appear in types constructions and production activities between Polish and EU SMMEs. The particular view on structure of SMMEs presented table 2.

Table 2. The comparison of structure in SMMEs in some EU countries in year 2002–2007

Kraje	Structure of SMMEs in country (w %)				
	ogółem	budownic- two	przemysł	handel	usługi
Niemcy	100	12,67	8,53	26,43	52,36
Francja	100	17,16	10,15	31,50	41,19
Włochy	100	15,20	12,17	34,27	38,36
Wielka Brytania	100	14,27	8,36	24,45	52,91
Hiszpania	100	14,85	7,52	33,21	44,42
Polska	100	12,08	12,54	42,05	33,33

Sources: Kokocińska 2012, s. 93.

In SMMEs there are over 3,5 million employees and it is 67,5% of all employee in Poland. This level is equal to level in EU (67%) and about 40% in micro enterprises. Table shows that the biggest difference is between employees in microenterprises, because in Poland it is 38,1% and it is more than in EU (the average level is 29,8%). The difference is about 10%. Quite opposite view is in type of small enterprises. In Poland this level is about 10,9%, less than in EU – 20,4%.

Table 3. Statistic data – comparison of employee numbers in SMMEs in Poland and EU-27

Size of enterprises	Level of employee		
	Poland		UE-27
	Numbers of em- ployee	Participation (%)	Participation (%)
Micro	3530558	38,1%	29,8%
Small	957115	10,9%	20,4%
Medium	1611947	18,4%	16,8%
Total SMMEs	5899620	67,5%	67,0%
Big	2846524	32,5%	33,0%
Total	8746154	100%	100%

Source: according to SBA Polska 2010/2011, <http://et-europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2010-2011/poland.een.pdf>, access 20.11.2012.

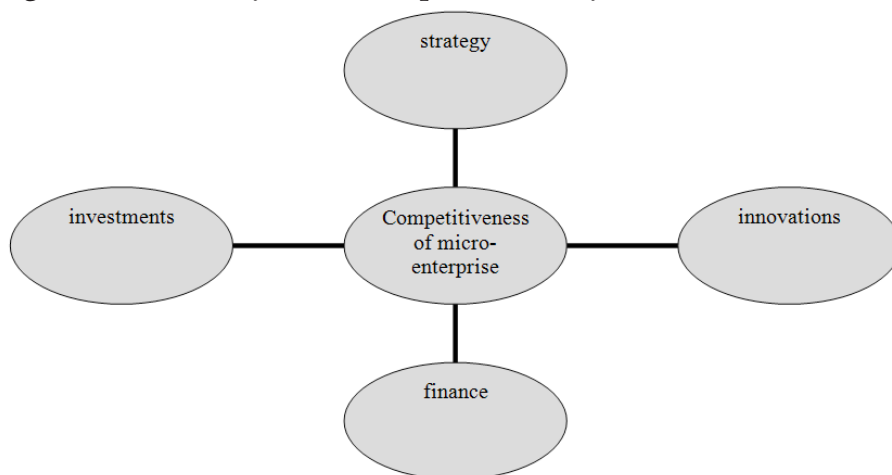
The main direction of future activities and development of SMMEs is Lisbon Strategy, with expectation that main goal is connected with growth of innovative level of enterprises, economies and whole European Union. Connecting science with economy is necessary [Daszkiewicz 2008, p. 20]. Similar directions are described in international reports of OECD and IOE (OECD 2009, IOE 2009) with accent that microenterprises can feel the effect environmental, especially influence of financial crisis.

Competitiveness in sector of microenterprises – definitions and models

Microenterprise can be defined by quantitative measures, by account the staffing levels, revenues and assets. In EU countries the main is employee level – up to 9 persons. In some countries this number are different – for example in Malaysia in microenterprise are less than 5. This different between explanation of microenterprise make difficult the comparison. The another way to define the microenterprise can be the description of competitive advantages in it. Micro enterprises are the major of component of economy. Microenterprises have become an important motor of economic growth and entrepreneurship.

