Entrepreneurs' decision-making skills development role of the small and the medium-sized enterprises promote development

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Abstract: Small and medium sized businesses are the cornerstone of the country's economy. The company ensures the efficient functioning of the country's economic development, stability and prosperity of its citizens. Small and medium-sized businesses are able to timely respond to changes in market conditions and in line with restructuring of their operations. Small and medium-sized enterprises to increase the efficiency of the national economy are an absolute priority. The study aims to analyse the success of business decision-making process, revealing young people's decision-making skills in business development need to increase the long-term small and medium efficiency. The research methodology is based on the literature on business decision-making analysis, the author's established model of decision making, interviews with successful entrepreneurs and young people in decision-making promotional business experience gained in promoting “green” business farm “Dangas” and conducting activities “in the green business incubator” analysis. The results obtained reveal the need for business decision-making and entrepreneurial skills to organize targeted at school and university is designed for decision-making in business development activities in the formal and non-formal education.

Key words: decision-making, entrepreneurship, decision-making skills development.

Introduction

In current economic conditions in Latvia it is necessary to support entrepreneurs and particularly business start-ups, providing them with practical instruments for decision making. Decision-making skills, as concluded in Latvian Ministry of Economics of the project “Labour Market Demand medium and long term forecasting system development” is essential for the strategic skills needed for economic development that will promote entrepreneurship. There is a need for managers - the decision-makers who are able to deal with an unprecedented challenge, to develop and test hypotheses (Projekta „Darba tirgus pieprasījuma ...”, 2013). Decisions of entrepreneurs in small and medium-sized enterprises (SMEs) is a topical area of research (Ivanova, Gibcus, 2003; Lynch, Wilson, 2009; Sarasvathy, Berglund, 2010; Negahban, Baecher, 2012), since SMEs are becoming increasingly important in the economic development factor (Acs, 2006; Dimitratos, Petrou, 2010; Rosenbergs, Gaile – Sarkane, 2012).

Latvian study on students' development of the competitiveness of Commercial informal environment revealed that the vocational and career education. It is necessary to interest and motivate young people to become entrepreneurs in the future. Decision-making in business is closely linked with a host of development of competitiveness and competition law formed at school. Today no student cannot compete in the labour market with knowledge who are often alienated from learning. Therefore at school it is important to get professional self-experience that can provide non-formal commercial study (Katane, Kalniņa, 2010). Ensure that young people entering the labour market and business environment, getting the opportunity to acquire the necessary skills to their future needs and goals. Another problem is determining exactly what skills will be needed in 20 years, but may be essential elements of skill, and one of them is a problem-solving and decision-making (Nākotnē stratēģiski...2013). Financial literacy - building study of young people (Putniņa, 2012) showed that the company is mainly young people perceived as passive actors and trainees. Young people themselves see themselves primarily as consumers postpone their implementation capacity at a later date. At the same time pro-active behaviour and employment opportunities for the use of school time increase financial literacy and provides a better starting position in the business. However, topical educational system's ability to adapt to the needs of the request, so the need for close cooperation between business and schools (Projekta „Darba tirgus pieprasījuma ...”, 2013).
The study aims to analyse the successful and less successful entrepreneurs' decision-making process, revealing young people's decision-making skills in business development need to increase the long-term small and medium efficiency.

**Methodology**

Entrepreneurship is disclosed to a person's ability and willingness to accept and create new economic opportunities (new products, new production methods, new organizational schemes, new market combinations) and to implement their ideas in the market uncertainties and other factors interfering conditions (Carree, Thurik, 2003; Bowe, 2011; Soh, Maine, 2013). The author's established business model of decision-making (Dimants, 2012) in the decision-making steps which were taken into account when analysing the success of business decision-making and creating activities for young people's decision-making skills development - i.e.: the problem or the objective of the case study, which includes internal and external business environment analysis to find the solution or target opportunities, alternative analysis and decision-making are influenced by: host personality (knowledge, experience, values, properties), preparation for the implementation and operation-activities decision.

