Management Succession in Polish Small and Medium Enterprises in the Light of Empirical Studies

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Abstract:

Purpose: The article presents the methodology and empirical study results on management succession in Polish small and medium enterprises aimed at the identification of scope, form effects, and barriers in management succession and situational conditionings of that process.

Design/Methodology/Approach: The empirical studies were accomplished with the use of survey technique on random-target array of 200 Polish private enterprises. The respondents were entrepreneurs – owners or main shareholders of the examined subjects. To formulate conclusions selected statistical analyses were used, in the form of quantitative / percentage indications of specified variants of responses from the questionnaires, as well as the correlative calculus of variables.

Findings: The author managed to positively verify the hypothesis of the limited scope of managerial successions in managing polish SMEs, demonstrate the positive effect of these processes upon the development of enterprises, as well as to indicate their main restrictions. We also revealed the connections between the features of succession and the selected characteristics of enterprises.

Practical Implications: The author sees the practical effects of propagating study results in the possible changes in the sceptical attitudes of Polish entrepreneurs towards managerial forms of succession in management, which should result in development and improvement of effectiveness in enterprises.

Originality/Value: The presented studies have no equivalent in domestic literature, and their results are of importance both for those practicing management and for demarcating the directions of further studies.

Keywords: Polish small and medium enterprises (SMEs), management succession, empirical research.

JEL codes: L26, M12, M51.

Paper type: Research article.

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1. Introduction

The article concerns issues related to methods of managing and development of Polish private enterprises, which, since the systemic transformation of 1990s, have been playing the crucial role in our country’s economy. In recent years especially, the source and stimulus for economic growth and success of Poland could be found in small and medium-sized enterprises (SMEs). According to the data from the year 2019 the SMEs sector constituted the prevailing majority of Polish enterprises – as big as 99.8%, making nearly 50% of Polish GNP (PARP, 2019) and employing in non-financial enterprise group about 6.8 million people (GUS/MSO/, 2019b).

In spite of many Polish companies’ strong local position, only few of them became regional leaders and almost none of them achieved international recognition. An average inhabitant of the European Union will easily mention a few German car makes, some French luxury goods, or British banks. It is a problem for them, however, to name just a single Polish enterprise. In the popular ranking of 100 most valuable makes of the world there is not a single Polish brand (MillwardBrown and WPP, 2019). Analogical conclusions can be drawn from comparing stock market capitalisation of the biggest European companies of the year 2017, where the biggest Polish company of that time (PKN Orlen, state controlled fuel and energy player) was classified as low as on the 306th position (Torchala, 2017).

No international success and developmental restrictions can be easily explained by one variable. Historical conditionings can be indicated, or the insufficient level of national capital accumulation, as well as unfavourable structure of foreign capital, of which 57.5% are located in large enterprises (GUS, 2019a), and also lack of sufficient governmental innovation support program, complicated and unpredictable legal and taxation system, the predominant share of the state in the key sectors (banking, power industry, raw materials/natural resources), or educational system, which is not adjusted to the needs of the market. However, this article is focused on the seldom analysed factor, namely, difficulties with management succession in Polish enterprises.

The hitherto studies concerning SMEs management and development in Poland mainly concentrate on the statistical dimension of data about enterprises, their size, employment and activity profile (GUS, 2019b; PARP, 2019), as well as their legal forms (Jagodziński, 2015; Kosmal, 2019). Some of the reports and publications dealing with SMEs concern their innovativeness (Okoń-Horodyńska and Zachorowska-Mazurkiewicz, 2008; MPiT and Siemens, 2018; Ribau et al., 2017), macro-economic surroundings (Wach, 2016; Zygmunt and Zygmunt, 2016), legal surroundings (Kabut and Malesa, 2015; ZPiP, 2017), institutional support (Lachiewicz, 2016; Wójcik-Karpacz and Rudawska, 2016), labour costsy (Chład, 2016; Papaj, 2016), access to technology (Kaliszczak and Pawłowska-Mielech, 2019; Nowak and Wieteska, 2020) and to financing (Korzeniewska, 2016; Steinerowska-Streb, 2015). The subject of management succession appears in
literature mainly in the context of family companies, where property and firm management are transmitted between generations (KPMG, 2020; IBR, 2019), whereas the issue of succession “from an entrepreneur to a professional manager” (Ballini, 2020; Blikle, 2013) is referred to extremely rarely, though it is crucial for the Polish economy, in which the first generation of entrepreneurs is just approaching the age of retirement.

