

Alina Czapla

Uniwersytet Ekonomiczny w Katowicach
Katedra Zarządzania Relacjami Organizacji
orcid.org/0000-0001-6027-495X
e-mail: alina.czapla@edu.uekat.pl
phone: +48 696 085 909

Participation in Business Networks and Barriers to the Development of Small and Medium-sized Enterprises

Abstract. *The article focuses on barriers to development of small and medium-sized enterprises (SMEs) in the context of networking. It shows that the most-known important barriers: high taxes, high labor costs and bureaucracy should be supplemented with recruitment problems and the most burdensome group of barriers are administrative and legal ones. Belonging to business networks can limit market barriers. In addition, attention was paid to the fact, that the perception of barriers by entrepreneurs is very diverse, even for companies operating in one business network, in the same branch, carrying out the same type of business.*

Keywords: *business networks, networking, small and medium-sized enterprises, SMEs, barriers to development*

1. Introduction

The importance of small and medium-sized enterprises (SMEs) for the economy is often underestimated. However, it should be noted, that in developed countries they constitute around 99% of the number of all enterprises and they employ about 70% of all employees [OECD 2017: 6]. In Poland, these companies constitute 99.8% of companies, they produce nearly three quarters of GDP and employ almost 60% of the total number of employees in the enterprise sector [PARP 2018]. SMEs build solid foundations for economic growth – they are flexible, they can easily adapt to customer expectations, as well as changing market conditions [Zuzek 2011: 348].

Although we are on a high place in Europe in terms of the number of emerging companies, unfortunately, the number of liquidated companies is not much smaller. The answer to the question of why small businesses are closing down seems to be fundamental to the development of this business sector. It is important to identify and analyze barriers to SMEs development in Poland. In dynamic environment, it is becoming more and more important to have current knowledge about the factors and conditions limiting the development of SMEs [Danielak, Mierzwa, Bartczak 2017: 5].

Barriers to SMEs development depend on many factors, e.g.: company location, industry, company size [Kogut 2017: 56]. They can be divided into internal and external. Internal barriers to SMEs development result mainly from the disturbed organizational structure and ill-considered strategy. We can observe incorrect management, wrong decisions or lack of contractor structure analysis [Ołówko 2016: 204]. In other words, the limitations of SMEs often result from their weaknesses [Piorunowska-Kokoszko 2018: 48].

However, entrepreneurs are most affected by external barriers, related to changes taking place in the business environment of these companies, e. g. unfavorable economic and financial as well as institutional and legal conditions [Szczepaniak 2010: 266]. These barriers result from the company's environment and are associated with its low potential, high complexity and uncertainty of operation in a changing economic environment [Danielak, Gębska 2017: 84].

The purpose of this article is to answer the question, what most disturbs entrepreneurs in running and developing their small and medium-sized companies and whether perception of development barriers is different for companies which are a part of business networks.

The following research hypotheses were made:

- networking reduces the burdensomeness of some barriers to SMEs development,
- legal instability is the most burdensome barrier to running SMEs.

The desk research method was used to analyze scientific literature and various types of reports. In addition, as part of the pilot study, a survey was conducted among owners and managers of SMEs from one business network.

2. Barriers to SMEs development in the light of previous research

The literature review was focused on Polish literature, because the article concerns Polish enterprises, and the results are compared to other Polish studies. Barriers to the development of SMEs were often at the center of scientific interest around 2010 [Borowiecki, Siuta-Tokarska 2008; Szczepaniak 2010; Zuzek 2011;

Steinerowska-Streb 2012]. In the review of the research results on this subject Sławomir Wawak [2018] mainly refers to scientific papers from this period.

Numerous studies on SMEs development barriers often focus on selected group of barriers, and as a result their order in terms of nuisance is established. High taxes, high labor costs and bureaucracy are usually on top places. Other barriers often differ from each other. There are even opinions that conducting such research does not make sense, because employers still answer the same.

Currently, part of the research on barriers to SMEs development are rather review articles [for instance: Danielak, Gębska 2017; Kogut 2017; Wawak 2018]. Another group of authors focuses on specific business development barriers, for instance Adam Samborski [2017] analyzes fiscal barriers to entrepreneurship development in Poland and Małgorzata Stawicka [2017] barriers to innovation of SMEs. Part of the research concerns particular industries [Jarosz, Zowada 2017; Jeznach et al. 2016], some areas of Poland [Wardęcka 2017; Zuzek 2018; Puciato, Puciato 2016] or comparison of the nuisance of development barriers for various groups of enterprises [Steinerowska-Streb 2014]. It should be noted, however, that the number of scientific publications on the barriers to SMEs development in Poland has declined recently.