According the positioning school, M.E. Porter competitiveness presented a concept in the form of competitive advantages or benefits. Should be presented as effect of own strategy of microenterprise. Model of competitiveness by M.E. Porter [Porter 1999, p. 24] is founded by summary effects of many factors, as: main competitive strategy, creation of innovations, realized investments and financial resources (fig. 2). Connections and interactions between those elements are two-directional.

Figure 2. Model of system of competitiveness by M.E. Porter

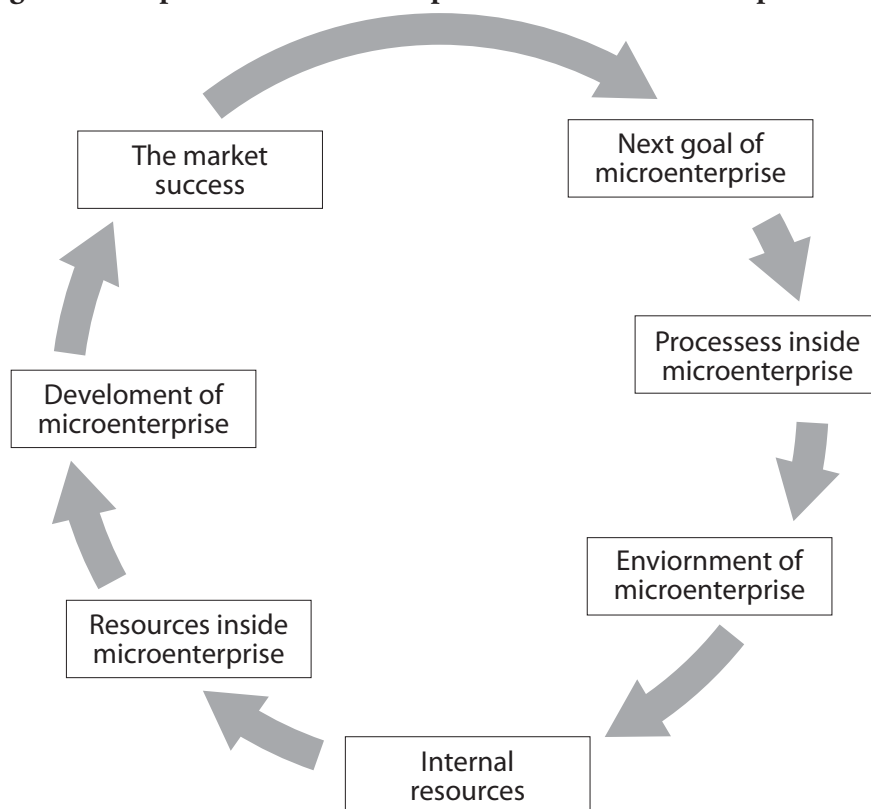


Source: M.E. Porter (1999), *Porter o konkurencji*, PWE, Warszawa, p. 24.

Competitiveness can be defined as processes and system due to which an enterprises may become the leader in its key competitiveness, as results of possessed skills better than competitors. Stankiewicz [Stankiewicz 2002, p. 36] defined the competitiveness as ability to effective realization the market goals. Piasecki describe the competitive advantages as effect of flexibility of activity [Piasecki 2001, p. 37]. Strategor presents many factors of competitiveness: activity in niche, quality of products and services, used technology, mark and market opinion, manager's competency and relationship.

The main processes in microenterprises were researched by Kronenberg Foundation [Kronenberg Foundation Report 2010, p. 7]. In research there were defined the success factors in micro enterprises, and the internal and external factors which support development of microenterprises. In report process model of competitiveness was presented (fig. 3).