The author of this study co-participated in studies aimed at proving the hypothesis that one of the main barriers in the development of Polish SMEs is lack of appropriate succession in management (the entrepreneur passing on to managerial administration, admitting the external investor, creating formal corporational order) on the side of owners governed by behavioral and financial factors, as well as insufficient institutional support. Then we managed to perform the positive verification of that hypothesis through analyzing information and statistical data contained in the literature and sector reports concerning: (i) studies on SMEs, (ii) family companies, (iii) studies on company development cycle, (iv) VC and PE fund activity, (v) stock markets and their capitalization.

Data published by national and international statistical and financial institutions were also used, as well as the available data of companies recorded in the Warsaw Stock Exchange (GPW/WSE). Case studies were performed of five largest Polish firms recorded on WSE, controlled by Polish entrepreneurs in order to reveal the relationship between their success and the model of succession in management (Gliszczynski and Berkowski, 2021).

The foregoing paper, which is the continuation of the author’s studies referred to above, presents the methodology and results of empirical studies on management succession in Polish SMEs accomplished by survey technique on a random-target array of 200 enterprises. They were aimed at empirical verification of the research hypothesis presented above, and especially identification of scope, forms, effects and barriers in management succession in Polish enterprises, as well as the situational conditionings of that process.

2. Research Methodology and Organization

Research array: 200 subjects were covered by questionnaire studies, which, within their main activity, are included in five sectors, i.e., construction, services, commerce, industrial manufacturing and transport, in accordance with the Polish Business Classification (PKD/PBC) 2007. Groups of subjects were selected, which declared the following enterprise size, small (number of employees: 10-49), medium (50-249) and large (250 and more employees). The following target array distribution was assumed on account of the declared enterprise size, small 130 subjects, medium 50 subjects, large 20 subjects, considering the membership of enterprises in the sectors listed above.
To calculate the distribution we have used the data from REGON quarterly tables (status for 30.09.2020) concerning the declared employment and sector, which is presented in Table 1.

| Sector                        | Small  | Medium | Large |
|-------------------------------|--------|--------|-------|
| Construction                  | 12 391 | 1 437  | 142   |
| Services                      | 17 412 | 2 570  | 612   |
| Commerce                      | 21 094 | 2 608  | 334   |
| Industrial production/manufacturing | 22 085 | 5 475  | 1 304 |
| Transport                     | 3 613  | 510    | 135   |

Source: REGON quarterly tables, status for 30.09.2020.

Activities consistent with the assumptions of even array distribution according to enterprise size and sector caused deviations from initially assumed numbers of subjects (130, 50 and 20), so correction was necessary, which was based on appropriate weights (scales). Additionally, it included the assumption of intentional array distribution according to the date when the enterprise was established, providing that in each of the four assumed time intervals (years up to 1990, 1991-2000, 2001-2010, 2011 and later) there should be not less than 30 subjects.

In order to select voting survey Bisnode Poland base was used, which contains all companies registered in GUS/MSO. Only active companies were taken into consideration, whose main activity profile was consistent with the sector and size of the enterprise included in the study. On the survey prepared in this way voting was performed with the use of random number generator implemented in MS Excel 2010 software, so that the number of subjects selected for examination 10-times exceeded the cardinality assumed in the array in any assumed element of quote.

