

# Trends in Small and Business - Sized Enterprises Management

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**Abstract:** SMEs have played an important historical role in the economic development of many countries worldwide. In today's business environment, workforce training and development to strengthen management has become one of the most important needs for SMEs. The management of economic entities must constantly adapt to environmental changes of the business to ensure survival and development firms.

**Key-words:** management, evolution, trends, small and medium-sized enterprises, manager, business

## 1 Introduction

The most common form of economic organization in the world is the small and medium-sized enterprises, those being the main generator of jobs, providing new opportunities for women, immigrants and minorities and contributing to continued research and development.

SMEs are found in a wide range of business activities, ranging from small pastry favorite corner cafe, internet cafe software from a small town to a small business or software engineering has penetrated markets sophisticated international middle or a manufacturer of auto parts and sells what products to domestic and foreign multinational. Owners may or may not have knowledge management companies operating in very different markets (urban, rural, local, national, regional and international), incorporates different levels of skills, capital, sophistication and growth oriented, and can operate in a formal or informal economy.

Recent literature highlights the important contribution that SMEs have on economic performance, outlining the hypothesis that part of the world's advanced economies are based mainly on small and medium sized enterprises.

SMEs have been the source of hope in the development of all economies in transition. Performance of these economies was dependent on expanding this sector.

Healthy and sustained growth of this sector is clearly necessary, because it is difficult to imagine general living standards and increase social peace, without such a development.

SMEs, both in size and shape are not uniform across the globe, and so no such definition is not universally valid. How they are defined depends on the stage of economic and political goals for which definition is used.

According to a study by Georgia Institute of Technology in Atlanta and took the World Bank, there are more than 50 definitions of small and medium industries used in 75 countries studied. Different countries use different definitions, but generally the most commonly used definitions are applicable to independent firms and used the number of employees as a criterion for classification, but as well, can use and turnover, sales, annual revenues or amount of capital investments / fixed assets.

In the European Union small and medium sized companies are defined as in the table below [1]:

Enterprise category	Headcount	Turnover	or	Balance sheet total
medium-sized	< 250	≤ € 50 million	≤ € 43 million	
Small	< 50	≤ € 10 million	≤ € 10 million	
Micro	< 10	≤ € 2 million	≤ € 2 million	

The overwhelming majority (99.8 %) of enterprises active within the EU 27's non-financial business economy in 2008 were SMEs – some 20.9

million – together they accounted for two out of every three jobs (66.7 %) and for 58.6 % of value added within the non-financial business economy[2].

Taking into consideration their economic importance, is quite obvious that there is a need to discover the trends in the small and medium enterprises Management, which, is considered in the literature, in general, inadequate for various of reasons.

## 2 Problem formulation

Simultaneously economic globalization and localization, promoted trade and diversification of values itself. Rather, change and diversification of values caused changes in global economic environment. For entrepreneurs and companies, especially small and medium-sized enterprises has become a serious problem, how to cope with change in society, ethics, politics, the judiciary system, the economy and the natural and cultural values [2]. As pointed out Prof. Dr. Alfred Guttersohn [3] to solve this problem is necessary to promote "entrepreneurship and management capacity of small and medium-sized enterprises facing drastic environmental changes and diversification of values, and rehabilitation and training continues as to have a sense of motivation, concept and factors that allow them to maintain and develop their operations."

There are quite many studies that have allowed identification of management problems that SMEs face in large part due to their size:

- a manager is one that most often is the owner.
- multifunctional manager is due to lack of personnel.
- informal control system.
- practicing autocratic leadership style
- limited leverage to obtain resources
- limited opportunities to investigate and control the business.

Such constraints limit their ability to engage in training, although studies show that there is a positive correlation between the degree of training in management and performance of a small base[4]. There is preliminary evidence that formal management training can reduce the failure rates of small and medium enterprises, which are more likely to fail than larger firms, especially in the early years.

Successful management of SMEs depends largely on the quality of human resources that support companies.

Insurance and training high quality personnel, therefore, are key factors for growth SMEs, which

often have limited opportunities to use resource management.

Quality management is particularly important for SMEs, which must adapt quickly to evolving markets and changing circumstances, often with limited resources.

According to the OECD study on the extent of SME growth, good management is vital for better performance: "It is imperative to observe the layout and organizational management tools used by small and medium-sized enterprises with high growth, these are no longer privileged attributes of large corporations. The key-factor to the competitiveness of companies is a better organization of the innovation process and other functions rather than innovation itself [5]".

In such companies, and especially in the single-family and predominantly management is the owners who tries, especially during the onset and consolidation of business, to assume the role of skilful man at all, "band - man", engaged in carrying out diverse functions, which often go beyond their knowledge and skills.

## 3 Problem solution

Management functions, as discussed in the literature, have specific characteristics compared to their performance in the great enterprise. Prestigious specialists consider that there is an under-use of potential functions due to limited resources, since managers spend too much time running activities, not giving the priority needed for driving, their activities influencing managerial functions: forecasting, organization, training, coordination and control.

Differences between SMEs and large companies, determines certain features of the managerial process in SMEs.

Formulated in 1916 by Henry Fayol, management functions are learned today in all schools of management in the world, as they were only recently changed the control function with the drive-motivation.

Thus, regardless of the size of a company, the lead manager to be, meant to mean: to provide, organize, train, motivate, coordinate and control. In general, in the specific literature is considered that SME management is inadequate, because managers spend too much time with execution activities, not giving the priority needed for driving, activities influencing managerial functions: forecasting, organization, training, coordination and control.