Author based on research findings that decision making is the choice of the best alternative for reaching the set goals, based on the correct understanding, estimation, analysis and prognosis of internal and external environment of enterprise (Moore, 2009). The adequacy of decisions according to the effectiveness criteria depend on: competency of a manager, his personal qualities and his system of values, professionalism and motivation of employees and experts, fullness and objectiveness of information, decision making methods used, existing financial, time, material and human resources (Currie, Teale, 2005). Factors which influence decision making: stable or unstable business environment, accessibility of resources, accessibility and quality of information, personal qualities of an entrepreneur, former successes and mistakes, professionalism and motivation of personnel, level of risk, social and personal responsibility (Moutinho, Rita, 2006). Often intuitive decisions are made (Mescon, Albert, 2001; Kahneman, Klein, 2009; La Pira, 2011).

Young entrepreneurs and decision-making skills in business development orientations taken by the World Economic Forum's report on global education initiatives in formal and informal educational settings ideas: learning experience - learning by doing, skill build business plans, projects to start-up, analyse the situation development, self-efficacy and creative thinking - the ability to think “out of the box” development (Educating the Next..., 2009). To check and correct theoretical algorithm of decision making 50 successful entrepreneurs who themselves are decision makers in their sustainable SME were interviewed (including 24 entrepreneurs from the list of Latvian millionaires). Successfulness of entrepreneurs was evaluated according to 3 criteria. As successful were considered those entrepreneurs, who corresponded to 2 of the following 3 criteria: wealthy (personal income exceed 90 000$ per year + there is real estate); well-known professional (manage itself its business + high professional in its field); holds high status in society (elected position + play important role in politic life of country).

Consisted of 15 questions about the business decision-making process (Dimants, 2012), of which, according to major purpose of this article is as follows: From what age the entrepreneur started to develop the career? What means the entrepreneur uses to make the right decisions? Personal qualities that help the entrepreneur to make the right decisions? How the entrepreneur thinks and acts to make the right decisions? What factors interfere with making the right decisions? How the entrepreneur acts in non-traditional situations? How the entrepreneurs make the decisions? What percentage of the decisions made are successful? What the entrepreneur does itself during decision making and implementation process? Questionnaire for successful entrepreneurs is a tool for qualitative research. It includes multiple choice questions and open ended questions for detailed descriptive answers. For qualitative processing of collected data the content analysis of answers of open ended questions was carried out, systematization, classification and interpretation was performed. To make codification for SPSS program the full overview, systematization and interpretation of all answers was performed.
Grounds for issue of business decision-making skills development role of small and medium-size enterprises in promoting young people's involvement in the decision-making business skills found within the World Economic Forum report on global education initiatives in formal and informal educational settings; in the idea of entrepreneurial ecosystem (Educating the Next..., 2009) (Figure 1).

We analysed 120 students from the University of the success from various schools in Latvia decision-making promotional business experience in promoting “green” business of farm “Dangas” and conducting activities “in the green business incubator”. Farm “Dangas” is the 12 years old company and the 2 years old ecological farm which is accredited by the deer breeding official farm.

Results and discussion

Successful business results of the interviews showed that successful entrepreneurs evaluate, that 86% of their decisions were successful. 6% of successful entrepreneurs began to think about their future career before age 15. 24% of successful entrepreneurs started to develop their career in upper secondary school. This shows that these respondents even in school age were purposeful and ready to make relevant decisions. Intellectual potential of an entrepreneur is important in the decision making process: all 50 entrepreneurs as the first, most important set of tools for successful decision making list knowledge, skills and experience. In the second place are talent and abilities. In the third place are readiness’s to analyse, to plan, to conclude. Successful entrepreneurs usually make decisions individually – 76%. Successful entrepreneurs usually make decisions relying on intuition – 68%.