In order to establish the weights allowing to obtain representative parameters for the population of examined economic subjects in Poland we considered the structure of enterprise numerosity in particular sectors in the general number of enterprises, as well as the structure of company size (Table 1) and the assumed intentional distribution according to the enterprise size. Firstly the percentage distribution was calculated, which was representative in accordance with the sector and size of the subject. Next, each of the values obtained in this way was multiplied by the size of study array, which was 200. In total the number of enterprises was obtained, of the declared size, small size, approximately 167, medium size, 27, and large 6. Due to the fact that the distribution of 167/27/6 diverged from the assumed intentional array distribution (130/50/20), it was necessary to perform correction. The construction of correcting weight involved calculating the proportion of the assumed distribution to the calculated distribution (i.e., 130/167,016; 50/27, 474 and 20/5,510). After multiplying the value from numerical distribution by weights calculated in this way
(0.778; 1.850; 3.630) and rounding to integer values, the ultimate distribution of study array was formed like in Table 2.

Table 2. Corrected array distribution including sector and enterprise size

| Sector                          | Small | Medium | Large |
|---------------------------------|-------|--------|-------|
| Construction industry           | 21    | 6      | 1     |
| Services                        | 30    | 10     | 5     |
| Commerce                        | 36    | 10     | 3     |
| Industrial production/manufacturing | 37    | 22     | 10    |
| Transport                       | 6     | 2      | 1     |
| **TOTAL**                       | **130** | **50** | **20** |

Source: Author’s own study.

The tool used in the studies was the original questionnaire addressed to entrepreneurs/owners of enterprises including 32 closed questions, 6 of which (M1 do M6) had the nature of a record, age of the entrepreneur, date of establishing the enterprise, number of employees, size of yearly turnover, sector and manner of becoming an entrepreneur, while 26 substantive questions (P7 to P32) concerned the form of managing the enterprise, the accomplished strategy and the broadly understood management succession. The cafeteria of particular questions contained four variants of response each, in most cases for single choice. There were 11 multiple choice questions. Below there are examples of questions from the questionnaire:

M1. Age of the entrepreneur:
   A. 18 – 35 years
   B. 36 – 50 years
   C. 51 – 65 years
   D. more than 65 years

M4. Amount of yearly turnover:
   A. below 5 mln PLN
   B. 5 – 25 mln PLN
   C. 25 – 100 mln PLN
   D. more than 100 mln PLN

P7. The role of entrepreneur in company management:
   A. as the president – everyday management
   B. active inspecting function in the company
   C. taking exclusively strategic decisions
   D. not dealing with current (day-to-day) management

P12. What are the financing sources of the company?
   A. equity capital /accumulated profits /family capital
   B. bank loan
C. venture capital (VC) or private equity (PE) funds
D. capital from a vast group of investors/stock market

P19. Do you employ a president/key manager without family or capital connections with the company?
   A. yes
   B. I would like to, but I could not find an appropriate candidate
   C. no, there is no need
   D. no, it is a family company and the managerial functions are held by members of the family

The studies were conducted in January and February 2021, through the research agency BIOSTAT from Rybnik, and they were financed with research funds from Lublin Technical University within the discipline: management and quality studies.

The development of research results was based on the statistics of frequency with which the respondents indicated specific variants of responses in the questionnaire shown in numbers or/and as a percentage, and using correlation calculus to examine the correlations between record and substantive characteristics.

3. Study Results – Characterization of Subjects, Succession Scope, Effects and Barriers

Among the examined 200 entrepreneurs the predominant age group (80.0% in total) consisted of people from the age ranges 36-50 and 51-65 years. The least numerous (only 2.5%) was the representation of the youngest entrepreneurs in the age group 18-35 years. Among the examined enterprises the most numerous “age group” (41%) was that of companies established in the years 1999-2000, and the smallest group (10%) consisted of companies that were younger than 10 years. Data from Table 1 demonstrate that small enterprises are definitely dominating in Poland. Also in the 50-element examined group of medium enterprises most of them (28) were subjects of lower employment, 50-100 persons.

According to the yearly sales (turnover) criterion the enterprises with small sales, of less than 5 mln PLN were predominant in the studies (43% of the examined cases), a similar share was that of the subjects with the sales of 5-25 mln PLN, whereas groups with sales of 25-100 mln PLN and more than 100 mln PLN were less numerous, about 10%.