The analysis of research and opinions related to the business environment brings interesting results. It turns out that the biggest barriers to SMEs development are perceived here slightly differently. President of the Employers of the Republic of Poland Andrzej Malinowski claims: “Broadly understood bureaucratism – unclear regulations, lack of stability of the legal environment, excessive reporting, administrative tardiness and lengthy procedures – is a bigger problem for Polish entrepreneurs than business competition” [Grant Thornton 2016: 2]. The Polish Employers’ Association also notices this problem. In 2016, in a commissioned study of the biggest barriers to running your own business in the first three places they were in order: labor costs, legal instability and excess bureaucratic obligations. In 2017 and 2018, the instability of the law definitely moved to the first position and it is already indicated by over 70% of respondents [Maison & Partners 2018: 3].

3. Networking and development barriers

Networks multiply the capabilities of an individual, giving it an advantage in the ecosystem, social and economic life [Czakon 2012: 14], what in the era of globalization, growing competition and a constantly changing environment has a great value. Among others, in order to reduce development barriers, small and medium-sized enterprises create business networks, which allow them to gain a competitive advantage and give them the opportunity to enter new markets or

acquire new groups of recipients. Access to new suppliers, option to extend existing offer, gain an advantage among independently operating companies in the same industry whether saving time are just some of the benefits obtained [Piorunowska-Kokoszko 2018: 51-52]. Good commercial conditions, access to a wide range of goods and brand value are other positive aspects of belonging to a business network [Czapla 2018: 128]. Katarzyna Tubielewicz [2017: 98] emphasizes the synergy effect resulting from cooperation between enterprises in the network, the opportunity to co-create key competences and distinctive abilities being the basis of success in a given sector, improving the knowledge management, efficient flow of key technological and information resources, building a broadly understood positive image of network businesses, creating business platforms within existing networks based on knowledge, experience and competences of network participants.

The above benefits contribute to increasing the competitiveness of SMEs belonging to network structures. They can also contribute to reducing the burden of some development barriers. This is especially true for barriers from the market category, as it is shown in Table 1.

Table 1. Benefits of networking and market barriers to SMEs development.

Market barriers to SMEs development	Examples of networking benefits
– too much competition	– increase of competitiveness – synergy effect – brand value
– difficulties in getting clients	– possibilities to enter new markets – possibilities of acquiring new groups of recipients – possibilities to extend the offer
– shortages on the market	– favorable contracts with suppliers – access to a wide range of goods
– difficulties in getting suppliers	– access to new suppliers
– unattractive supplier offers	– obtaining good commercial conditions
– insufficient access to information	– improving the knowledge management – efficient flow of information resources – creating knowledge-based business platforms

Source: own elaboration.

In the case of financial barriers, such as for example high taxes, too high credit costs or lack of funds for investments creating such table seems impossible. The situation is similar with regard to legal and administrative barriers, such as the instability of law, complicated regulations or an excessive number of inspections. As for internal barriers, the corresponding benefits can be indicated for some of them (Table 2).

Table 2. The benefits of networking and the internal barriers to SMEs development

Internal SMEs development barriers	Examples of networking benefits
<ul style="list-style-type: none"> – problems in management – insufficient management knowledge – insufficient staff skills – aiming to avoid risk – problems with succession 	<ul style="list-style-type: none"> – know-how – possibility of co-creating key competences – training organized by the network

Source: own elaboration.

Based on the analysis of the literature, it can be concluded that networking helps mainly to eliminate market barriers to development.

4. Research methods

The study was prepared in the form of a survey for entrepreneurs. Closed questions were used to easily compare the results obtained. A comprehensive list of possible barriers was created on the basis of available research results. Twenty seven barriers were selected based on literature review, then they were divided into four groups: financial barriers, legal and administrative barriers, internal problems of the company and problems related to the functioning of the market. The questions were placed in the survey in a random order (within each group).

The research uses an estimated scale. The results on the estimated scales can be treated in the social sciences as quantitative variables [Wieczorkowska, Wierziński 2007: 54]. A seven-point Likert scale was used (1 means that a given factor does not interfere with running a business, and 7 means that it is very disturbing in running a business). This is due to the belief that the number of possible answers should be unpaired, to allow respondents to choose the middle option. In addition, the frequently used 5-point scale was considered insufficient, because respondents often tend to reject extreme answers.

The research is a pilot study, which aims to pre-verify hypotheses. It is the first stage of research, in the future it is planned to conduct a quantitative research using a prepared questionnaire.

