

INVESTIGATION OF THE ROLE OF PERSONNEL IN MANAGEMENT OF SMALL ENTERPRISES IN LATGALE REGION

PERSONĀLA LOMAS IZPĒTE LATGALES REĢIONA MAZO UZŅĒMUMU VADĪŠANĀ

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Abstract. *Personnel is the main resource in a business company. The main prerequisite in strategic management is involving the personnel in this process. Strategic management has largely an influence upon the development and survival of enterprises against the backdrop of crisis in small businesses. The findings have clarified the correlation of duration of companies' action and work experience of employers on the attitude to personnel and on involving it in a management process in Latgale region. The research results allowed developing proposals to improve the implementation of strategic management by taking into account the role of personnel in this process.*

Keywords: *Small business, Strategic Management, Personnel, Regional Economics.*

Introduction

The research impact on small business companies in this article is explained by the fact that the number of small business companies in the particular region exceeds 90% of all companies. The unemployment level in Latgale region is the highest in Latvia. The survival of small companies in crisis conditions is very important for the economy of Latgale.

Findings of the previous research (4, 5, 6, and 7) showed that using Strategic management in small business companies in Latgale region largely helped them to survive. Awareness of a dynamic business environment and rapid response to its opportunities and threats is very significant for businesses surviving. Personnel is a key factor to any organizational process.

The aim of this article is to explore the personnel role in small business management processes in Latgale region.

To achieve this aim several objectives were defined:

- to interpret the role of personnel factor in small business management;
- to identify the role of managers' working duration experience in involving personnel in their businesses management processes in Latgale region;

- to identify the role of companies' operation time in involving personnel in their businesses management processes in Latgale region;
- to find out the correlations between the following management factors: managers' working duration experience, companies' operation time, personnel involving in management process, attitude to personnel;
- to develop proposals for management improvement in small businesses by using the personnel support.

To achieve the aim of this investigation the following research methods were used: content analysis, analysis and synthesis, logical and abstract constructive methods, graphic, reference methods, questionnaire method, Express inquiry method and SPSS programme.

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Results and discussions

Business develops faster whenever the strategic management is used. Business success largely depends on the strategic leader, his/her values, culture and management style in implementing business goals. The management of small business companies is provided by the strategic leader. Managers have to make decisions which deal not only with business survival opportunities but also with business development in a changing environment under dynamic competitive conditions where each competitor tries to do impossible things to survive. The main role of the company's strategy is to ensure that everyone in the organization pulls in the same direction that may have to be specified as precise as possible.

The role of Personnel in Strategic Management process

According to Thompson J., Martin F. (9) Strategic management does not provide the detailed description of the internal environment in the external environment, but it is a qualitative set of intentions for future situations in organization of its market position and business culture. The main factor in strategic management is the personnel factor, which is focused on market demand, at the same time flexibly responding to a changing environment with the aim of getting competitive advantages and providing survival opportunities for the organization in the long term. According to Evans, N. (2) Strategic thinking and strategic management are the most important activities undertaken by any business. How skilfully these activities are carried out will determine the eventual long-term success or failure of the organization.

Strategic management foresees involving the all personnel in looking for the best ways to reach the goals of the organization. According to Mintzberg (3) strategic leaders must encourage strategic thinking throughout the organization trying to get others to think about the future in a creative way. Organizations must understand the strategic value of the resources and how they can be used to satisfy the needs and expectations of customers and other stakeholders.

Personnel as one of the key internal resource is closely linked to the organization's culture. According to Evans, N (2: 79), culture is the organizational equivalent to human's personality. From a strategic point of view the important point is that all organizations have culture and that it can have a significant effect upon the organizational performance. Managers may subsequently find it necessary to take steps to implement a programme that attempts to change the prevailing culture in order to improve the performance.

Training of the personnel is necessary for the success of most businesses. In accordance with Borrington K., Stimpson P. (1:228) it is a form of investment, but investment in the human capital not in the physical capital. Investment usually leads to greater output in the future and this is true regarding the employees as well as machinery. There are the following advantages of training: greater motivation and commitment of the employees, increased productivity, improved quality of the output, improved customer service, ability to use new technologies, greater flexibility of the labour force. Each training course is related to the following disadvantages: loss of output whilst training, cost of training, employees may leave once they are trained and then another business will benefit from that particular training, the course may raise employee's expectations for promotion.