Figure 3. The process model of competitiveness of microenterprise

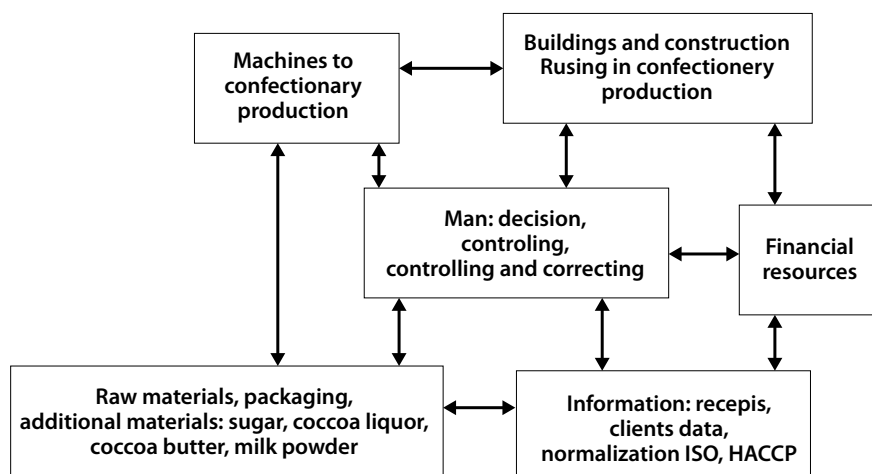


Source: author's own, based on Report of Kronenberg's Foundation, 2010, CitiBank, Warsaw, p. 7.

In the model above the competitiveness process is presented, with several levels of elements, which help to reach the success on the market. The main problems in all models are to define and describe the main factors of competitiveness, which influence on the dynamic of model and each parts of processes. Competitiveness can be developing in each of activity of microenterprise. Some interesting activities of microenterprises are their logistic activities.

Competitive factors characterize for logistic activity in micro enterprises in confectionery branch in Poland – author's own research

The confectionery branch in Poland are inside food sector, the main and most dynamic developing in Polish economy [Otmuchów Report 2012]. Participation of food sector in national GDP is near 24% and is about 9% higher than in EU (level 15%). Better effects are in Denmark – 28% and Greece – 27%. The confectionery branch in Poland are very dynamic developer and it not stopped for the reason of crisis. There are 140 enterprises in branch, several global companies in the branch, big Polish companies and the smaller one including micro firms, and about 20% are the microenterprises. The main product are: chocolate in bars, cakes, wafers, candies, dessert, pralines. Quantity of year production is about 400 thousand tons of confectionery. Value of confectionery inland market is about 8,5 mld PLN, and export production about 2,5 mld PLN. The main directions of foreign trade of confectionery are 60 countries, for example EU and Russia, Arabian countries, USA and many others. On the foreign markets the following factors of competitiveness of Polish confectionery are evaluated: lower price, quality, skills to unique taste, innovative products, entrepreneurship, good promotion activities, trust of clients and clients service, professional knowledge. The main goal of own researches in years 2000–2009 [Janczewska 2009] was identification of factors stimulating the competitiveness of logistic systems in confectionery micro enterprises as the elements simulated the competitiveness of SMMEs. Study based on conducted research of 20 confectionery micro enterprises, located in different region of Poland. To find those factors the logistic system in confectionery microenterprise should be described [Janczewska 20011], it is presented on the fig. 4. In logistic system in confectionery microenterprise there is man who plans the goals, methods of realization, makes the analyzes and controls the effects. In logistic system there are another elements, as: machinery, buildings, materials and raw materials, information, financial sources.

Figure 4. Logistic system of microenterprise in confectionery branch

Source: author's own study, based on: S. Abt: *Zarządzanie logistyczne w przedsiębiorstwie* (Logistic management), Wydawnictwo PWE, Warszawa 1998, s. 21.

In microenterprises occur the following logistic processes:

- process of supply of materials and raw materials, connected with selection of suppliers;
- process of buying, with negotiation of prices, terms of delivery and others conditions;
- transporting processes including the selection of means of transport;
- warehouse processes with storage of raw materials or finished products and control of storage;
- production processes with technical and normalization conditions, and special operations in confectionery production;
- sale processes with delivery terms, conditions of contract, expectation of clients;
- process of flowing of information inside of micro enterprise and between enterprise and environment;
- managing processes.

In microenterprises the observed processes were not continuous, slow with a small dynamic. In was connected with level of orders and quite small quantity of resources. Usage of modern technology and machines was limited. The transporting process was realized by own cars, without outsourcing services and professional cars. Usage of computers and Internet was limited in micro-

enterprises. Most processes were realized the traditional methods, the modern computer programs were used not so often.