The survey was conducted during the conference of the partners of the Grupa Polskie Składy Budowlane network in November 2018. It was a meeting of owners and managers of commercial enterprises operating in this business structure. The PSB Group has about 400 members, nearly half of them have participated in the conference. Most companies have been represented by several people. So the questionnaires were filled not only by competent people, but in most cases several managers from the same company worked together. As a result, 57 questionnaires have been correctly completed.

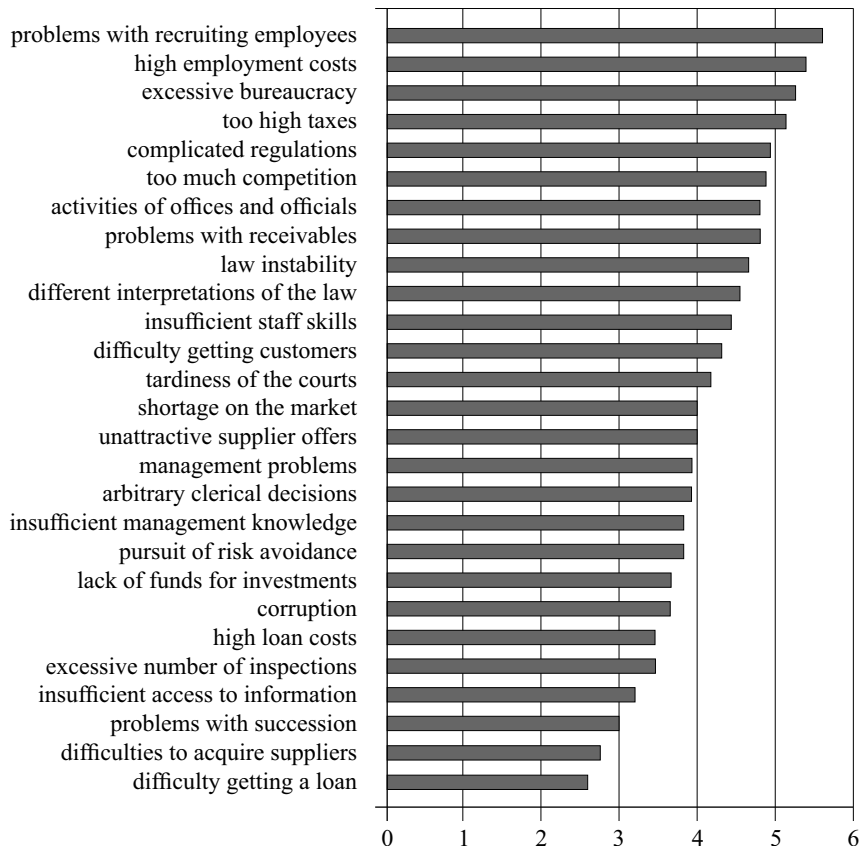
The sample cannot be considered representative. Not only the number of completed questionnaires is too small, but also the companies participating in the survey cannot be considered randomly selected. However, if we treat the conducted research as exploratory and concerning this particular network of enterprises (PSB Group), then response of around 15% of all network partners should be considered sufficient.

5. Research results

The obtained data were statistically processed. First of all, all questionnaires and all barriers to running a business were taken into account.

It turned out that for the examined group of companies problems with employees, both with obtaining them (1st place) as well as with high employment costs

Chart 1. Barriers to the development of small and medium-sized enterprises

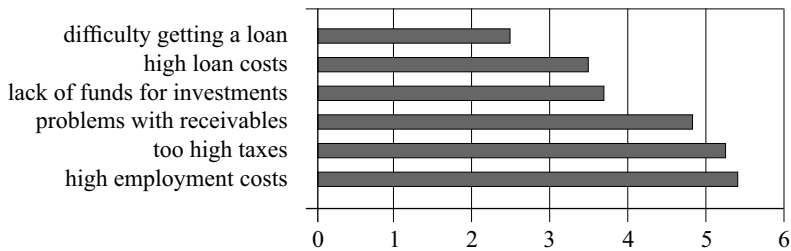


Source: own elaboration.

(2), are the most burdensome. Excessive bureaucracy (3) and high taxes (4) were also highly classified. Each of these four barriers obtained an average score well above five points. Next, we have complicated regulations (5), too much competition (6), activities of offices and officials (7) and problems with receivables (8) (Chart 1). A large group of successive barriers was assessed at a similar level of nuisance.

Due to the fact that the barriers have been divided into groups, we can determine the most burdensome ones in each group. Among financial barriers, high employment costs (1), high taxes (2) and problems with receivables (3) deserve special attention (Chart 2).