Involvement of personnel in small business management in Latgale

Within the framework of this study 170 respondents from small companies in Latgale region were surveyed. Total number of small enterprises in Latgale region does not exceed 1,300 in year 2010. According to Sonders, M. (8:231) the number of the representative selection was determined with a permissible error of about 5%. This investigation mostly involved managers, and only a few of them had knowledge in strategic management. In this connection the relevant instrument of the survey was the express inquiry. Other data were collected using a questionnaire method.

The aim of the opinion survey was to explore relationships between the length of managers' working experience, operation time of small businesses and attitude to personnel, which was characterized by the following research factors:

- involving the personnel in a management process,
- assessment of the personnel as a resource of an enterprise with the main function to discharge the duties,
- providing training,
- assessment of the personnel as the main value of company.

Research period: the year 2010.

Respondents: managers (97%) and executives (3%) of small business companies.

Investigation area: Latgale region.

The respondents represented the following fields: wood processing, metal working, food production, trade, transport, consultation services, catering, and tourism.

Results of the opinion survey

The number of employees, where the respondents work, does not exceed 10 in 130 companies, from 11 to 50 employees – 40 companies.

The data (Table 1) show the statistics of the following indicators: duration – time of companies' operation; work experience – respondents' work experience as managers; personnel-resource – attitude to personnel which is assessed as a resource of an enterprise with the main function to discharge the duties; personnel-value – attitude to personnel as the main value; provision of training – number of companies, which provide personnel training.

Table 1.

Statistics of indicators used as research factors

Statistics

		duration	work experience	personnel-resource	personnel-value	providing training
N	Valid	169	170	170	170	170
	Missing	1	0	0	0	0
Mean		7.89	3.25	.46	.68	.34
Median		9.04 ^a	3.84 ^a	.46 ^a	.68 ^a	.34 ^a
Mode		10 ^b	5	0	1	0
Std. Deviation		3.261	1.853	.500	.469	.473

a. Calculated from grouped data.

b. Multiple modes exist. The smallest value is shown

Figure 1 shows the duration of operation (Mean – 7.89, Mode – 10, Median – 9.04, Std. Deviation – 2.915) of companies, where the respondents work.

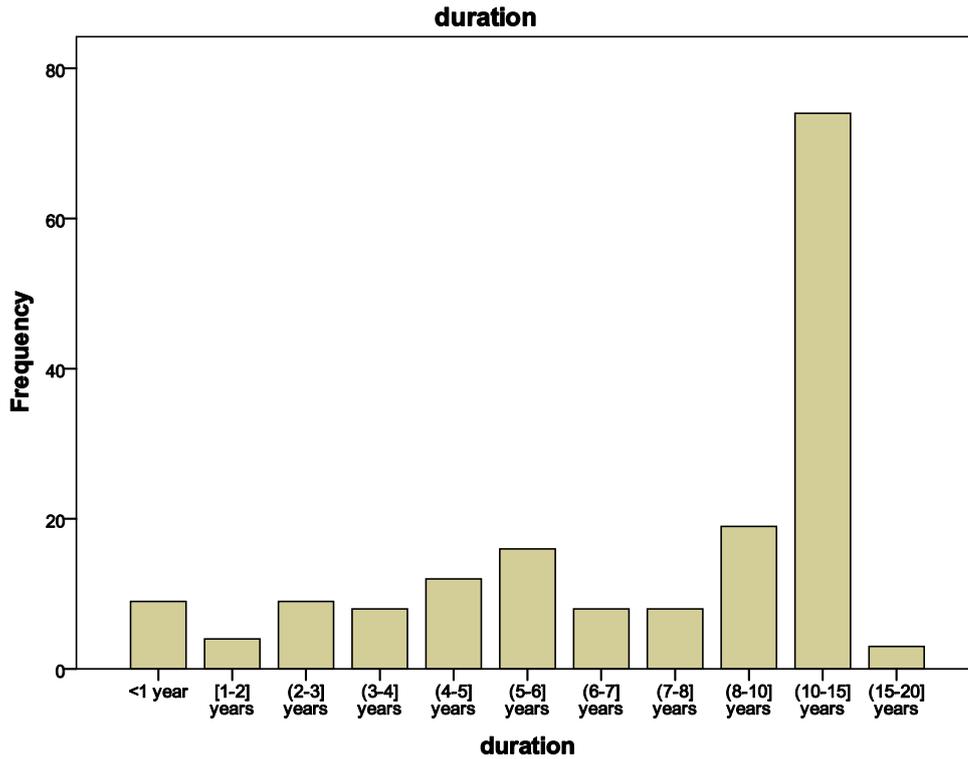


Figure 1. **Duration of companies' operation**

The length of the respondents' work experience as managers (mean – 3.25, mode – 5, median – 3.84, Std. Deviation – 1.853), is reflected in Figure 2.