There was identify the logistic factors, defined as competitiveness factors in confectionery enterprises. The most often factors describes by microenterprises were:

- time of supply of materials and raw materials – in hours or days;
- receiving the optimal numbers of sure suppliers – in numbers;
- time of buying – in days or hours;
- numbers of positive effects in negotiation of prices, terms of delivery and others conditions – in numbers;
- precise transporting processes – in % of difference of time of transporting;
- correct selection of means of transport – in % of reclamations;
- warehouse processes with storage of raw materials or finished products and control of storage – time of storage, % correct parameters of storage;
- correct of production processes with technical and normalization conditions, and special operations in confectionery production – as % of products according the norms;
- direct in time and assortment sale processes with delivery terms, conditions of contract, expectation of clients – as % of accordance;
- process of flowing of information inside of microenterprise and between enterprise and environment – as % of accordance of information;
- managing processes – factors of realizations of strategy planning.

In microenterprises there are factors hindering the development of logistic processes:

- lack of financial resources;
- lack of human resources;
- insufficient knowledge resources;
- limited access to modern technique.

Areas where the negative influence of those factors on the development can be observed are management and logistic management. Problems of logistic processes are often caused by the owner of microenterprise. The simple structure and small numbers of employee are not conduct to receive the logistic experience and make higher level of effectiveness.

In opinion of microenterprises, defining and evaluation of factors of competitiveness will help in competitiveness growing. The main direction is improvement and building the individual system of controlling in confectionery microenterprises in connection with their resources.

Interpretation of results

Within main positive effects of improvement of competitiveness factors in microenterprises in confectionery branch were noted:

- correction of assortment structure of products, according with orders;
- offer of a new products with small level of sugar and fat;
- correction of quality of products by standardization and company system of quality;
- usage of a modern technologies;
- usage of the new methods of management and organization;
- growth of knowledge resources, by training.

Recognizing the competitiveness factors and defining their value can be a starting point to improvement of processes and development of microenterprise. The individual analysis and evaluation should be connected with activities in branch – as confectionery, to create the advantages of microenterprise.

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Competitive strategy: a reflection for the case of SME's Sinaloa

Abstract: In México, SME's, are composed of a number of industries and businesses, usually family members, who operate in different sectors, with a range between 11 and 250 employees, but has progressed steadily in importance in recent years and, therefore, has attracted more interest from the government, banks, administrators, academics, and private equity. The objective of this research is to understand the competitive strategies of SME's, in order to explain its importance for development in Sinaloa. The results show clearly that globalization and competitiveness of today require refocusing their culture in order to successfully meet the challenges and opportunities the environment presents, not to be displaced from the international markets and maintain a good position in the national reach and thus achieve a competitive advantage in the current environment of globalization.

Key-words: SME's, Strategies, Competitiveness.

Introduction

In Mexico, small and medium companies (SME's) have been severely impacted by the phenomenon of globalization in bringing all these organizations to remain serious problems in the markets and in the worst case, the mass closure of businesses that failed to resist or adapt to match any number of changes and movements that have occurred in the surrounding environment [Rodriguez 2004].

The phenomenon of globalization⁴⁵, the environment, affects all organizations, both at the international, national and local levels, the world in which we live every day, is suffering from enormous transformations, all as a result of technological reach, sometimes misused, leading a social and economic crisis

⁴⁵ Pazos [1998] defines it as the extent to which a country's progress, understood as an instrument of technology and innovation, has unavoidable contact with others. As for Beck, Ulrich, p. 29, quoted by Hallivis [2003, p. 104], globalization "means the process under which sovereign national states intermingle and overlap by transnational actors and their respective probabilities of power, orientations, identities and networks".

in the world, with technological progress which has led to the growth pattern of the global economy being experienced by different organizations.

Overall, the concept of globalization has been used to describe the current dynamics of the international system, which is characterized by an increasing degree of integration between the different actors, factors and levels that shape it. However, globalization is a complex of interconnected and interdependent financial, economic, political and cultural links people, institutions, organizations and nations, and generates new forms of organization and culture [Sułkowski 2009].