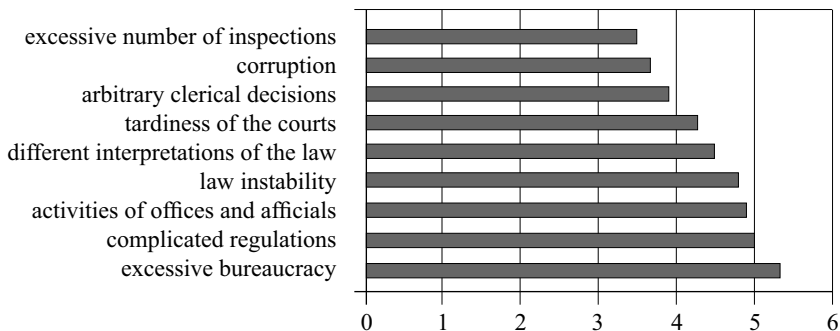
Chart 2. Financial barriers to the development of small and medium-sized enterprises



Source: own elaboration.

Among the legal and administrative barriers, excessive bureaucracy comes first (1), but complicated regulations (2), activities of offices and officials (3) and instability of the law (4) are also emphasized (Chart 3).

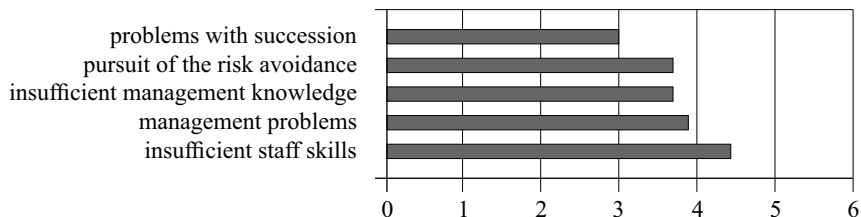
Chart 3. Legal and administrative barriers to the development of small and medium-sized enterprises.



Source: own elaboration.

Among the internal barriers to SMEs development, particularly insufficient staff skills were highlighted (1) (Chart 4).

Chart 4. Internal barriers to the development of small and medium-sized enterprises



Source: own elaboration.

In turn, the most important market barrier is the problem with recruiting employees (1), too much competition (2) and difficulty getting customers (3) (Chart 5).

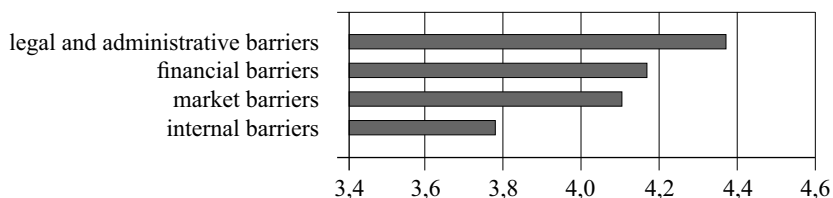
Chart 5. Market barriers to the development of small and medium-sized enterprises



Source: own elaboration.

Analyzing individual barriers, the conclusion is that problems with employees are most difficult for entrepreneurs to run their business. However, if we analyze the results obtained in terms of which of the groups of barriers is the most impor-

Chart 6. Nuisance of particular groups of development barriers for small and medium-sized enterprises



Source: own elaboration.

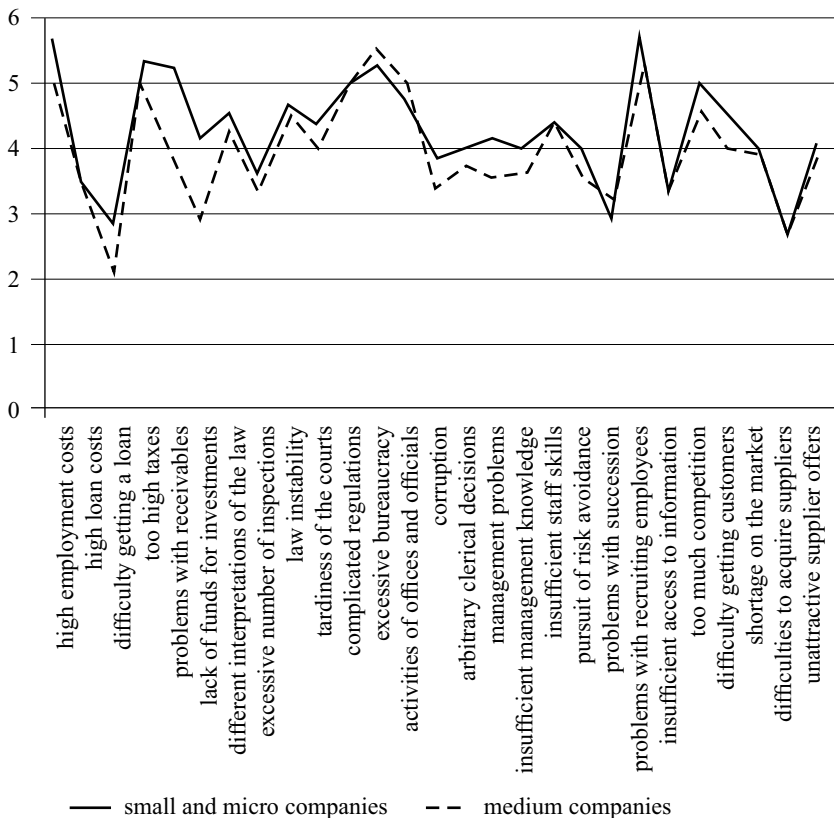
tant, it turns out that the most burdensome group of barriers are legal and administrative barriers (Chart 6).

