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THE ECONOMIC CRISIS AND ITS IMPACT ON ENTREPRENEURSHIP IN THE CONTEXT OF MANAGEMENT

In a situation where the economy is in a systemic crisis, it is imperative to conduct analyses of assumptions and paradigms adopted in the economic thought, which may contribute to the implementation of principles of anti-crisis management by minimizing the potentially negative consequences for the company. Certainly, such a possibility is not created by a neo-liberal model of capitalism as opposed to institutional economics.

Entrepreneurs face a number of specific barriers resulting from the operating conditions during an economic crisis, which is threatening small and medium-sized enterprises (SMEs) but also creates opportunities to change management approaches (crisis management). For the SME sector in crisis conditions, the chance of survival and development can come from the implementation of a competitive cooperation strategy based on social capital. Forms of cooperation that improve the competitiveness of business units are clusters.

Keywords: economic crisis, entrepreneurship, management, social capital

1. BARRIERS TO ENTREPRENEURSHIP

Entrepreneurship development determines social development and is the primary factor stimulating economic growth; as a consequence, the source of entrepreneurship and its limitations became the focus of economic sciences [17, p. 3-17].

Small and medium-sized enterprises perform an essential role in the national economies of individual countries. In this respect, there is a consensus among scientists, publicists and political decision-makers responsible for shaping economic policy [31].

Entrepreneurship is a feature of actions to ensure the rational and effective coordination of economic resources of the company. It enables the achievement of

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economic efficiency, allowing for the ongoing operation of the company and its development. Entrepreneurial activity is equated directly with the person of the entrepreneur [16, p. 150-161].

Today, SMEs operating in conditions of economic crisis must, out of necessity, cease to compete solely through traditional, so-called hard factors of production and focus their attention on intangible resources, among which social capital becomes an important factor of value creation.

SMEs can flexibly adapt to the economic realities in times of crisis because it is easier to make decisions concerning changes when they are simply forced. Survival strategy in the market determines the need for continuous adaptation to harsh external conditions, when entrepreneurship in the macroeconomic level faces many barriers. In the case of Poland, the most important regional barriers to SMEs development include: inefficient public financial support, local policy in favor of SMEs and commercial financial. Entrepreneurs additionally believe that their development is unlikely to be blocked by the supply of business offices, IT infrastructure and proximity to cooperants. Business rental rates can also be perceived as a high burden. Very significant differences in perception of most important barriers occur between local authorities and business entities in regard to local policy in favor of SMEs. For municipalities, this barrier took the 14th place on the list, while for entrepreneurs it ranks as the second most important obstacle. Other irrelevant barriers in municipalities' opinion are regional labor resources and image of the region [15, pp. 138-154].

Management of business organizations, such as SMEs, especially in times of crisis, should assume there is a need for the development of standard-based management of proactive and reactive measures, with the aim to improve the competitive position and potential of business units [18, p. 99].

The crisis began as a financial market crisis. It is deemed that one of the causes of the crisis is mortgage loans and insolvency of the people to which they went. The causes of the crisis progressed for years – and leading up to it – brought huge profits to many banks. It is the result of the legitimacy of financial capitalism in the global economy – transfer from a non-financial part of the economy [10, p. 163-183]. It takes place the financialisation of the economy. The system began to transform into a global Ponzi scheme (pyramid scheme). In a broad sense, financialisation means the process of autonomy in the financial sphere in relation to the real economy, and even attaining superiority of the former in relation to the latter. During this process financial markets and the financial elites gain more and more influence on economic policy and on the effects of macro economical management. Financialisation leads to major changes in management and ownership, especially in large enterprises. In the area of property, it involves the growing role of institutional owners of the financial sphere who are associating with so-called *impatient capital*, looking for the possibility of obtaining windfall profits in the short term [9, p. 1-10, 12].

For the entrepreneurship sector in the real economy it had negative consequences in recent years, expanding the business entities of financial capital, i.e. banks, insurers and companies involved in real estate transactions, where excessive, dangerous for the world economy activity consisted in creating economically harmful (toxic) products and services (derivatives).

The classic definition of the crisis is that its cause is the imbalance between supply and demand on a global basis. The effects of the crisis may be different. Most often it is economic slowdown (in extreme cases, collapse), the decline in production, rising unemployment, indebtedness of the state (it can also be a cause), etc.