Nowadays, the constant movements that characterize the international organizations have significantly impacted its stability and permanence in the market [Rodríguez 2008]. Similarly, Flores [2006] considers that the maintenance of organizations in the global market is very difficult and in the context they need to survive becomes increasingly complicated. The changes in the various areas occur precipitously and abundant foreign capital, competitiveness facing the force offer better quality products and significantly reduces their profit margins.

One of the most representative contemporary authors of this theme is Porter [1991], who, from his publication "The competitive advantage of nations", substantiate the basis for analyzing and understanding the competitiveness. His focus is enterprise level, as only you can be a competitive nation if its industries are competitive to break into international markets, companies manage to get the advantage over their foreign competitors, so, develop, improve products and processes and thus, productivity.

According to the last paragraph, international competitiveness, national or regional should contain categories, variables and indicators that influence the level of companies, but they do not necessarily have to express the macro level, and if the action is carried out in markets they have selected as their niches of operation.

The main objective posed in this research is to understand the competitive strategies of SME's, in order to explain its importance for development in Sinaloa. However, globalization and competitiveness of today require refocusing their culture in order to successfully meet the challenges and opportunities the environment presents, not to be displaced from the international markets and maintain a good position in the national; and so *achieve* a competitive advantage in the current environment of globalization.

The paper is structured as follows: firstly the theoretical framework is presented and previous studies on the characteristics of SME's, competitiveness and measurement of variables, strategies, are analyzed. We used the method of performing a pickup documentary research of quantitative variables with

which we conducted a descriptive, correlational analysis, and finally, conclusions are stated.

Theoretical Framework

SME's characteristics

Small and Medium Enterprises (SME's) have an outstanding performance at the global, regional and local levels, despite rapid technological change, globalization and the disadvantages faced regarding large organizations in most countries. It recognized its importance in the impact of the economy by scholars [Di Tomaso & Dubbini 2000; Beck et al 2003; Dussel 2004].

However, they are of great importance in our country, as they play a key role in the national economy, not only for their contributions to the production and distribution of goods and services, but also the flexibility to adapt to technological changes and heavily on job creation, are an excellent way to boost economic development and a better distribution of wealth.

The parameters or indicators, that have been used to define and delimit the size of SMEs in quantitative terms, are: number of employees, revenues volume and level of investments. However, in practical applications do not facilitate an agreement on the boundaries between the size, small, medium or large.

Furthermore, stratification by the Ministry of Economy, which is used by employers when applying for any support the Development Bank. It is also taken into account for the Census National Institute of Statistics and Geography (INEGI) (see table 1).

Table 1. Classification of companies by the Ministry of Economy (Mexico)

Number of employees			
Size	Industry	Commerce	Service
micro	0–10	0–10	0–10
small	11–50	11–30	11–50
medium	51–250	31–100	51–100
large	250 onwards	101 onwards	101 onwards

Source: DOF (30/12/2002).

However, several authors argue that a business is considered small or medium; you must meet two of the following four characteristics of a qualitative [Suárez 2003; Curran & Blackburn 2001; Julien 1998; Torres 1998; Bridge, O'Neill & Cromie 1998, quoted by Fernandez, Martin 2006]:

- The address of the company is independent, and the directors are the owners.

- Capital and property are provided by an individual or a small group.
- The areas of operation are principally local workers and owners living in the same region.
- The relative size of the company within the industry is small, compared to the large unit in the industry.

Additionally, the effect size reduction gives following organizational and management processes in SME's feature.

Competitiveness

The competitiveness of industry and company have been one of the most important research topics in the fields of business administration studies and economics. Porter [1990] mentions that is generated by certain political or legal, among others, also says that to be competitive, create certain advantages over competitors, and this is what allows certain entities to succeed and stay within the market.

However, a company achieves competitive advantage when it has unique assets and skills that enable you to implement business strategies than those of its closest rivals, which leads to higher profits [Barney 1991]. For Krugman & Obstfeld [1994] all about productivity, explains that the performance of the national economy based on competition in the international market is pure rhetoric to hide the true source of competitiveness which is nothing productivity.

Meanwhile, Teece & Pisano [1994] argue that the competitive advantages of the company come from dynamic capabilities, these are defined as the ability of the organization to integrate, build and reconfigure their resource endowments and capabilities so that it can respond quickly to changes in the environment. Thus, the ability to develop new resources and capabilities becomes one of the most important sources of competitive advantage.