On the basis of the results obtained, a comparative analysis was also carried out due to the size of the enterprise. 37 small and micro enterprises (0-49 employees) and 20 medium enterprises (50-249 employees) took part in the study.

In the category of small and micro companies, the most troublesome barriers are also problems with recruiting employees (1) and high employment costs (2), but in the next places we note changes: 3 – too high taxes, 4 – excessive bureaucracy, 5 – problems with receivables, 6 – too much competition. A significant change also appears in the issue of the most important groups of barriers – financial barriers come first, but legal and administrative barriers received almost the same number of points.

In the group of medium-sized enterprises, excessive bureaucracy comes first, followed by problems in recruiting employees, high taxes and high employment

Chart 7. Perception of development barriers depending on the company's size.

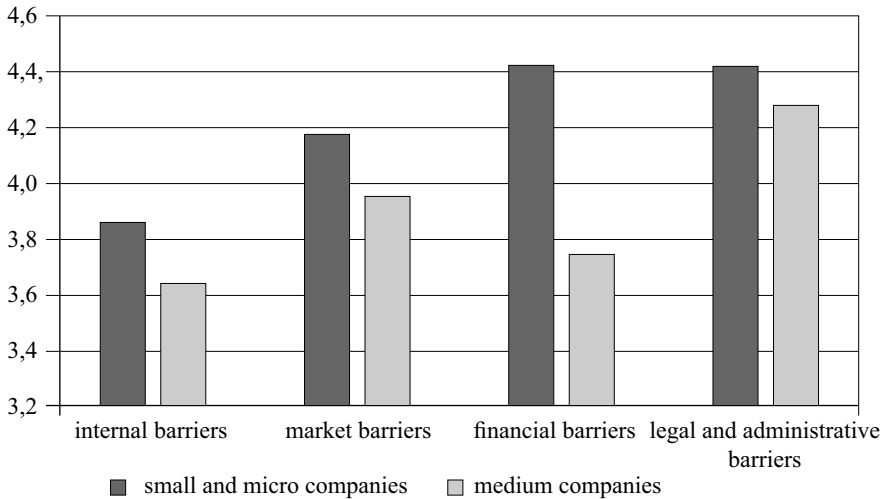


Source: own elaboration.

costs. The group of legal and administrative barriers ranks definitely first, but generally perceived barriers are slightly less onerous than for small and micro companies. Comparison of results for companies depending on the size is presented in charts 7 and 8.

Based on chart number nine, we can see that larger companies are better able to deal with development barriers. This is particularly true of financial barriers.

Chart 8. Comparison of groups of development barriers depending on the company's size



Source: own elaboration.

