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## Entrepreneurial effectiveness of Polish entrepreneur in years 1982-2014 based on chosen example. Case study

### Summary:

The purpose of this article is to present the summary of studies accomplished under a research project concerning very specific procedure of diagnosing and positioning entrepreneurial situation represented by Entrepreneur FOGT during a particular period of time from 1982 to 2014. It means that these studies cover the entire period of Polish transformation and a several years before. The situation is determined by a recognized level of entrepreneurial effectiveness or potential ineffectiveness caused by dysfunctions. The diagnosis is based on qualitative, long lasted depth analysis of the entrepreneurial situation of the business by means of the author's own implement named "The business life cycle model of entrepreneurial effectiveness influenced by dysfunctions". The measuring instrument (grading system) of this model is used to introduce the outcomes of the research work. All such way collected outcomes of each individual diagnosis gives the picture of overall entrepreneurial performance of given business annually, during the whole period of the research. The outcomes are adequately visualized on an appropriate scale, making the most of the model.

**Key words:** business life cycle, diagnosing, positioning, entrepreneur, entrepreneurial behavior, entrepreneurial activity, entrepreneurship, entrepreneurial situation, entrepreneurial effectiveness vs. ineffectiveness, dysfunctions

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### Introduction

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After 1989 Poland experienced market transformation entailing radical changes in the political and economic system.<sup>1</sup> Since then Poland has moved from a relatively closed, centrally planned and directed system to a market-oriented economy.<sup>2</sup> Characterizing these changes it would certainly be difficult not to agree with the opinion that even without a shadow of a doubt it could be stated that "there has been at least one important agent of the transformation that could be easily recognized, namely: individual entrepreneurship. After 1989 we have been observing numerous small enterprises being established in Poland".<sup>3</sup> Amongst these "agents of the transformation" there were also entrepreneurs who started their private business activities years before mentioned transformation, it means before 1989. At the initial stage of present discussion several key issues should be clarified and defined more precisely. The following descriptions clarify and define respectively the meaning of three expressions which are strongly linked to entrepreneurial behaviour<sup>1</sup>, entrepreneurial activity<sup>2</sup>, entrepreneurship and<sup>3</sup>, entrepreneurs:

1. "Entrepreneurial activity is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or

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<sup>1</sup> M. Czerny, A. Czerny, The regional development of Poland from the beginning of the transformation period (from 1989 to the present), [in:] A. Czerny (ed.), Poland in the geographical centre of Europe. Political, social and economic consequences, Nova Science Publisher, New York 2006, p. 13.

<sup>2</sup> L. Bursiak, Organizational situation of chosen Polish firms after EU accession, Firma i Rynek nr 2/2014, Zachodniopomorska Szkoła Biznesu, Szczecin 2014, p. 17 and read more in: L. Bursiak, Organizational situation of harbour transshipment PH Company in years 1989-2014. Case study. Firma i Rynek nr 1/2015, Zachodniopomorska Szkoła Biznesu, Szczecin 2015, pp. 5-6.

<sup>3</sup> A. Bąkiewicz, Transformation of economic system in Poland. The SMEs and EU integration, Universitat Autònoma de Barcelona, Barcelona, REVISTA UNIVERSITARIA RUTA N° 13/2012, p. 72.

markets"<sup>4</sup>, as well as the statement that it "(...) involves identifying opportunities within the economic system"<sup>5</sup>. The last definition very likely means "within each economic system".

2. "Entrepreneurship is the phenomenon associated with entrepreneurial activity"<sup>6</sup>, as well as the statement that it is "(...) the dynamic process of identifying economic opportunities and acting upon them by developing, producing and selling goods and services"<sup>7</sup>.
3. "Entrepreneurs are those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets"<sup>8</sup>.

It is an indisputable fact that before 1989, state owned large companies were the dominant players, while some small private enterprises were conducting their business activities on the outskirts of the economic system being in force at that time<sup>9</sup>. However, despite the unfavorable political and economic conditions and regulations, existing small enterprises stubbornly tried to carry out their business activities efficiently and effectively in all possible ways. In such a situation, implementation of individual business ideas required special motivation, commitment and self-determination. They were the most critical factors affecting individual decisions to engage in any entrepreneurial activity in somewhat liberalized but still restricted business environment. Therefore, the effectiveness of Polish small business<sup>10</sup> before 1989 should be analyzed and discussed in consideration of existing business limitations, administrative obstacles and barriers, as well as problems in adequate interpreting legislative intents.