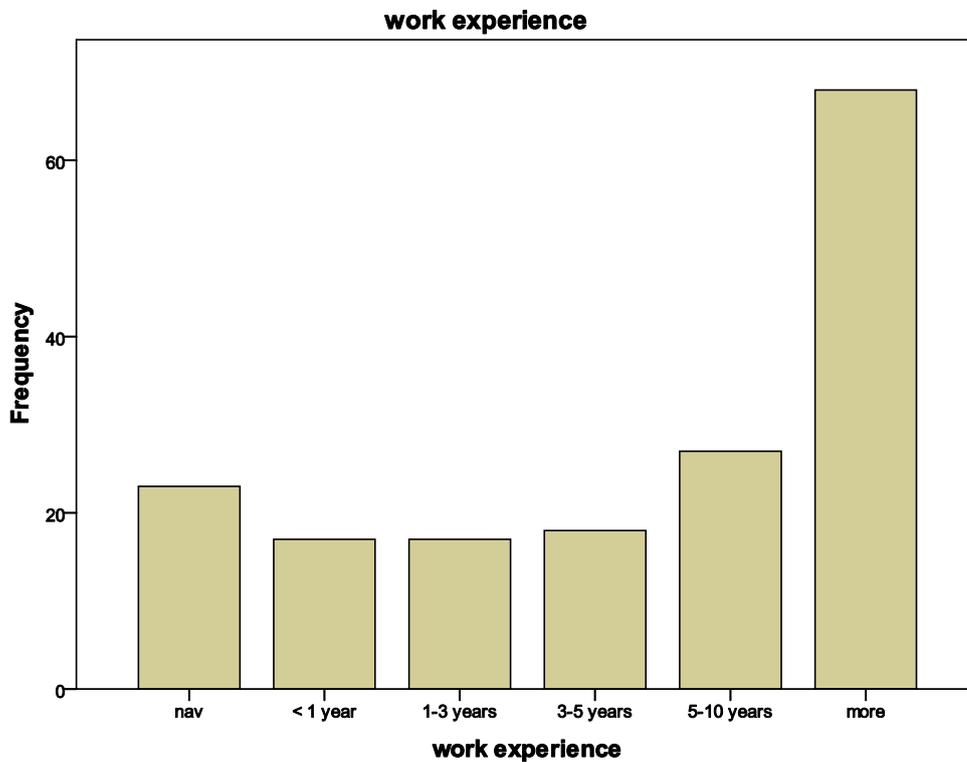


Figure 2. **Length of managers' working experience**

Role of managers' working duration experience

The respondents' answers to the question – *Is personnel in your company involved in the management process?* – were divided as following: yes - 90 (52.9%); no - 80 (47.1%). Figure 3 shows that relationship between the managers' working duration experience and the personnel involvement in management processes does not exist.