Undoubtedly, an inherent feature of a market economy is the creation of a state of crisis, which in the conditions of globalization takes on a complex nature. While it is impossible to completely eliminate crises, it is possible to decrease the frequency and severity. This requires a new paradigm of economics based upon an unorthodox approach in exploring multiple causality of crises. In particular, changes must be made within a specific triangle: value-institutions-politics.

2. THE PREMISE OF NEOLIBERAL PARADIGMS ON ENTREPRENEURSHIP VERSUS INSTITUTIONAL ECONOMICS RELATING TO SOCIAL CAPITAL

In academic economics there are various positions on the crisis. According to representatives of the new institutional economics and new Keynesian economics, the global economic crisis featured since 2007 is systemic [27; 29]. It is a structural and institutional crisis of modern capitalism. Evidently it prefers the less productive in the long run capitalism of speculators over creative capitalism of entrepreneurs. It is a crisis of the neoliberal model of capitalism [13, p. 2-9]. Today it can be seen as the global process of shaping the social consciousness and individuals by the neoliberal scheme. Using the concept of the free market and its invisible hands, neoliberal thought moves away from understanding socio-economical phenomena. It is worth to underline that liberty as an attribute applies only to people, social collectivities, where some have more freedom and some less. There are authors coming from Marxist theory who dispute general characterizations of capitalism to the crisis and theories which see finance and the contemporary financial crises as largely detached from other aspects of the economy and society [5, p. 1-14]. The issue of the global crisis of capitalism, from the point of view opposite to neoliberals, is increasingly seen in modern academic disputes [26].

Particular attention in clarifying these issues should be attached to institutional thinking in the social sciences, which brought a new viewpoint to the understand-

ing of contemporary social and economic phenomena. Institutionalism – as opposite to neoliberalism – as the direction of economic sociology and economics (in all its forms and positions) – emphasizes the role and importance of institutional, socio-cultural factors (rules, norms, values), forming the basis for social and economic order [19, p. 97]. Modern institutionalism (new institutionalism) refers to the theoretical achievements of the historical school, whose leading representatives were W. Roscher (1817-1894), K. Knies (1821-1898), G. Schmoller (1838-1917), Weber (1864-1920) and W. Sombart (1863-1941). The creators of this direction are: T. Veblen (1857-1929), J.R. Commons (1862-1945) and W.C. Mitchell (1874-1948). Continuers include G.C. Means, A. A. Berle and J. K. Galbraith.

Institutionalists believe that the neoclassical school based on statistical models with a high degree of abstraction, assuming hedonistic and atomistic understanding of human nature, is *de facto* grossly uniform and simplified. The need appears to study social institutions which are vital to economic behavior. These institutions include the state authorities, trade unions, financial organizations, socio-political organizations, as well as ownership and organizational structure, habits of thought, universally recognized rules and principles of conduct. Economics should examine the genesis and the evolutionary development of these institutions.

Institutional economics seems to be the ideological source of the concept of the existence of non-economic capitals, including social capital. Firstfruits of the concept of social capital, understood as the commitment and participation in activities of groups and organizations, especially business, can already be seen in the works of classics like A. Smith, K. Marks and E. Durkheim.

Issues concerning social capital are an increasingly widespread research subject in economic sciences. Social capital as a concept, idea, theory is used in many different analyses of explanations of phenomena and socio-economic processes taking place in modern societies [21, p. 3].

Some researchers are critical of the concept of social capital; consider it an unjustified use of the word capital. In economic terms capital can be: created, accumulated, reproduced, invested; it can be: profitable and lost and most importantly – it can be measured. These criteria are extended as a condition to deny the justification for using the term social capital [1, p. 13-45; 28]. Ben Fine assumes that in raising the virtues of civil society to pedestal status, social capital has studiously ignored questions of power, conflict, the elite and the systemic imperatives of capitalism. As proof of this thesis he presents eight critical features concerning social capital [6, p. 178].

The theory of social capital in countries undergoing transformation, e.g. in Poland, is implicitly developed sometimes as the legacy of Marxism, which does not bear the ideological heritage of the communist system. It is, in a sense, a victory from the grave of the author of *Capital*. Evidence of the career of this term is its

position in the social sciences [30, p. 241]. Undoubtedly, assuming the dialectical approach in understanding social capital it can demonstrate its epistemological usefulness in explaining socio-economic phenomena.