It is obvious that human factors are central to entrepreneurial effectiveness, but entrepreneurship under centrally planned and under market economy is quite different. Many entrepreneurs operating successfully in the economy of continuous shortage, was not able to survive in the changed conditions created by market economy. In addition, those of them who survived the transformational changes in the economy, usually were not able to keep up with fluctuations in the market economy and continue their business activity to the present time. In this context, the business activities of the audited entrepreneur FOGT should be considered as, to some extent, unique.

The aim of this article is to introduce the results of own empirical research focused on effectiveness of entrepreneurial activities performed by Polish entrepreneur FOGT over the entire 33-year period, since he started his first own business in 1982. The research is based on a unique procedure of diagnosing and positioning an entrepreneurial effectiveness aimed at entrepreneurial activities undertaken throughout the period under study (1982-2014). The procedure rely on the assumption that entrepreneurial situation of researched entrepreneur depends on the level of his entrepreneurial effectiveness considered as the full measure of closing results (it means doing the right things), in a different way than efficiency which focuses on individual actions (it means doing things right). Lastly, it should be added that entrepreneurial situation of given entrepreneur is determined by the level of his entrepreneurial effectiveness or ineffectiveness, where the first introduces relatively good entrepreneurial situation, while the second implies worsening situation and reveals that researched entrepreneur experiences some business difficulties resulting in the dysfunctions<sup>11</sup>.

The main purpose of the study was to diagnose and synthetically visualize entrepreneurial situation represented by businesses belonging to the examined entrepreneur in the consecutive years from 1982 to 2014. This diagnosed and visualized entrepreneurial situation reflects adequate state of business affairs associated with effectiveness of analyzed entrepreneurial activities. The outcomes of the research were based on qualitative, long lasted depth analysis of the examined entrepreneurial activities by means of author's model entitled "The business life cycle model of entrepreneurial effectiveness influenced by dysfunctions". This model serves as a useful diagnostic tool and a device introducing the outcomes of the research through their visualization. These outcomes consist of a balanced relationship amongst an recognized entrepreneurial

<sup>4</sup> N. Ahmad and R. G. Seymour, Defining entrepreneurial activity: Definitions supporting frameworks for data collection, OECD Statistics Working Paper, STD/DOC(2008)1, p. 14.

<sup>5</sup> E. T. Penrose, The Theory of the Growth of the Firm, Basil Blackwell, Oxford 1959/1980, after N. Ahmad and R. G. Seymour, Defining... op. cit., p. 7.

<sup>6</sup> Ibidem.

<sup>7</sup> An OECD Economic Survey in 1997 after N. Ahmad and R. G. Seymour, Defining... op. cit., p. 5.

<sup>8</sup> Ibidem, p. 14.

<sup>9</sup> L. Kornecki, The role of small business development in stimulating output and employment in the Polish economy, CPC Business Perspectives, Problems and Perspectives in Management, 1/2006, p. 32 and A. Bąkiewicz, Transformation of... op. cit., p. 74, but also B. Mróz, The Second Economy and Transformation of the Economic System: Empirical Evidence from Poland, Taylor & Francis, Ltd., Russian & East European Finance and Trade Vol. 35, No. 4/1999, p.14.

<sup>10</sup> For the purposes of this study "effectiveness of small business" is hereinafter, equivalently and interchangeably referred to as "effectiveness of business venture", "effectiveness of entrepreneurial activity", "entrepreneurial effectiveness" or "entrepreneurial situation".

effectiveness, occurring potential elements of dysfunctionality and identified cases of entrepreneurial ineffectiveness. Properly carried out balancing procedure helps to obtain a generalized measure indicating the level of business agility. All collected and visualized results of each individual diagnostic procedure create the picture of overall, synthesized entrepreneurial effectiveness or ineffectiveness (situation) of examined business activities annually, throughout the researched business lifecycle. These generalized outcomes are also visualized within the scale of the model making the most of it.

### Synthetic description of the model

The business life cycle model presented in this article was created as a theoretical construct reflecting hypothetical, necessarily somewhat simplified (but absolutely not oversimplified) image of business reality, which starts with the premise that real business life is a cycle and consists of relatively predictable sequence of successive stages that an entrepreneurial business entity goes through from beginning (creation) to its conceivable closure (liquidation or even bankruptcy). The life cycle model of entrepreneurial effectiveness influenced by dysfunctions helps to recognize the way dysfunctions influence entrepreneurial effectiveness within business entity operating in an increasingly turbulent, complex and demanding environment<sup>12</sup>. The model also facilitates organizational diagnosis and displays synthesized picture of entrepreneurial situation represented by given entrepreneur. In this context, it has to be mentioned that in an unavoidable way“(…) a modern business organization faces many formidable obstacles nowadays, caused by substantial changes of its most powerful but turbulent environment”<sup>13</sup>. However, “in spite of these adverse circumstances, every single business exposed to severe environmental changes has to cope with emerging difficulties daily in order to survive and being aware of risk creates better conditions for uncertain future”<sup>14</sup>. The model seriously reinforces the analysis and assessment procedures.