The predominant way to become an entrepreneur was establishing a company from the very beginning (62.5% cases), while the remaining forms (taking over from one’s parents, buying a company/privatisation and joining a partner) had similar shares, of several per cent. The definite majority of examined entrepreneurs (83%) personally played the role of company president, dealing with day-to-day management. The active inspecting function or focusing exclusively on strategic decisions were indicated by a few per cent of respondents, and no participation in
current management, by 3 persons only. Performing the function of president by a partner, family member or an external manager was rare and in total did not exceed several cases. In 18 cases no formal function of president in an enterprise was declared. Most of the examined enterprises functioned on the basis of various authorities/managing regulations (managing board, supervisory board, partners’ contract), however, lack of these was declared in as many as 34.5% cases.

Vast majority of the examinees (82%) do not take into consideration introducing the possibility of purchasing shares by key managers in their enterprises through the program of managerial options. The existence of such programs addressed to key managers and/or a broader group of employees was declared only by 11% of examinees. As many as 47% of the examined entrepreneurs did not know VC or PE type of funds, and another 43.5% did not reveal interest in cooperating with such funds. Only in the case of two enterprises the presence of such funds was found in the company employee investment or cooperation with them. The main source of financing the activities of examined enterprises (multiple choice) was equity or family capital (94.4% of indications) and/or bank loan (45.5%). The VC and PE funds, or funds from a broader group of investors were indicated in 6 cases only.

While examining the activity scale in the last three years, it was found that extending the activity scale or keeping it on the earlier level took place in a similar number of enterprises (about 46% each). Narrowing the activity scale was demonstrated by 8% of examinees. The intention of extending the activity scale in future was declared by 39.5% of examinees, maintaining it as it is 13.5%, and 45% said that the future activity scale depended on market conditions. It was the market restrictions and competition that the examinees regarded as the main reason/barrier of development (66.4% intications), further mentioning, satisfaction with the present scale of activity (31.1%), difficulties with finding appropriate managers (38%), limited access to capital (21.5%), high risk of investing in development (21.3%), fear of managing a large organization (13.1%). Lack of obstacles and developing the company were declared by 25.3% of examinees.

In the entrepreneurs’ ownership plans the will to remain the company owner was predominant (66% of indications), as well as the intention to transfer it to the children/family members (24.5%). The intention to sell the company, or to re-sell some of the shares to a new partner were declared by, respectively, 6% and 3.5% of examinees.

In the studies it was found that the entrepreneurs were not very interested in the services of recruitment companies (headhunters) in employing managers. Not taking advantage of such services was indicated by 76.5% of examinees and not knowing any recruitment company whatsoever – further 5.5%. The matter of managerial succession scope in the examined subjects, i.e., employing key managers without family or capital connections with the entrepreneur is reflected by the fact that 63 per 200 examinees (31.5%) stated that they used to emplooy/employ such persons,
whereas lack of such form of recruitment or ascribing managerial functions exclusively to family members were declared by, respectively, 55.5% and 12% examinees. Thus, effective managerial succession was carried out in less than every third enterprise. External managers have been employed by entrepreneurs declaring that usually for more than 10 years (44.4% cases), while in closer, 5-year ranges, that has been, respectively, 22.2% and 33.4%.

According to most entrepreneurs who employed external managers, the management succession was successful from the very beginning (69.8%) or the success was marked slightly later, when the new president/director got used to his/her duties (20.6%). Usually it was translated into greater dynamics of company development (42.8% of indications) or maintaining the activity scale with the increased management efficiency (50.8%).

As the main tools for motivating external managers (multiple choice) the entrepreneurs indicated attractive salaries (82.3%) and interesting work/challenges (66.1%). The managerial options program was indicated by 8.1%, and the minority share in employee investment by 4.8% of examinees.

The key goals to be achieved by external managers, obtaining more than 50% indications each, were (multiple choice) development acceleration and company profitability improvement, generating stable profits and cash flow, as well as accomplishing current goals. The least indications (24.2%) were for taking over the duties of company founders.

The main reasons making entrepreneurs employ external managers turned out to be (multiple choice), the need for professionalization of management structure (51.6% of indications), excess of owner’s duties (50.0%) and the need for additional managerial competence (37.8%). Reaching the age of retirement and no interest in children were indicated by only one examined person.