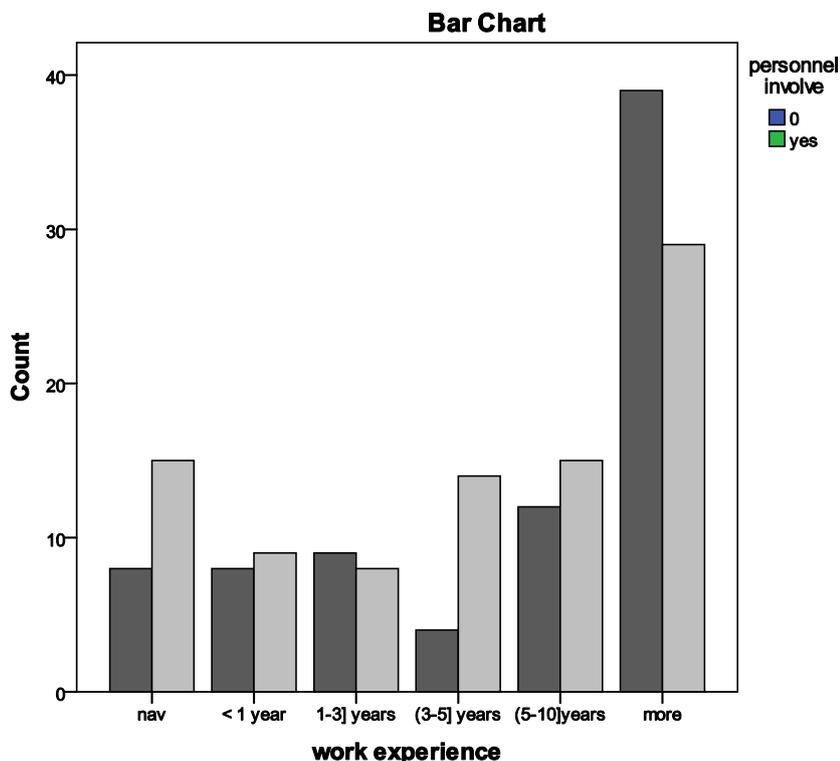


Figure 3. **Personnel involvement in management process depending on managers' working duration experience**

Question: *Is personnel in your company assessed as a resource of an enterprise with the main function to discharge the duties?*

The respondents' answers were divided as following: yes - 78 (45.9%); no - 92 (54.1%). Figure 4 shows that relationship between the managers' work experience and assessment of personnel as a resource of an enterprise with the main function to discharge the duties does not exist.

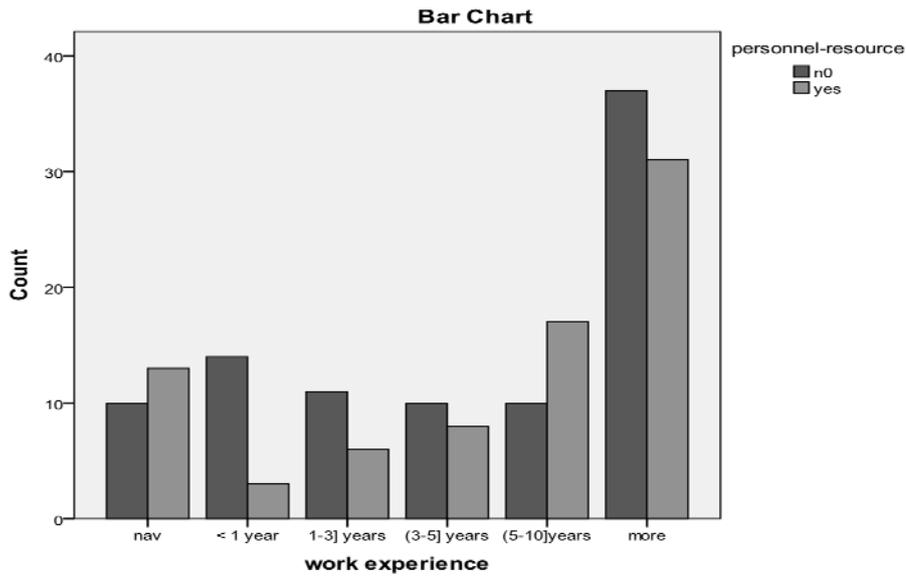


Figure 4. **Attitude to personnel as a resource depending on managers' working experience**

Question – *Did your company provide the training of personnel?*

The respondents' answers were divided as following: yes - 57 (33.5%); no- 113 (66.5%).

Figure 5 shows the lack of uniformity between managers' work experience and provision of training.