The concept of the model is based on the change of the paradigm which require maintain permanent stability of business situation. It has to be replaced by the paradigm of permanent business instability, as an objective and versatile phenomenon in the world of business, triggered by faster and faster environmental changes and turbulences. Acceptance of this new paradigm brings about an entire reorientation in business priorities. The main aim of business ceases to strive for virtually impossible to obtain and keep for a long time ideal and permanent stability of entrepreneurial situation. Instead of this senselessness strains, entrepreneurs should put a lot of efforts into activities reducing deviations from the balance caused by entrepreneurial dysfunctions, concurrently try to maintain optimal level of effectiveness<sup>15</sup>.

Within the framework of the model, dysfunctions measurements are implemented with direct reference to attained level of entrepreneurial effectiveness or ineffectiveness, in harmony with main principles governing the model, regardless of the sources and locations of entrepreneurial disturbances. After evaluation of intensity (the power of influence) represented by detected dysfunctions, adequate to measurement positioning procedure is implemented. These procedures consist of cross-distribution of given business position on the scale of the model, within one of three explicitly dedicated phases (see figure 1). Each of these three phases consists of six distinctive characteristics of intensity (see description directly under figure 1), which make possible to place and visualize specific location being the reflection symbolized entrepreneurial situation of given researched entrepreneur inside the model<sup>16</sup>.

<sup>11</sup> Read more about potential specific dysfunctions of entrepreneurship in F. Welter at all (Eds), *Entrepreneurial business and society: Frontier in European Entrepreneurial research*, [in:] Sh. A. Zahra at all, *How does counterproductive entrepreneurship undermine social wealth creation?*, Edward Elgar, Cheltenham 2013, p. 27.

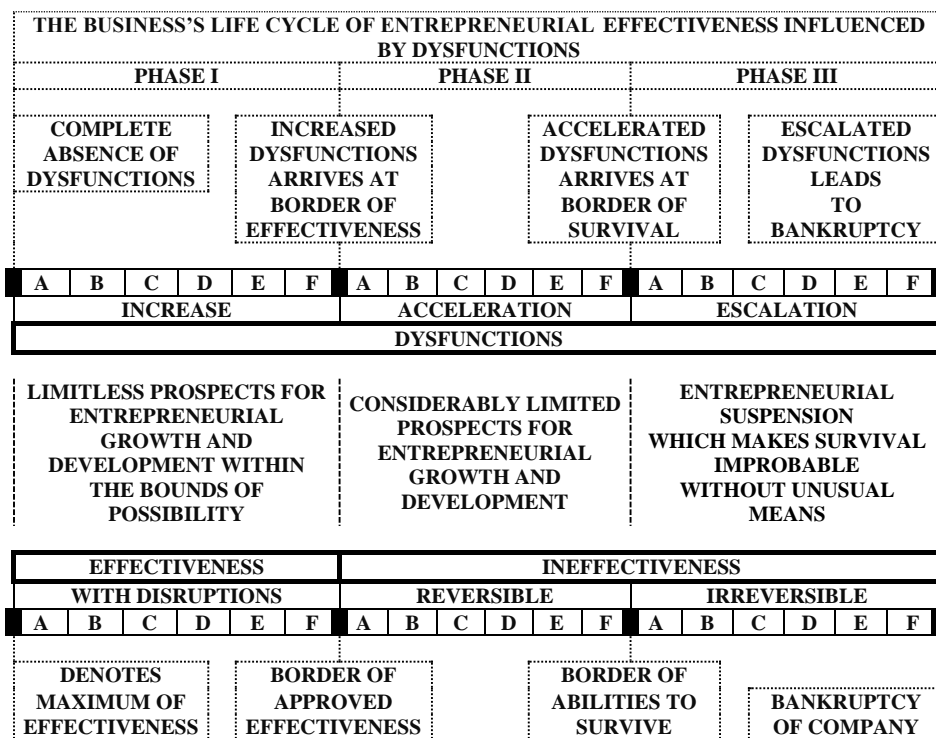
<sup>12</sup> See more L. Bursiak, *Essentials of Organization Behaviour*, podręcznik akademicki, Wydawnictwo Naukowe Zachodniopomorskiej Szkoły Biznesu, Szczecin 2013, p. 7.

<sup>13</sup> Quoted from L. Bursiak, *Essentials of...*, op. cit. p. 105 as paraphrase originated from L. Clarke, *The essence of change*, Prentice Hall, New York, 1994, p. 6.