Referring to the manner of finding a candidate for the post of a key manager, the examinees most often indicated (multiple choice) promotion for the employee inside the company (41.9% of indications), recommendation/application of the candidate (30.6%), acquisition of a person known to the entrepreneur from the sector (21%). The recruitment agency was indicated the least often (14.5%). The external manager was most often controlled through everyday supervision from the owner, still playing an active role in the company’s managing board (67.7% indication), but also through financial data review (33.9%) and analysing the company’s budget performance (35.5%). The smallest share was that of controlling activity from the position of supervisory board or a counseling authority (17.7%).

The examined entrepreneurs, in vast majority, do not have precise plans as to the future succession (65% of indications). Among the remaining ones there is the predominant intention to transfer the company management to their children or heirs.
(23.4%), and only a small number of them see managers from internal promotion (6.6%) or external managers (5.1%). The majority of the respondents (71.5%) justify the lack of broader acceptance for internal managerial promotions with the fact that the company does not have employees with the potential to work in such important positions. Most examinees from the group of enterprises without succession (86.1%) did not even try to find a competent external key manager, and but a few who did, claimed that they could not find an appropriate candidate or that the employee did not meet their expectations. The entrepreneurs’ negative attitude towards external managers was mainly justified by the fact that they preferred to manage the company by themselves and they did it better than external managers (55.9% indications in multiple choice), family-type enterprise (32.4%), lack of trust towards external managers (14%) and too high costs of employing professional managerial staff (14.7%).

Referring to the personal commitment to work in the company the examinees stated that the company is their passion and they devote to it their total time and energy (51.1% indications), they like being the boss, but they try to keep the work and private life balance (38%), they devote too much time to the company and would like to have more of it for their private lives (10.2%). Only one per 137 respondents (cases without managerial succession) stated that he takes only indispensable decisions in the company and has a lot of time for other activities.

4. Study Results – Contextual Conditionings of Management Succession

A significant purpose of the conducted studies was an attempt at checking whether, and to what extent, the management succession characteristics contained in responses to the substantive questions in the survey (P7 to P32) are conditioned by features of the examined enterprises contained in certificate questions (M1 to M6)? In other words, has the management succession in Polish SMEs got the organizational context? For this purpose we used correlation calculus, where the independent variables constituted frequency (numerosity) of indications in the studies of each states of certificate characteristics, and the dependent variables were analogical characteristics from substantive questions.

The analyses were conducted in the R environment. To examine the relationships between the features the chi-square independence test was performed. The dependence strength was assessed on the basis of Cramer coefficient, assuming values from [0, 1], and gamma coefficient, assuming values [-1, 1] and, additionally, indicating the correlation direction. To interpret the correlation strength we used Cohen’s scale, where the absolute value of correlation coefficient larger than 0.5 means strong correlation, between 0.3 and 0.5 means moderate correlation, and between 0.1 and 0.3 a weak correlation. The absolute value of correlation coefficient below 0.1, in turn, means lack of correlation (King and Minium, 2009). Table 3 contains results of these analyses. For the relationships demonstrated in Table 3, the zero hypothesis H₀ about lack of relationship between the features can be rejected.
for the alternative hypothesis $H_1$ that the succession characteristics depend upon certificate variables.