Measuring Competitiveness

Measurements are needed of the competitiveness of companies, since they allow appreciating the behavior of regions and countries, demonstrating the wealth and access to better living. Definitely, these measurements can devalue the purchasing or exercise social responsibility to improve it.

However, it is necessary to take into account the measurements of the bodies at the level of countries and regions are published regularly, and are some online resources for investors. Among those recognized year after year, since 1979 makes the World Economic Forum (WEF) who also in many related studies, it has become an important meeting place for characters of global economic life.

The Organization for Economic Cooperation and Development (OECD), whose influence is relevant and with a small number of members, includes countries with greater economic capacity in the world, within which is Mexico. Also the World Competitiveness Institute (WCI) is an obligatory reference platform.

In addition, the Graduate School of Public Administration and Public Policy (EGAP), the Instituto Tecnológico y de Estudios Superiores de Monterrey. The Mexican Institute for Competitiveness, A.C. (IMCO) has conducted research and publications on the subject since 2003, which is a permanent source of consultation and studies in this field, the Institute of Geography and Statistics (INEGI) while the Tecnológico de Monterrey has worked on this issue since 1995; from the year 2003 has based its methodology on the Model of the International Institute for Management Development (IMD).

However, it has been noted that there are several models to measure the competitiveness of regions. These models follow a philosophy that rewards market more competitive level regions that leave it to the market freely [Ballart 2010], an aspect that from the perspective of competitiveness is more than legitimate. However, must note that it is not only that a government or a company establishes the conditions for the market to function efficiently, but rather to find the formula between state and market, achieving improved living standards for society [Rodriguez 2010]. However, the behavior that Mexico has had in recent years, which can be seen in the following tables with data from 2006–2011 and includes the first 75 levels of countries classified.

Table 2. Ranges of Competitiveness 2006–2011

PAIS	2006	2007	2010	2011
USA	1	1	2	4
SINGAPORE	3	2	3	3
HONG KONG	2	3	11	11
LUXEMBURG	9	4	21	20
DENMARK	5	5	5	9
SWITZERLAND	8	6	1	1
ICELAND	4	7	26	31
HOLLAND	15	8	10	8
SWEDEN	14	9	4	2
CANADA	7	10	9	10
AUSTRIA	13	11	17	18
AUSTRALIA	6	12	22	17

NORWAY	12	13	14	14
CHINA	18	15	29	27
GERMANY	25	16	7	5
FINLAND	10	17	6	7
TAIWAN	17	18	12	13
NEW ZEALAND	21	19	20	23
ENGLAND	20	20	13	12
ISRAEL	24	21	27	24
ESTONIA	19	22	33	35
MALAYSIA	22	23	24	26
JAPAN	16	24	8	6
BELGIUM	26	25	18	19
CHILE	23	26	49	51
INDIA	27	27	30	30
FRANCE	30	28	16	15
KOREA	32	29	19	22
SPAIN	31	30	33	42
LITHUANIA		31	53	47
CZECHOSLOVAKIA	28	32	47	60
THAILAND	29	33	35	38
SLOVAKIA	33	34	31	36
HUNGARY	35	35	58	52
GREECE	36	36	71	81
JORDAN	40	37	50	65
COLOMBIA	34	38	69	68
PORTUGAL	37	39	43	46
SLOVENIA	39	40	37	45
BULGARIA	41	41	76	70
ITALY	48	42	48	48
RUSSIA	46	43	63	63
ROMANIA	49	44	64	67
PHILIPPINES	42	45	87	83
UKRAINE		46	82	87
MEXICO	45	47	60	66
TURKEY	43	48	61	61

BRAZIL	44	49	55	58
SOUTH AFRICA	38	50	45	54
ARGENTINA	47	51	85	85

Sources: 2006–2007: World competitiveness Institute.

2010–2011: World Economic Forum.