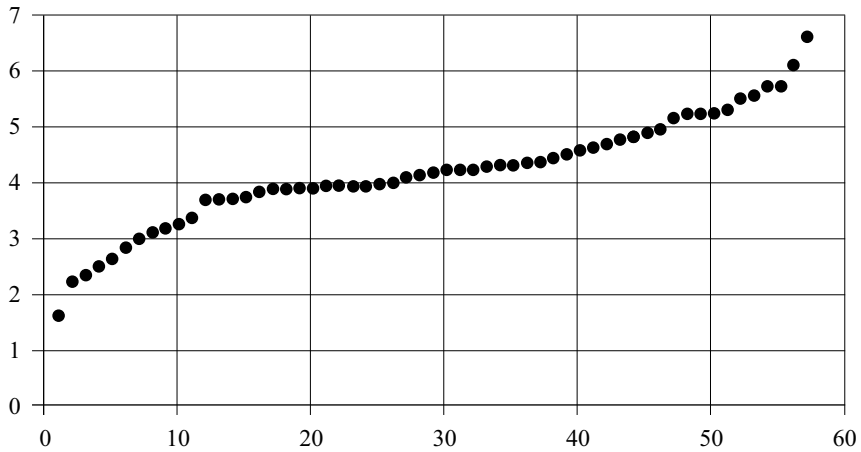
Attention should be paid to the large discrepancy in the responses of entrepreneurs. The standard deviation for particular responses ranges from 1.41 up to 2.09. Further analysis shows that also the perception of the degree of nuisance of barrier groups among entrepreneurs is not the same. Although most entrepreneurs emphasize legal and administrative barriers, each group of barriers is particularly burdensome for some companies. It is also interesting to compare the average degree of nuisance declared by individual companies (Chart 9).

Some companies emphasize the burden of business barriers – the highest average is 6.63, and some hardly see them – the lowest average is 1.59.

Research conducted so far was most often limited to the single or multiple-choice question about the most burdensome barriers to doing business. To compare the obtained results with previous studies, it was assumed that the most burdensome barrier for a given company is the one which received the most points. The obtained results are presented in Chart 10.

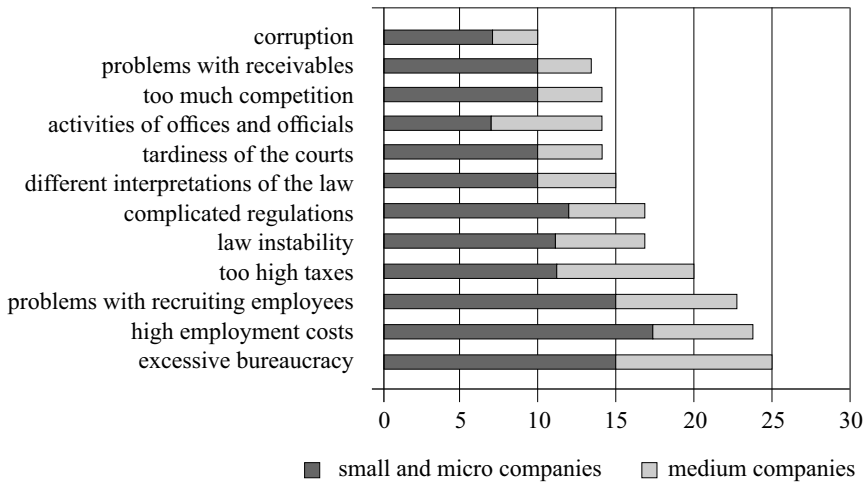
This time, excessive bureaucracy came first, followed by high employment costs, problems with recruiting employees and too high taxes. The change in the

Chart 9. Average level of nuisance for development barriers for individual SMEs



Source: own elaboration.

Chart 10. SMEs development barriers, which are most often mentioned as the most important



Source: own elaboration.

way data is interpreted has changed the order of the most important barriers to SMEs development, although the first four places again took the same problems. In addition, six of the first nine places were taken by legal and administrative barriers. However, this approach showed something different. None of the barriers was mentioned as the most important even by half of the surveyed entrepreneurs.

We can therefore conclude that the perception of the biggest problems in running and developing companies is very diverse.

6. Discussion

The exploratory study does not support the hypothesis, that legal instability is the biggest barrier to doing business by SMEs in Poland. On the other hand, the group of legal and administrative barriers is the most burdensome for the examined group of entrepreneurs. Importantly, the perception of barriers by entrepreneurs is very diverse. The discrepancies in the responses of the respondents were very large, although the surveyed companies belong to one business network, deal with the same industry and conduct the same type of business.

During the analysis of research results, a discrepancy was found in the conclusions received, depending on how the data received was interpreted. Therefore, only information that has been confirmed in both approaches can be considered as the result of the analysis. It was established that the biggest barriers to SMEs development are: bureaucracy, problems with recruiting employees and the costs of their employment, as well as too high taxes. The order of these barriers has not been clearly established. It was also found that the group of legal and administrative barriers is the most burdensome for entrepreneurs. Of course, the results obtained cannot be generalized, they concern a specific group of companies from a specific business network and a selected industry. They can, however, form the basis for formulating hypotheses for future quantitative research.

The ambiguity of the results depending on the method of interpretation is also important information regarding the comparison of the results of various studies in this area. In order for such comparisons to be justified, the method of conducting research and the method of analyzing results should be known. Literature review shows that barriers to business development are examined primarily using surveys, while the questions asked to respondents are different. Multiple or single choice closed questions are usually asked:

Which development barriers are the most burdensome?