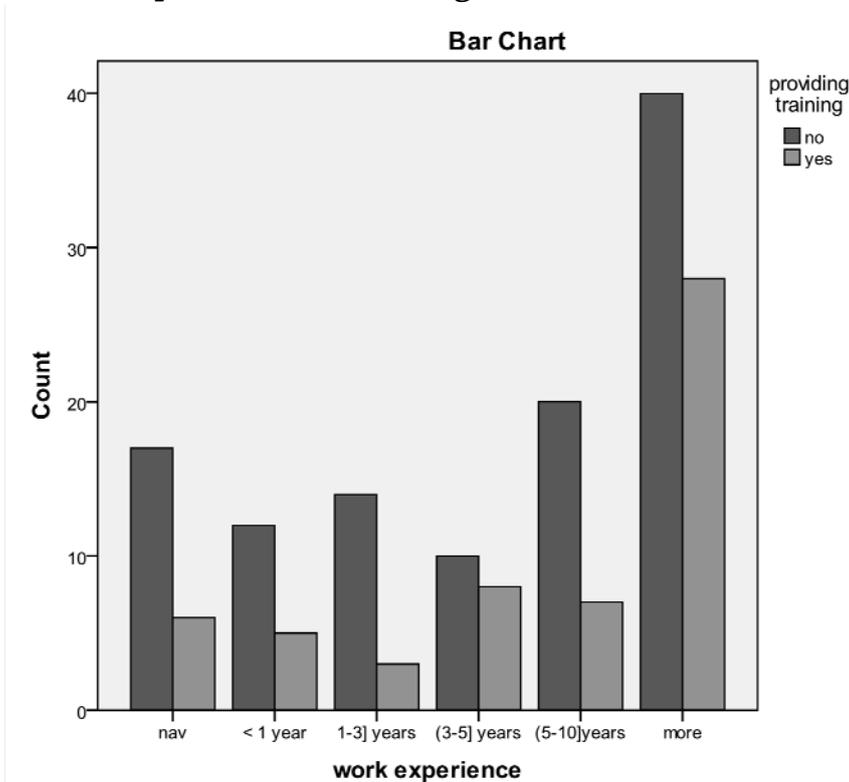


Figure 5. **Providing of training depending on the managers' working duration**

Question – *Is personnel in your company assessed as the main value?*

The respondents' answers were divided as following: yes - 115 (67.6%); no - 55 (32.41%). Figure 6 shows the lack of uniformity between the managers' work experience and assessment of personnel as the main value.

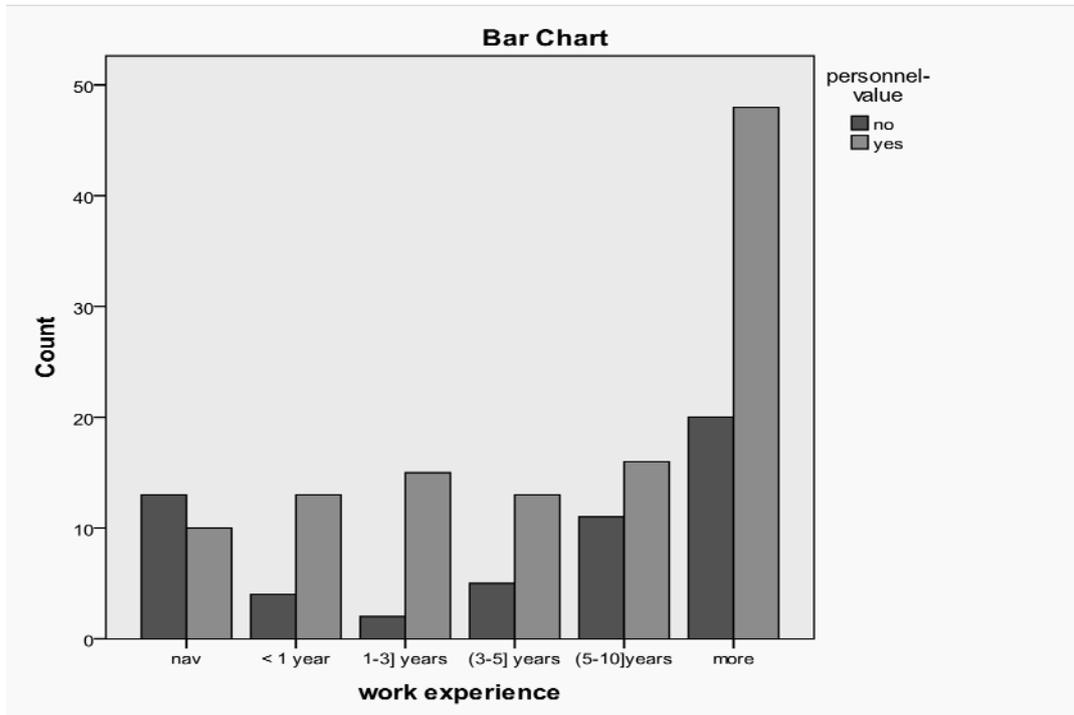


Figure 6. **Attitude to personnel as the main value depending on the managers' working duration experience**

Role of the time of company's operation

Question – *Is personnel in your company involved in the management process?*

Figure 7 shows the lack of uniformity between the time of company's operation and personnel involvement in the management process.