Social capital arises, develops and operates within civil societies with market economies; it is present in a narrower or wider scope in all forms of the capitalist economy. It is formed according to tradition, culture, political system, and especially the level of economic development [4, p. 302-304; 11; 25]. Social capital may be found in many forms and differ in structure, size and intensity, depending on the type of society.

Social capital could be defined as a socially institutionalized and internalized phenomenon accepted by individuals and groups and a social artifact, representing a specific type of social (common) welfare and simultaneously a specific regulator of human behavior [24, p. 13, 21]. Social capital consists of trust, social networks, commitments, and the norms and values: solidarity, loyalty, social responsibility, which together form the basis of social cooperation.

The concept of social capital seems to be particularly helpful in explaining the differences in the quality of life and wealth of societies offering a similar economic potential. It also helps to realize what are the causes of failing development programs implemented in areas lagging behind economically and civilizational.

In the modern economy, social capital can significantly affect the efficient allocation of human, physical and financial capital, thanks to the trust and effective cooperation between economic operators. Social capital enhances competitiveness and innovation both at the macro- and microeconomic level. Only firms with a high level of social capital have a higher ability to innovate, gaining an advantage over competitors due to the smooth flow of information, knowledge and experience. Differences between businesses are primarily differences in the effectiveness of the processes of identification and use of social capital.

Today's economic conditions, which are highly dynamic and with a high level of uncertainty, mean that social capital is particularly important. It provides a valuable resource, and its accumulation is a major challenge for enterprises today. Social capital's influence includes: increasing efficiency of company operations by reducing risks, greater adaptability of enterprises and creation of the necessary climate of cooperation [24].

The main objective of social capital is to reduce uncertainty in social and economic life. Without social capital, uncertainty would be a serious obstacle in conducting business and in the cooperation between people and organizations. Social capital replaced individual expenditures necessary to reduce uncertainty in business and economic cooperation. Social capital reduces the cost of reproduction of individual property rights, transaction costs and the costs of signaling (information to the market). Social capital enhances economic activity, which often limits the shortage of financial capital, modifies the direction and improves the efficiency of investment.

3. ANTI-CRISIS MANAGEMENT OF ENTERPRISES: IMPLEMENTATION OF COMPETITIVE STRATEGIES BASED ON COOPERATION

In a situation when the economy is in a state of systemic crisis – as a consequence – it must affect the situation of different organizations. Then it becomes necessary to implement anti-crisis management policies by minimizing its potentially negative consequences for the company [14, p. 5-7].

In the context of the debate on social capital, it is worth stressing the benefits in this process resulting from the implementation of the cooperation strategy [24]. This strategy involves the renunciation of confrontational attitudes and cooperating. Small businesses create the most common network of personal connections. Informal linkages assist in obtaining information and serve as mutual support themselves. With the growth of the company, these links become more formal and support the growth of the enterprise [2, p. 36-37].

Competitive cooperation in planning the strategy for the development of SMEs is possible, as long as enterprises have reached a high level of social capital. It means giving up confrontational attitudes and the recognition that [24]:

- it is possible to pursue individual objectives of companies to eliminate the debilitating struggle;
- the critical mass of resources necessary to reference the success in the market is growing faster than the pace of development of enterprises going through internal development.

Cooperation between enterprises can take on a different nature and involve various organizational and legal forms, based on different principles. In a situation where there is interdependence between partners, various forms of strategic alliances can occur [8, p. 221-243]. Competitive cooperation is supported on an institutional basis, which guarantees a responsible co-government. It is the impetus for shaping open attitudes that give people the opportunity to use their talents and creative attitudes [22].

Competitive cooperation covers all aspects of cooperation between businesses, which usually compete on the market. Competitive cooperation consists in the broadly defined industry cooperation, embracing all the companies involved in the value chain (suppliers and recipients). Competitive cooperation is significantly associated with the existence of a high level of concentration among representing similar industries. Therefore, competitive cooperation should be one of the elements taken into account by the regional development strategies of innovative forms of economy. Big potential in this area also occurs in the form of hitherto underdeveloped research and development cooperation between companies and academic institutions. One important factor for the development of competitive cooperation between enterprises, is to build a mood of interregional economic

competition. Such a strategy should be closely linked with programs aiming at developing broader regional identity, which will manifest itself in initiating intra-business cooperation. This model requires identifying key sectors for the regional economy, which is part of its identity [7].