Young people - students - decision-making promotional business experience, the analysis showed that the essential skill for young people to identify and define the problem or task of starting a business. Appropriate to young people from the decision-making process is a set of tasks, the concept of “problem” they associated with difficulties and obstacles for generation of business. Important decision-making skills of the youth activities in the 'green business incubator ' where young people in a practical way companies use past experience in decision-making, decisions on a company form, placement, and resource extraction, use, develop business plans and create products, creates new ideas the business potential offered challenges that enable them to fulfil the dream to be an entrepreneur, to develop their own vision of the future ambitions.

The approach is, for example, young people have created “green” gardening, eco- tourism businesses. In this way, the implementation of youth financial literacy - building study the recommendations
(Putniņa, 2012): a regular operators in the school, sharing practical experiences in the long term, the entrepreneur becomes a student mentor, is designed for young people for future economic base and develop an understanding of the value of money; get a real picture of the labour market and business environment. Since farm “Dangas” implemented “green” business, and as one of the most stable future developments are recognized as “green” industries (Projekta „Darba tirgus pieprasījuma ...”, 2013) then young people with an understanding of socially responsible business and sustainable development. It is also designed an understanding of learning as a system that creates business innovation (Gemmel, 2011; Sanchez, Carballo, 2011).

Author of the article in collaboration with the Ogre City Council consists of expert panel, is dedicated to providing information about the business, develop business skills to support teachers and pupils businesses with tips, materials and finance. Collaborative development is taken into account, the increase in future demand for specific skills. Creative problem solving; complex communication skills, including: know cooperation to implement the project, negotiating skills, influencing opinion without coercion, teamwork skills, ability to adapt to changes, ability to organize themselves, systems thinking. Youth activities in “green incubator” show the importance of family background (background - the generation in which business is business).

For example in a one seminar 3 of 6 existing farmers indicated that their farms have taken over from their parents. One of them said: “the main thing I was taught from my father is a love for work and patience, it helped him to create farm of the 60 cows. For this I am very grateful to him, but sorry that I will not gain the knowledge and teaching of cash and sale. I continue to sell milk for U.S. $ 0.18 per litre and understand that it is sufficient to pay, rather than development”. So the role of the family is critical, it can teach the same basic business foundation - work, attitude and perseverance. In addition to expertise in the formal and non-formal education issue, but not all (the above seminar participant had completed vocational education) will receive a minimum of some of this knowledge. During the seminar it was found possible (area payments, biological contributions, etc.) to increase his budget by about 5,000 per year. It was developed in cognitive flexibility, which is an innovative decision-making based on and consists of a flexible approach to new previously unknown information perception (Parker, 2004; Little, Little, 2009; Gemmel, 2011; Sanchez, Carballo, 2011). Young people are encouraged to use positive emotions in decision-making, as outlined behavioural decision theory, then positive emotions: strengthens resistance, which in turn helps to constructively handle a difficult situation, in case of injury, unleash energy, the enthusiasm with which the operator begins to something new, to promote social renewal - the relationship maintenance and rehabilitation (including post-conflict), develops the ability to raise capital (Hayward Forster, 2009; Sanchez, Carballo, 2011). Entrepreneurs dispositional positive affectivity: stable tendency to live in a positive frame of mind to feel positive emotions - the benefits are: career achievements, quality of social relations, the development of new risk, opportunity recognition and evaluation of effective decision – making (Baron, Hmielesky, 2012). Positive emotions are associated with the use of learning optimism because optimism is due to the treatment of other economy: entrepreneurs - optimists work more, they have positive expectations about life and business, strengthening the risk tolerance and promotes no pecuniary benefits: autonomy, accountability, sense of freedom. Practice shown that more optimistic entrepreneurs are signed cooperation agreements, notably - finance agreements (Landier, Thesmar, 2009).