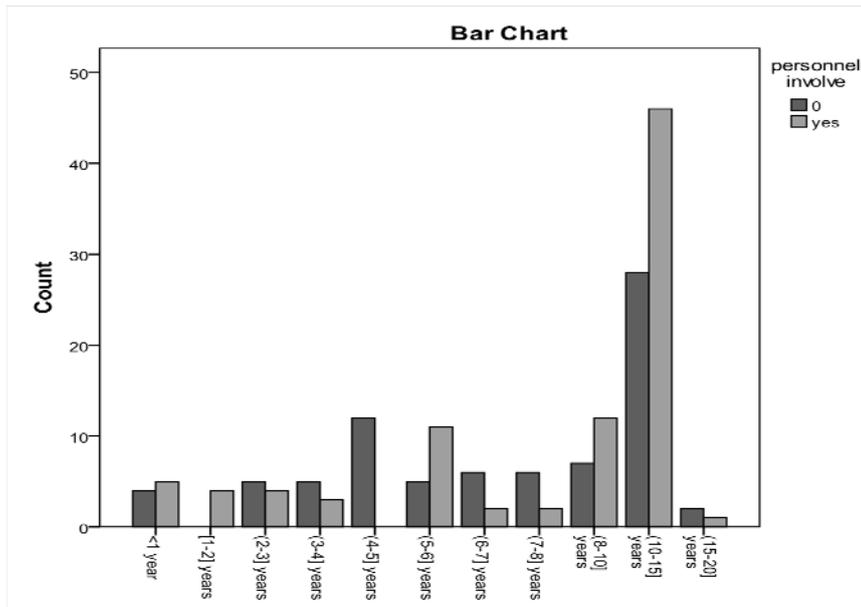


Figure 7. **Personnel involvement in the management process depending on the duration of company's operation**

Question – *Is personnel in your company assessed as a resource of an enterprise with the main function to discharge the duties?* Figure 8 shows that the relationship between the time of company's operation and assessment of personnel as a resource of an enterprise does not exist.

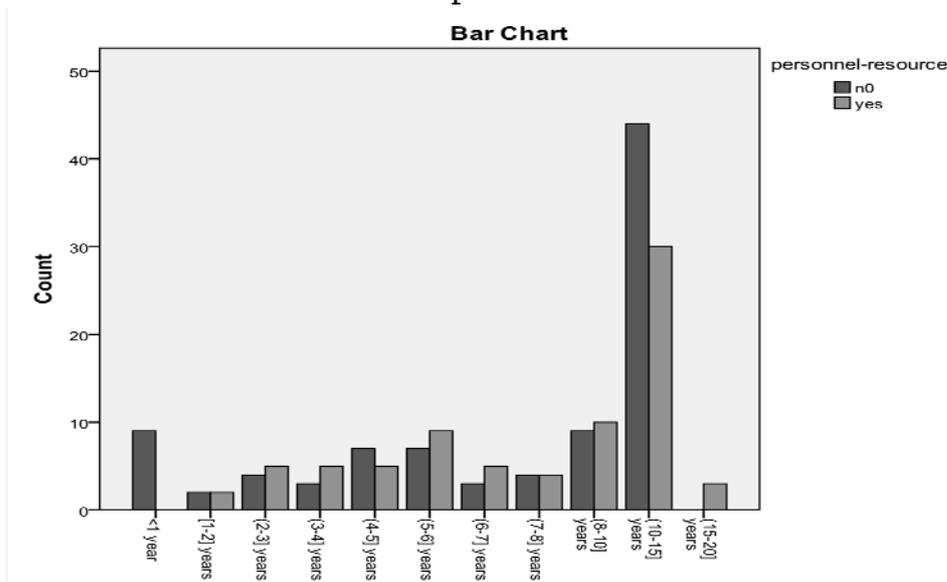


Figure 8. **Assessment of the personnel as a resource depending on the duration of company's operation**

Question – *Did your company provide the training of personnel?*

Figure 9 shows the lack of uniformity between the company's operating duration and provision of training.