**Table 3. Significant results of the test chi-square, p-value, as well as gamma and Cramer coefficients**

| Question                                                                 | Certificate | Chi-square | p-value  | Gamma coeff. | Cramer coeff. |
|-------------------------------------------------------------------------|-------------|------------|----------|---------------|---------------|
| P7. What is the role of entrepreneur in company management?             | M1. Entrepreneurs' age | 12.93      | 0.044161 | -0.128        | 0.180         |
| P17. What is your plan for the company's future?                        | M2. Date of establishing the enterprise | 16.69      | 0.010477 | 0.299         | 0.204         |
| P19. Do you employ a president/key manager without family or capital connections? | M3. Number of employees | 15.89      | 0.014372 | 0.349         | 0.199         |
| P7. What is the role of entrepreneur in company management?             | M2. Date of establishing the enterprise | 22.96      | 0.006284 | 0.097         | 0.196         |
| P17. What is your plan for the company's future?                        | M2. Date of establishing the enterprise | 21.37      | 0.011091 | -0.023        | 0.189         |
| P9. Who is the president of the company (day-to-day manager)?           | M3. Number of employees | 23.32      | 0.005523 | -0.129        | 0.197         |
| P10. Do key employees have minority shares in the company or take advantage of managerial options? | M3. Number of employees | 18.30      | 0.031873 | -0.319        | 0.175         |
| P18. Have you ever taken advantage of services rendered by a recruitment company for recruiting key managers? | M3. Number of employees | 32.13      | 0.000189 | -0.364        | 0.231         |
| P19. Do you employ a president/key manager without family or capital connections? | M3. Number of employees | 32.07      | 0.000193 | -0.533        | 0.231         |
| P7. What is the role of entrepreneur in company management?             | M4. Size of yearly sales | 19.01      | 0.025131 | 0.146         | 0.178         |
| P9. Who is the president of the company (day-to-day manager)?           | M4. Size of yearly sales | 21.99      | 0.008902 | -0.089        | 0.191         |
| P10. Do key employees have minority shares in the company or take advantage of managerial options? | M4. Size of yearly sales | 19.09      | 0.024407 | -0.245        | 0.178         |
| P11. Has the entrepreneur ever considered cooperation with VC or PE-type fund? | M4. Size of yearly sales | 18.91      | 0.025966 | 0.203         | 0.178         |
| P13. What was the dynamics of company development within last three years? | M5. Sector | 23.13      | 0.005919 | -0.214        | 0.196         |
| P18. Have you ever taken advantage of services rendered by a recruitment company for recruiting key managers? | M5. Sector | 20.81      | 0.013538 | -0.307        | 0.186         |
| P19. Do you employ a president/key manager without family or capital connections? | M5. Sector | 41.73      | 0.000004 | -0.475        | 0.264         |
| P17. What is your plan for the company’s future?                        | M5. Sector | 17.69      | 0.039002 | -0.173        | 0.172         |
| P10. Do key employees have minority shares in the company or take advantage of managerial options? | M6. How did you become an entrepreneur? | 40.37      | 0.000007 | -0.444        | 0.259         |
| P20. When did you employ the external president / key manager?           | M6. How did you become an entrepreneur? | 18.55      | 0.029256 | 0.022         | 0.313         |
| P32. What is your commitment to work in the company?                     | M6. How did you become an entrepreneur? | 18.57      | 0.029129 | -0.076        | 0.213         |

**Source:** Author's own study.
The thorough analysis of the statistics (frequencies) of indications for variables correlated in table 3 allowed to formulate a range of conclusions presented below:

- Younger entrepreneurs (M1), owners of “younger” enterprises (M2) and enterprises with higher turnover (M3) are more apt to give up direct management for active controlling functions in the company and strategic management (P7).
- The group of medium enterprises, according to employment level (M3) and amount of turnover (M4), is characterized by percentage of the entrepreneur’s family members on the post of company president higher than in the remaining companies (P9).
- With the increase of employment (M3) and the company’s turnover (M4) the minority share of managers and employees in the company employee investment grows (P10).
- With the increase of company turnover (M4) the tendency grows to the cooperation between the entrepreneurs and VC and PE funds.
- The dynamics of activity scale growth in the last three years (P13) was higher in the enterprises with small or medium turnover than in those with large turnover/sales (M4).
- With the entrepreneur’s age (M1), time of company duration (M2) and its activity in the services sector (M5) the tendency grows to succession within the family (passing it on to children or other heirs).
- As employment increases (M3) and as the company turnover increases (M4) there is a growing tendency among entrepreneurs to take advantage of the services of recruitment companies (P18).
- With the entrepreneur’s age (M1), increase of employment (M3) and enterprise turnover (M4) the tendency increases to hire external managers, without family and/or capital connections with the entrepreneur (P19).
- The degree of direct, everyday commitment in managerial work (P32) is the lowest among entrepreneurs who bought a company (M6). Also this group of entrepreneurs has the earliest employed external managers.