For example, in July of 2013 Peteris Dimants (author of the article) and Latvian rural counselling centre seminar organized by 20 young people were divided into two groups. The task was 45 minutes to calculate the financial benefits to the farm using organic farming methods, contrary to conventional methods. The first team was led by deliberately negatively inclined moderator whose main task was to criticize the government and supervisory authorities by express sceptical conclusions about the business environment and so on. Group your tasks carried out 60 minutes. In addition to the need for young people by the moderator again expressed criticism positively minded task. The second team was led by the author of the choice of a strategy - driven exploration of possibilities. In the first 5 minutes young people have been inspired by telling them about the Latvian unique weather conditions, their impact on the environment, and the opportunities it offers. Only then was followed by work in
which the young people were encouraged by the expressions: “Super”, “you have succeeded”, “oh, this is something new”, etc. The second task of the working group took 28 minutes.

Article of presented study revealed a moot point. More than half of the surveyed entrepreneurs said that decisions are made intuitively, and young entrepreneurs, according to the practice of “green business incubator” is increasingly used in the decision-making method. However, the scientific findings and results from other studies on the accuracy of the intuitive decision is contradictory (Guzak, 2009; La Pira, 2011). Latvian small business managers in decision-making are based mainly on intuition, which can be recognized as one of the most prevalent forms of decision-making in small businesses. However, it is necessary to increase the formalized methods and analytical tools in decision-making process because, relying on their own knowledge and experience of drivers involved in a few other people in decision-making processes (Rozenbergs, Gaile - Sarkane, 2012). Researchers recognize that intuitive synthesis is more pronounced in a precarious state, and it is in this situation positively related to performance. Rationality is a lower priority than instinct host behavioural development (La Pira, 2011).

This requires in-depth research to discover business intuition accuracy conditions. The scientific analysis of business decision-making indicates to: classical rationality (homo economicus = rational person) and neo – classical or bounded rationality – decision makers limited cognitive abilities - people have limited problem-solving capacity (Simon, 1977; Kahneman, Tversky, 1974). Kahneman and his colleagues found that intuition is not contrary to rationality; intuition is not a random process question (Kahneman, Klein, 2009). Intuition is complementary way to come to a decision and it is associated with knowledge and experience (La Pira, 2011). For example, it is necessary for at least one year run in the field to release the intuition. When planning the intuition of accuracy provided research and intuition unfolding workouts can be based on knowledge of insight in decision making (Mintzberg, Westley, 2001).

Important to explore how a host personal value system affects decision-making and implementation efficiency. The identity the dual status of economics and psychology. Economic Base: emphasis on rationality and social indicators, psychological assessment: focus on personality traits, the driving forces of social dynamics (Kahneman, 2003). Entrepreneurship is a specific area of research - a social mechanism that converts technical information products and services; mechanism to detect and mitigate inefficiencies in the economy, the basis for innovative products and services change. Given that the value of the system begins to develop in childhood and continues at school, it is important to conduct in-depth research into the interaction context. Youth business plan development and implementation experience reveals the need for early detection of young talent to help them build accurate decisions about their business building.

Conclusions

Formal and informal commercial study in school, vocational training, continuing education, career development support systems, business and management programs, it is important to introduce learners of all formalized, non-formalized and combined management decision-making and implementation of methods to control all decision-making principles to practical business process would operator to choose the most effective combination of decision-making principles to each case.

Young people - schoolchildren, students and business professional development programs be created by a single member and an understanding of the collective decision of the advantages and disadvantages. This makes it possible in any given situation an efficient decision-making and implementation options.

Host professionalism is characterized by his ability to identify significant factors affecting each local situation and focus on the evaluation of the impact of these factors. Therefore, the process of education required for the practical application of these skills in lessons. Necessary for a successful and socially responsible business people in teaching, learning and professional development programs to ensure effective analysis of the cases (case study) and to create the opportunity to gain practical skills in decision-making and preventing errors. It would be useful to involve the entrepreneurs in the Commercial evaluation of school programs.
It would be necessary to create a compilation of SME decision database. Of particular importance for SMEs decision database to students who have not yet encountered problems with various situations. The database can be self-classification, grouping decisions by: problems, scope of business, turnover, number of employees, etc.

Various decision-making methods are best used for different profiles and different size companies, as well as a variety of different scale and scope decisions. Therefore everyone, women entrepreneurs need to identify and learn the methods of group situations typical of his particular company.

Bibliography