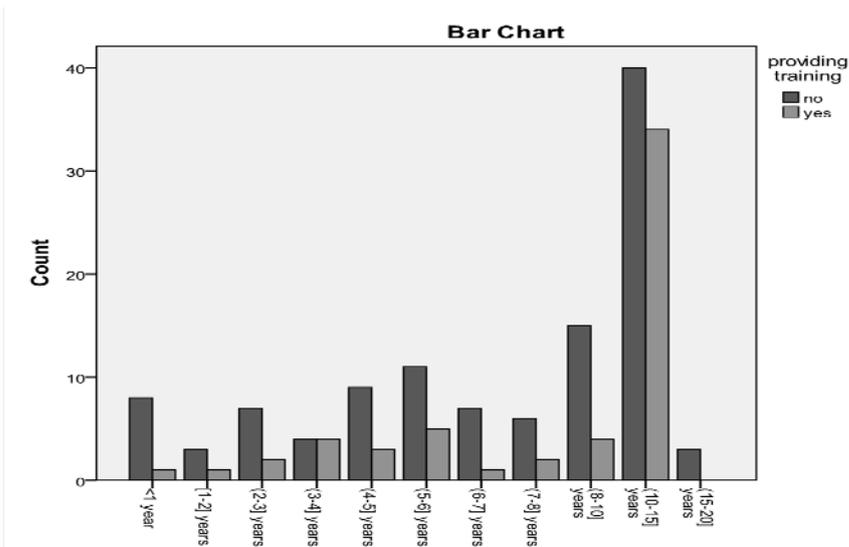


Figure 9. **Provision of training depending on the duration of company's operation**

Question – *Is personnel in your company assessed as a main value?*

Figure 10 shows the lack of uniformity between the duration of company's operation and assessment of the personnel as the main value.

Data (Table 2) reflect the Pearson Correlations between research factors.

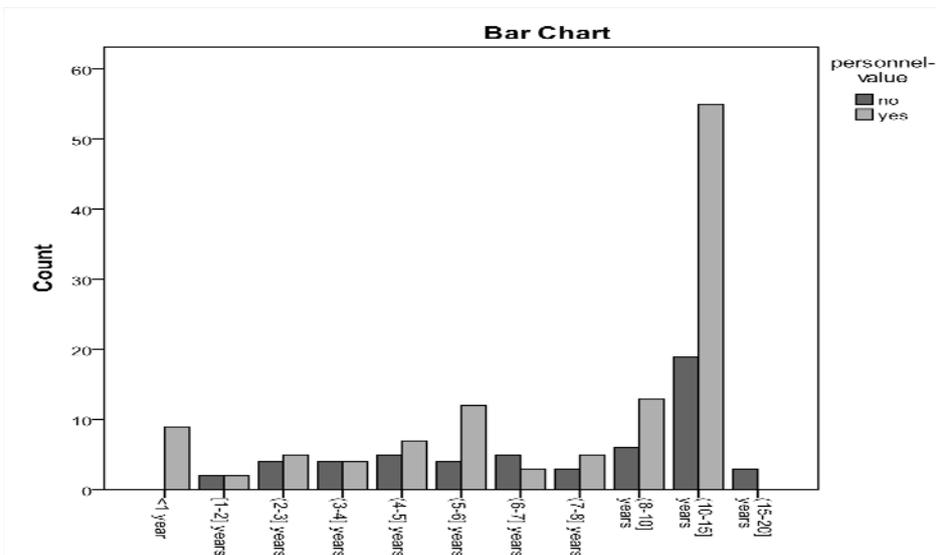


Figure 10. **Attitude to personnel as a value depending on the duration of company's operation**

Table 2.

Correlations between research factors**Correlations**

		duration	work experience	providing training	personnel-resource	personnel-value	personnel involve
duration	Pearson Correlation	1	.228**	.140	.059	-.001	.100
	Sig. (2-tailed)		.003	.069	.441	.993	.196
	N	170	170	170	170	170	170
work experience	Pearson Correlation	.228**	1	.119	.053	.081	-.132
	Sig. (2-tailed)	.003		.123	.494	.293	.085
	N	170	170	170	170	170	170
providing training	Pearson Correlation	.140	.119	1	-.129	.225**	.195*
	Sig. (2-tailed)	.069	.123		.094	.003	.011
	N	170	170	170	170	170	170
personnel-resource	Pearson Correlation	.059	.053	-.129	1	-.600**	-.054
	Sig. (2-tailed)	.441	.494	.094		.000	.482
	N	170	170	170	170	170	170
personnel-value	Pearson Correlation	-.001	.081	.225**	-.600**	1	.129
	Sig. (2-tailed)	.993	.293	.003	.000		.094
	N	170	170	170	170	170	170
personnel involve	Pearson Correlation	.100	-.132	.195*	-.054	.129	1
	Sig. (2-tailed)	.196	.085	.011	.482	.094	
	N	170	170	170	170	170	170

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

There are significant correlations between work experience and duration.