Table 3. Ranges 2006–2011 Competitiveness

PAIS	2006	2007	2010	2011
POLAND	50	52	46	39
CROATIA	51	53	72	76
INDONESIA	52	54	54	44
VENEZUELA	53	55	117	113
KATAR			22	17
SAUDI ARABIA			28	21
UNITED ARAB			23	25
BRUNEI			32	28
IRELAND			25	29
TUNISIA			40	32
OMAN			41	34
KUWAIT			39	36
BARBADOS			38	37
CYPRUS			34	40
PUERTO RICO			42	41
MALTA			52	50
MAURITANIA			57	55
COSTA RICA			55	56
AZERBAIJAN			51	57
VIETNAM			75	59
SLOVAQUIA			47	60
IRAN			69	
LATVIA			68	69
KAZAKHASTAN			67	71
PERU			78	72
NAMBIA			74	73

MOROCCO			73	74
BOTSWANA			66	75

Sources: 2006–2007: World competitiveness Institute.

2010–2011: World Economic Forum.

Great international leaderships can be seen, exercised in Switzerland, Sweden and Singapore, small countries, but the first, second and third place achieved, respectively, in 2011, the evidence as centers of attraction. Therefore, it is clear that competitiveness does not have to be linked with being a world power, which allows us to emphasize the need to investigate as can be measured in companies considering the sectors and vocations.

However, in the international context, we refer to our nearest competitors, such as the United States, Canada, Chile, Colombia, Brazil, Argentina and Mexico, which does not exclude other American nations, but which have lower competitiveness ranges.

However, it was ranked at number 1 in 2006 and declined to 4 in 2011; while in the same period Canada, down from 7 to 10; Chile is the highest ranked Latin American country, but has had a significant decrease from 23 to 51 place, Colombia, reached 34 and placed in 68, while Argentina, declined from 47 to 85, while Mexico, is located at position 47 to drop to a range of 66.

Indicators to measure the competitiveness of nations are general for all of them, and unequal set in competition with equal parameters. This situation is repeated in the IMCO measurements made in the country and the categories used are: high Potential Economic Sectors, International Relations, benign, Efficient Government, World Class Precursors Sectors; efficient factor markets, Macroeconomics stable; Stable Political System and Functional, Ready and Healthy Inclusive Population, System Reliable and Objective law, Sustainable Environmental Management.

Competitive strategies for SME's

To survive, an SME's must observe the territory in which it is located, analyze itself and act on what is responsible, not have to act as a major international company, and that the same rules apply, but must be more agile and efficiently in all processes, since the incessant changes in the global economy cause deviations in the behavior of the market. The faster you can adapt to market changes will increase your chance of staying in it Rubli & Solis [1992].

Methodology

The objective of this research is to understand the competitive strategies of SME's, in order to explain its importance for development in Sinaloa, on the procedure carried out to obtain information necessary for the implementation of qualitative methodology. Yin [1989] recommends the use of multiple data sources to comply with the principle of triangulation, in order to ensure the internal validity of the research.

Conclusions

In this paper our purpose is to understand the competitive strategies of SME's, in order to explain its importance for development in Sinaloa. The current environment of globalization is characterized mainly by an increase in the intensity of competition in markets for goods and services, also in the capital markets, and other great technological development.

However, globalization and competitiveness of today, SME's require re-focusing their culture in order to successfully meet the challenges and opportunities the environment presents, not to be displaced from the international markets and maintain a good position in the national context and to get competitive advantage in the current environment of globalization.

Coinciding with Hernandez and Alba [2008], this can not be overlooked that the problem in this business segment is submerged in Mexico, both now and in the recent past: the lack of funds to be allocated to capital investment or for working capital, lack of efficient management techniques; unstable macro-economic conditions of the country.

These factors have hindered Mexican profitability and efficiency. However, when taking into account current issues, interesting questions arise what conditions we develop in Mexico to promote sustained growth?, What factors should be developed in the Mexican SME's to enhance and ensure its competitiveness in the current economic climate?

The theme of this research is relevant due to the impact of SME's, have on the Mexican economy in its capacity to generate employment and its contribution to Gross Domestic Product (PIB). That's why, that they must take more attention to their needs by institutional supports and opportunities.

Finally, it is necessary to appeal to the relevant authorities in order to design public policies to support the development and retention of SME's, as the competitiveness of these is important for the development of a región.

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