The form of cooperation that improves the competitiveness of operators is known as clusters [3, p. 381-412]. The mechanisms characteristic of cluster forms of organization of economic activity are [20, p. 167]:

- coexistence of cooperation and competition – the companies concentrated in clusters on the one hand compete with each other, on the other hand cooperate in these same areas;
- interactions (horizontal or vertical relationship). It includes cooperation which triggers synergistic mechanisms, primarily in the area of the diffusion of knowledge, attracting new businesses, the flow of human capital;
- spatial concentration – referring to favorable interactions between actors operating in a cluster, forming a palette of positive external effects;
- domination of links between companies in the form of the value chain – firms in clusters form a system of mutual relations, focused on common or complementary products, processes, distribution channels and suppliers;
- sector connection and specialization – clusters are made up of companies operating in the same or related industries and services, which contributes to increasing the efficiency of its operations and the deepening specialization of the cluster;
- voluntariness of connection and belonging to the cluster – cluster members are independent, relationships are largely of an informal nature.

As the special feature of clusters is the simultaneous cooperation and competition – so called co-competition [32] – the decision whether that relationship will become more dominant depends, among others, from the social situation adopted by the social actors, which include social institutions, e.g. chambers of commerce, business incubators, science and technology parks, scientific institutions and the government. Hence, it is important to form a positive social climate, which objectively represents the operation of enterprises in the supply chain where the output of a product or service depends on the supply of half-measures. Subjectively, however, this means that the company starts cooperation with other entities as a result of the psychosocial calculation, in which cooperation becomes more useful, profitable [20]. The social capital generated in relational structures (clusters) can act as a substitute for what they lack: physical capital (material) or financial capital.

This effect is noticeable only when potential cluster participants have the ability to act in a group, in which the dominant feature is trust. This confidence shortens the negotiation of contracts and reduces transaction costs [33, pp. 548-577].

The importance of competitive cooperation, which translates into the creation of institutional structures to support entrepreneurship clusters, appeared in the studies *Foresight for Wielkopolska*, where the author was the person responsible for the design and development of research results concerning social capital. It was in

these studies that the author picked up the issue of competitive cooperation [7]. Its main objective is the improvement of competitiveness and investment attractiveness of the region.

Coopetition is an area of *Foresight* associated with values such as mutual success and growth and efficiency. Competitive cooperation covers all matters relating to cooperation between competing businesses, and cooperating industry companies participating in the value chain (suppliers and recipients).

Competitive collaboration works best in high-technology industries, and therefore innovation is becoming a key component of this strategy.

Coopetition between enterprises will lead to a decrease or disappearance of aggressive actions between employees and will promote the flow of knowledge within the industry and will accelerate the introduction of new solutions to the market. All these elements are indirectly reflected in the growth and economic development of the region.

4. CONCLUDING REMARKS

In a situation when the economy is in a state of systemic crisis, as a consequence it becomes necessary to implement anti-crisis management policies by minimizing its potentially negative consequences for the enterprise.

For the SME sector in crisis conditions, the chance of survival and development rests on the implementation of a competitive strategy of cooperation based on social capital. Enterprises with a lot of social capital are more likely to innovate, employ entrepreneurial risk-taking and diversify their activities. The quality of social capital may determine competitive ability, entrepreneurship and innovation at the micro- and macroeconomic level.

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KRYZYS GOSPODARCZY I JEGO WPLYW NA PRZEDSIĘBIORCZOŚĆ W KONTEKŚCIE ZARZĄDZANIA

Streszczenie

W sytuacji, gdy gospodarka znajduje się w stanie kryzysu systemowego w konsekwencji niezbędna staje się wtedy implementacja zasad zarządzania antykryzysowego poprzez minimalizację potencjalnie negatywnych jego konsekwencji dla przedsiębiorstwa.

Przedsiębiorczość napotyka na szereg specyficznych barier wynikających z warunków działania w okresie kryzysu ekonomicznego, który stanowiąc zagrożenie dla MSP stwarza jednocześnie szanse zmiany podejścia w zarządzaniu (zarządzanie antykryzysowe). Dla sektora MSP w warunkach kryzysu szansą przetrwania i rozwoju może stać się wdrażanie strategii konkurencyjnej współpracy opartej na kapitale społecznym. Formę współpracy umożliwiającą poprawę konkurencyjności podmiotów gospodarczych stanowią klastry.

Słowa kluczowe: kryzys ekonomiczny, przedsiębiorczość, zarządzanie, kapitał społeczny