Which development barrier is the most burdensome?

Sometimes respondents have a different task – ordering developmental barriers by level of nuisance. It should be noted that the conclusions, depending on the command variant, may differ significantly. For this reason in the study conducted by the author the respondents were asked to assess the degree of nuisance of particular development barriers. This method provides a lot more information, however, the results cannot be directly compared with other studies. Because among recent research on barriers to the development of SMEs in Poland, analogical research has not been found, so, based on the answers received in the survey,

it cannot be concluded whether networking has an impact on the perception of SMEs development barriers.

Nevertheless, this issue was discussed based on a literature review. It can be said with certainty that such an impact exists especially in the case of market barriers, although its significance is difficult to estimate.

7. Conclusions

The barriers to SMEs development have certainly not yet been thoroughly explored, and their complexity is far greater than it may seem. Problem analysis should not be limited to identifying the most significant barriers, it should take into account the size of the company, experience, industry specificity, type of business and other relevant aspects, such as belonging to a business network. The most important results of the conducted study show, that the main barriers to development most frequently mentioned by entrepreneurs: high tax burdens, high labor costs and bureaucracy should be supplemented with problems in recruiting employees. It should also be emphasized that the most important group of barriers are administrative and legal barriers. Reducing the burden on some barriers to SMEs development can certainly be achieved through networking, but the data received is not sufficient to estimate a size of this impact. In addition, the survey showed that the perception of barriers by entrepreneurs is very diverse, even for companies operating in one business network, in the same industry, carrying out the same type of business.

The study has some limitations. Only one network organization was analyzed, and the number of respondents was small. Comparing the results with the previous ones also proved to be problematic.

Therefore, it is advisable to conduct quantitative research based on a prepared questionnaire both among networked and non-networked companies. An in-depth comparative analysis of the results obtained can yield interesting results.

Please note that the results obtained may also have practical applications. Conclusions from the research on the factors limiting barriers to conducting business by small and medium-sized enterprises can be the basis for right actions not only on the part of entrepreneurs.

References

- Borowiecki R., Siuta-Tokarska B., 2008, *Problemy funkcjonowania i rozwoju małych i średnich przedsiębiorstw w Polsce*, Warszawa: Difin.
- Czakon W., 2012, *Sieci w zarządzaniu strategicznym*, Warszawa: Wolters Kluwer Polska.
- Czapla A., 2018, Efekty funkcjonowania w sieci międzyorganizacyjnej na przykładzie składów budowlanych Grupy PSB S.A., *Ekonomika i Organizacja Przedsiębiorstwa*, 4, 120-129.