Management in SMEs is exercised, mainly in order to adjust, to maximize limited resources advantage, being a primary adaptive process. Therefore efforts are focused on controlling operating environment and adaptation. Manager - owner prints his personality, experiences, prejudices and attitudes of the managerial process. The key decision of developing close relationships with staff, relationships, generally informal, without establishing the rights, duties, responsibilities and duties of subordinates.

Structure of a small or medium, if any, is organic and loosely structured around the interests and abilities of the manager, who is involved in all company activities, which gives the opportunity to directly influence the operations and activities [6]. Thus we can say that the management process in SMEs is rarely seen and is a process rather than a tangible abstract form.

Exercise effective management process in SMEs must take into account the main determinants that influence:

- the owner-manager - Manager provides special powers that the knowledge and management skills contribute to success or failure of SME;
- number and characteristics of entrepreneurs in the firm - there are several entrepreneurs disturb the unity of decision and action, and their characteristics, influenced by training, perceptions, native talent significantly influence the economic performance of the company;
- firm size and economic power - influence related management entrepreneur;
- type of firm - specific Characteristics may print company, the developer has permission to modify;
- life cycle phase of the company - management development company set requirements, and to survive in the market is necessary transformation entrepreneur in professional manager;
- entrepreneurial environment - knowing it allows entrepreneurs to identify and counteract the harmful activities.

To address the management of SMEs, which is the main object of intrapreneurial management is necessary to start from two premises:

- is a discipline and, respectively, a field of management and therefore the basics of management can be found within it;
- have issues with high specificity, resulting from entrepreneurial nature.

Management of SMEs have certain specific features:

- Statement of owner-manager of the leader of a significant part of the number of SMEs is perhaps

the most significant feature of this category of business management, the decision maker is the owner-manager, which concentrates decision-making powers and is involved in almost all activities, being aware of all information on controlling company going through the experience, knowledge and talent and enterprise organization, however, tends to be mostly a barrier to enterprise development.

- Management functions, as discussed in the literature specific characteristics compared to their performance in the great enterprise. Prestigious specialists consider that there is an under-use of potential functions due to limited resources, leading to a strong informal managerial performance of SMEs.

- SME functions are not (yet) differentiated. Since they do not show the same intensity at each stage of development, the developer may not properly notice and exploit the best time management functions delegated emerging economic entity may suffer in the process of development, crisis management growth.

- SMEs are the main object of entrepreneurial management.

- The entrepreneur, in its dual capacity as owner and manager is a very busy person and, therefore, his time is precious and can not be filled with "theories" but the methods and practical solutions that have immediate applicability and efficacy;

- Time pressure, so precious can generate a total autocratic management and informal control system;

- The growth stage of the company manager - the owner has the crucial role of developing a management team and to be manager of human resources;

- The entrepreneur takes a reluctance to external environmental components (institutions of local government, etc.).

- Given the strong informal managerial performance of SMEs, another feature is the lack or incipient management information system and use of management techniques and methods.

- Ability to small and medium business influence is generally limited.

- Management in SMEs are often made under stress, because there is rarely time and resources to think and develop strategic alternatives, the manager is concerned with solving everyday problems. This results in many ad hoc decisions and overall strategic myopia: the strategy comes from the top of the company and is based on the issues reflected by its close environment.

- It is also noticed that SMEs are likely to preserving business practice, making changes if they are coerced or threatened.

- The impact of managerial mistakes reflects more on business than in large ones.

- There is still a low concern for the training of managers and staff (the effect is more "harmful" The company managers are not professionals).

- Problems in the management succession in SMEs are of greater importance due to overlapping ownership with management.

- Maintaining independence is very important for man-of SMEs reluctant to join the business community in the same field, refusing to maintain close links with competitors and are reluctant to stabilize business links that can break independence.

- Assumptions (receptive, pro-active, co-determined) on the operating environment that decision makers may influence the management of SMEs as follows:

- a responsive management believes that the company is the beneficiary and the vagaries of environmental forces, is the subject of his actions, this situation involves incorporating an appropriate management of learning processes that require environmental scanning and other processes Search awareness of this as a basis for adapting the relevant answers .

- a proactive management company sees detached from its environment, which is perceived as an issue to be analyzed and understood in order to control and act on it, so the environment is facilitated control and SME learn therefore to exploit opportunities appear, on which environment is the need to act as if the organization is capable of learning, it lacks this ability.

- co-led management presumes that the organization is one of sub-systems (which affect and are affected) embedded in a large operating system capable of learning, from the perspective of company management environment is considered a creative process the reality is not disclosed, but co-created, produced over which it can intervene and influence.

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- statement of owner - manager prevail no matter what size business or enterprise.

- the exercise of the managerial functions is made progressively with company size.

- the manager-owner is reluctant to the idea of delegating the necessary authority employees.

- managerial skills are developed during the company's growth.

- adopting a participatory management style can lead to effective problem solving

- low concern for the entrepreneur-manager training and personnel is a barrier to enterprise development.

- to improve general and specific parameters of current activities is necessary due attention management functions.

- managerial skills and leadership style-oriented needs of the organization lead to increased engagement in the work of subordinate departments.

## 4 Conclusion:

SMEs are generally considered, both in developed and developing countries, as economic agents, mainly responsible for employment creation and income generation, especially compared with large firms and corporations transnational, national and global contribution which the employment is less significant.

The economic importance of small and medium-sized enterprises recognized worldwide determine the need for a much better understanding of their management.

Identify trends in the management of small and business-sized enterprises is a key element in their development because once identified it can be observed and corrected mistakes that entrepreneurs make.

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