There are no correlations between the length of the managers' working experience and personnel involvement in the management process, the attitude to personnel as a resource, the attitude to personnel as a value and provision of training.

There are no correlations between the duration of companies' operation and personnel involvement in the management process, the attitude to personnel as a resource, the attitude to personnel as a value and provision of training.

This fact is explained by findings of the previous research (Silineviča, 2010): the lack of implementation of strategic management in small

businesses in Latgale region is explained by the absence of knowledge in Strategic management in regard to managers of these companies.

Conclusions and proposals

There are no correlations between the length of the managers' working experience and the personnel involvement in the management processes, the attitude to personnel as a resource, the attitude to personnel as a value, and provision of training.

There are no correlations between the duration of companies' operation and the personnel involvement in the management processes, the attitude to personnel as a resource, the attitude to personnel as a value, and provision of training.

The opportunities of the personnel potential in small businesses' management processes are not used enough in Latgale region.

There is lack of awareness of strategic management and particularly lack of role of the personnel factor in development of small businesses.

Taking into account the importance of small business development from the regional aspect it is necessary to include the complex of particular measures in regional development plans, providing various training programmes in Human Resources in Strategic Management for development of small business activities.

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Kopsavilkums

Personāls ir svarīgākais resurss jebkurā uzņēmumā. Galvenais priekšnoteikums stratēģiskās vadīšanas procesā ir personāla iekļaušana tajā. Stratēģiskā vadīšana ļoti lielā mērā iespaido uzņēmuma attīstību un izdzīvošanu ekonomiskās krīzes apstākļos. Darba mērķis ir izpētīt vadītāju darba pieredzes faktora un uzņēmuma darbības ilguma faktora ietekmi uz vadības attieksmi pret personālu, kā arī personāla iekļaušanu mazo uzņēmumu vadīšanas procesā Latgales reģionā.

Darba mērķa sasniegšanai tika izvirzīti šādi uzdevumi.

- Teorētiski interpretēt personāla nozīmi mazo uzņēmumu vadīšanā.
- Identificēt menedžeru lomu personāla iekļaušanā vadības procesā atkarībā no vadītāju darbības ilguma.
- Identificēt menedžeru lomu personāla iekļaušanā vadības procesā atkarībā no uzņēmuma darbības ilguma.
- Atrast iespējamās korelācijas starp šādiem faktoriem: vadītāju darbības ilgums, uzņēmuma darbības ilgums, personāla iekļaušana vadīšanas procesā, attieksme pret personālu- vai personāls tiek uztverts tikai kā amata funkciju izpildītājs, vai arī kā galvenā uzņēmuma vērtība.
- Izstrādāt priekšlikumus menedžmenta uzlabošanai mazajos uzņēmumos.

Pētījuma metodes: kontentanalīze, salīdzināšana, grafiskā, ekspresintervijas, aptauja, anketēšana. Datu apstrādei izmantota SPSS programma.

Aptaujā atlasīti 170 respondenti no maziem Latgales uzņēmumiem, kas pārstāvēja dažādas jomas: kokapstrādi, metālapstrādi, tirdzniecību, ēdināšanu, tūrisma, transporta pakalpojumus, grāmatvedības, juridiskos u.c. pakalpojumus. 130 uzņēmumos darbinieku skaits nepārsniedza 10 cilvēku. 97% respondentu bija uzņēmumu vadītāji.

Pētījuma rezultātā tika izdarīti šādi secinājumi.

- Pastāv korelācija starp vadītāju darba pieredzes faktoru un uzņēmuma darbības ilguma faktoru.
- Korelācija nepastāv starp vadītāju darba pieredzes faktoru un personāla kā resursa vai kā firmas galvenās vērtības vērtējumu.
- Korelācija nepastāv starp uzņēmuma darbības ilguma faktoru un personāla kā resursa vai kā firmas galvenās vērtības vērtējumu.
- Korelācijas neesamību starp augstāk minētajiem faktoriem apstiprina arī iepriekšējie autores pētījumi par stratēģiskā menedžmenta iespējām mazajā biznesā Latgales reģionā.

Ņemot vērā mazā biznesa nozīmi Latgales reģionā tiek izvirzīts priekšlikums ietvert reģionālo pašvaldību attīstības plānos esošo un potenciālo uzņēmēju apmācības iespējas Stratēģiskajā vadīšanā.