- Danielak W., Gębska K., 2017, Bariery rozwoju i kluczowe czynniki sukcesu małych i średnich przedsiębiorstw, *Zeszyty Naukowe Polskiego Towarzystwa Ekonomicznego w Zielonej Górze*, 7, 83-96.
- Danielak W., Mierzwa D., Bartczak K., 2017, *Małe i średnie przedsiębiorstwa w Polsce. Szanse i zagrożenia rynkowe*, Wrocław: Exante.
- Grant Thornton, 2016, *Biurokracja w Polsce raport 360°. Biurokratyczne bariery rozwoju polskiej przedsiębiorczości*, http://grantthornton.pl/wp-content/uploads/2016/01/RaportBiurokracja_GT_PracodawcyRP.pdf [accessed: 20.05.2019].
- Jarosław D., Zowada K., 2017, Bariery i perspektywy rozwoju małych i średnich usługodawców logistycznych, in: K. Jędralska, W. Dyduch (eds.), *Nauki o zarządzaniu: dokonania, trendy, wyzwania*, Katowice: Wydawnictwo UE w Katowicach.
- Jeznach M., Tul-Krzyszczuk A., Gębski J., Kosicka-Gębska M., Gutkowska K., 2016, Strategie działania a bariery rozwoju i innowacyjności małych i średnich przedsiębiorstw przemysłu mięsnego i mleczarskiego, *Roczniki Naukowe Ekonomii Rolnictwa i Rozwoju Obszarów Wiejskich*, 103(4), 58-68.
- Kogut J., 2017, Bariery rozwoju małych i średnich przedsiębiorstw – ujęcie teoretyczne, *Studia Ekonomiczne, Prawne i Administracyjne*, 3, 56-67.
- Maison & Partners, 2018, *Bariery prowadzenia działalności gospodarczej w Polsce*, <https://zpp.net.pl/wp-content/uploads/2018/02/BarierydlaMSPwPL.pdf> [accessed: 5.05.2019].
- Ołówek N., 2016, Polityka podatkowa państwa a funkcjonowanie sektora małych i średnich przedsiębiorstw, in: K. Pujer (ed.), *Zarządzanie organizacją w turbulentnym otoczeniu*, Wrocław: Exante.
- OECD, 2017, *Enhancing the Contributions of SMEs in a Global and Digitalised Economy*, <https://www.oecd.org/mcm/documents/C-MIN-2017-8-EN.pdf> [accessed: 5.05.2019].
- PARP, 2018, *Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce 2018*, <https://businessinmalopolska.pl/images/publikacje/raporty/Raport-PARP-o-stanie-sektora-MP-2018.pdf> [accessed: 20.05.2019].
- Piorunowska-Kokoszko J., 2018, Perspektywy rozwoju grup zakupowych w Polsce w sektorze MŚP, *Przegląd Nauk Ekonomicznych*, 30, 45-62.
- Puciato D., Puciato W., 2016, Prawno-administracyjne bariery funkcjonowania przedsiębiorstw z sektora MŚP w województwa opolskiego, *Zeszyty Naukowe WSB we Wrocławiu*, 16(2), 77-89.
- Samborski A., 2017, Bariery fiskalne rozwoju przedsiębiorczości w Polsce, *Problemy Zarządzania*, 65(1), 50-68.
- Stawicka M., 2017, Bariery innowacyjności małych i średnich przedsiębiorstw w Polsce, *Journal of Modern Science*, 33(2), 247-260.
- Steinerowska-Streb I., 2012, Bariery rozwoju małych i średnich przedsiębiorstw w Polsce – zmiany spowodowane dekonjunkcją gospodarczą, *Przegląd Organizacji*, 7, 18-21.
- Steinerowska-Streb I., 2014, Bariery rozwoju polskich małych i średnich przedsiębiorstw zaangażowanych i niezaangażowanych w działalność międzynarodową, *Studia Ekonomiczne Regionu Łódzkiego*, 12, 149-159.
- Szczepaniak I., 2010, Czynniki i uwarunkowania oraz bariery rozwoju małych i średnich przedsiębiorstw, in: T. Wawak (ed.), *Komunikacja i jakość w zarządzaniu*, Kraków: Wydawnictwo UJ, 257-269.
- Tubielewicz K., 2017, *Charakterystyka powiązań sieciowych przedsiębiorstw w aspekcie zarządzania strategicznego*, Opole: Oficyna Wydawnicza Polskiego Towarzystwa Zarządzania Produkcją.
- Wardęcka M., 2017, Bariery rozwoju małych i średnich przedsiębiorstw powiatu konińskiego, *Acta Universitatis Nicolai Copernici. Zarządzanie*, 44(1), 7-18.
- Wawak S., 2018, Stymulanty i bariery rozwoju małych i średnich przedsiębiorstw, *Journal of Modern Management Process*, 3(1), 8-15.

- Wieczorkowska G., Wierziński J., 2007, *Statystyka. Analiza badań społecznych*, Warszawa: Scholar.
- Zuzek D., 2011, Bariery rozwoju małych i średnich przedsiębiorstw w Polsce, *Studia i Materiały*, 57, 337-350.
- Zuzek D., 2018, *Wyzwania wobec rozwoju małych i średnich przedsiębiorstw w gminach na obszarach Natura 2000: aspekty ekonomiczne, społeczne i ekologiczne*, Warszawa: Difin.

Uczestnictwo w sieciach biznesowych a bariery rozwoju małych i średnich przedsiębiorstw

Streszczenie. *Artykuł dotyczy barier rozwoju małych i średnich przedsiębiorstw (MŚP) w kontekście usieciowienia. Pokazuje, że powszechnie znane najbardziej uciążliwe bariery: wysokie podatki, duże koszty pracy oraz biurokrację należy uzupełnić o problemy z pozyskiwaniem pracowników, zaś najbardziej uciążliwą grupą barier są bariery administracyjno-prawne. Przynależność do sieci biznesowych ogranicza przede wszystkim uciążliwość barier rynkowych. Ponadto zwrócono uwagę, że postrzeganie barier przez przedsiębiorców jest bardzo zróżnicowane, nawet w przypadku firm działających w jednej sieci biznesowej, w tej samej branży, prowadzących ten sam rodzaj działalności.*

Słowa kluczowe: *sieci biznesowe, usieciowienie, małe i średnie przedsiębiorstwa, MŚP, bariery rozwoju*