5. Conclusions

The material included in this paper allows us to formulate the following synthetic final conclusions:

The empirical research have confirmed the findings from the previous study analyses by this author about the restricted scope of managerial succession in the management of Polish SMEs. Only in 63 per 200 examined enterprises such form of sharing power with external managers was found. However, in those cases as well permanent/current supervision over the manager by the owner, who is still active in the management of the company, turned out to be a typical phenomenon. Neither is the managerial succession present in the ownership plans of the examined
entrepreneurs. Most of them do not plan such activities (they intend to remain owners and bosses of their firms), or consider in them exclusively their children and/or other members of their families.

The low scope of succession found in the examined enterprises is significantly affected by negative attitude of many entrepreneurs towards external managers. It probably results from the fact that Polish entrepreneurs mostly created their businesses themselves (the companies are their “children“ and they have problems with abandoning them) and from their subjective conviction that they can manage them better that persons from outside. For many of them an argument is the family character of the company or too high costs of employing professional managerial staff. This results in the fact that more than 80% of examined entrepreneurs on everyday basis play the role of the president/director of the company and deal with current managing, to a significant extent losing the possibility of forming an appropriate enterprise strategy, not to mention shortage of time for private lives or activities outside the scope of their jobs.

In the studies mainly external factors: market conditions and competition, limited access to capital, large risk of investing in development were referred to as barriers for enterprise development. However, the reasons for achieving the small scale of enterprise activity can also be seen in organizational (lack of formal managing authorities in many companies), as well as subjective factors, because the entrepreneurs frequently declared being satisfied with the current activity scal and fearing of managing a large organization.

The already mentioned financial barrier seems to be caused by restricting the financing of enterprise development to equity capital and/or bank credits. Most entrepreneurs either fear investments from VC or PE funds, or from a broader group of investors, or they are unaware of such possibilities. Neither are they interested in extending the employee share by managerial option programs or participation of a larger group of employees. Attractive remuneration as practically the exclusive motivator for the key managers also does not seem to fully enhance the development of companies.

The examined entrepreneurs, including those who had conducted the managerial succession, were not much interested in the services of recruitment companies. For employing key managers more often was performed through internal promotion, recommendation or acquisition of a person known to the entrepreneur from the sector, than through a recruitment company. This significantly limited the numerosity of potential recruitment, as well as the possibility of selecting really the best candidate.

The reasons making entrepreneurs employ external managers were mainly the following: the necessity of accelerating the company development, the need for professional management and the excess of duties done by owners. What is a
symptomatic issue, is lack of arguments connected with the entrepreneur’s age, when about 20% of the examined group reached or exceeded the age of retirement.

According to vast majority of entrepreneurs who had conducted the managerial succession, from the very beginning or slightly later it resulted in the company’s success in the form of much higher development dynamics and/or the improved efficiency and economization of management processes.

The analyses conducted on the basis of correlation calculus allowed us to find that there is a relationship between features describing both the enterprise and the entrepreneur and certain characteristics of management succession. The strength of these relationships in fact turned out to be moderate (the absolute value of gamma coefficient reached the maximum of 0.533, and the value of Crammer’s coefficient was 0.313), however, some indications come from them. As more important ones we should mention the fact that the scope of managerial succession positively correlates with the entrepreneur’s age and the level of employment and turnover in the enterprise, whereas among younger entrepreneurs and in “younger” companies departing from direct management is more frequent and it is replaced by active inspecting functions and strategic management.

One can draw indirect conclusions about the negative effect of limited managerial succession scope and, in a more extensive approach, of the quality of management, upon the development of enterprises also on the basis of a from the relatively small scale of operations of the examined subjects. Namely, in the whole 200-element research array of subjects employing less than 100 persons (small and some medium-sized enterprises) there were 158 of them, and the yearly turnover of small enterprises never exceeded 5 million PLN, and in case of medium enterprises – 25 million PLN.

The research conclusions presented in this paper, concerning the scope, forms, effects and conditions of management succession seem to justify the statement that our initial hypothesis that one of the main barriers for Polish SMEs development is lack of appropriate managerial succession can be regarded as empirically confirmed.

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