<sup>14</sup> Quoted from L. Bursiak, *Essentials of...*, op. cit. p. 105 as paraphrase originated from J. Bray, K. Brooke. G. Litwin, *Mobilizing the organization, Bringing strategy to life*, Prentice Hall, New York, 1996, p. 277.

<sup>15</sup> L. Bursiak, *Pozycjonowanie firm start-up na skali modelu cyklu życia organizacji – metoda eksperymentalna*, [in:] A. Zelek (ed.), *Nowoczesna inżynieria finansowa dla firm start-up w Polsce w latach 2009-2010 – raport z badań skreeningowych*, Wydawnictwo Naukowe Zachodniopomorskiej Szkoły Biznesu, Szczecin 2013, p. 274.

<sup>16</sup> Ibidem.



Characteristics of intensity: A very weak; B weak; C average; D strong; E very strong; F critical

**Figure 1. The concept of "The life cycle model of entrepreneurial effectiveness influenced by dysfunctions"**

Source: Own elaboration based on: L. Bursiak, *Pozycjonowanie firm start-up na skali modelu cyklu życia organizacji – metoda eksperymentalna*, [in:] A. Zelek (ed.), *Nowoczesna inżynieria finansowa dla firm start-up w Polsce w latach 2009-2010 – raport z badań skreeningowych*, Wydawnictwo Naukowe Zachodniopomorskiej Szkoły Biznesu, Szczecin 2013, p. 275.

The first phase of the model (see "Phase I" in figure 1) embraces a belt, which symbolically represents entrepreneurial situation as fully effective with relatively small disturbances but with little by little increasing dysfunctions, having quantitative character in a wide range of influential power (characteristics of intensity: from very weak to critical). All entrepreneurial operations within the belt of effectiveness seem to be safe and are treated as comparatively secure without any grave threat for the existence of researched business. However, when there is a lack of entrepreneurial sensitivity to occurring disruptions and, especially, when these problems are not solved as they arise and entrepreneur let things drift, the dysfunctions will gradually increase, cumulate and lead to the critical point, where increased dysfunctions arrives at border of effectiveness<sup>17</sup>.

When adverse changes creating dysfunctions go beyond the critical point located at the extreme position of the first phase, the company's organizational situation is classified as related to the second phase of the model (see "Phase II" in figure 1). This exchange brings qualitative change between the first phase where dysfunctions increase and the second phase where they accelerate. In a framework of the second phase, given researched firm enters the area of ineffectiveness which consists of two belts. The first of them is represented by the second phase itself and informs that entrepreneurial situation is ineffective but is still reversible without taking advantages of unusual means. The second one of two mentioned belts, within the area of ineffectiveness, is represented by the third phase (see "Phase III" in figure 1) which is totally irreversible without making the most of unusual means. Acceleration of dysfunctions within the framework of the second phase brings about crossing the critical point and enter the third phase of the model, in which potential uninterrupted escalation of dysfunctions can lead to start liquidation or even bankruptcy proceedings<sup>18</sup>.

Within the scope of the second phase, in contrast to the third phase, diagnosed organizational ineffectiveness can be reduced and reversed exclusively on the basis of own management actions and return to phase I (effectiveness) without the use of extraordinary solutions. Therefore, in phase III, identical procedure is

<sup>17</sup> Ibidem.

<sup>18</sup> Ibidem, pp. 274-275.

not possible without implementation accessible extraordinary means, which are qualitatively much deeper issues than conventional managerial interventions. These extraordinary ventures may include one of two groups of defensive actions. The first, and the most expanded, corrective and preventive action is undertaken to protect given company against highly probable bankruptcy which includes: (1) regulated by law (a relevant legal act) insolvency or restructuring proceedings also possible is (2) a merge together with another legal entity (firm), (3) split up into parts, as well as (4) sale or (5) liquidation. The second corrective and preventive action is performed to create a shield as protection against almost inescapable bankruptcy<sup>19</sup>. Figure 2 portrays a piece of the central part of the model shown in figure 1. Nevertheless, there are some significant changes in the contents located in the middle of the object of interest depicted in figure 2. These changes in the contents are as follows:

- Within Phase I; the phrase "Limitless possibilities to sustain effectiveness" from figure 2 replaces the phrase "Limitless prospects for entrepreneurial growth and development within the bounds of possibility" from figure 1.
- Within Phase II; the phrase "Limitless possibilities to restore effectiveness" from figure 2 replaces the phrase "Considerably limited prospects for entrepreneurial growth and development" from figure 1.

Within Phase III; the phrase "Limited and restricted possibilities to restore effectiveness" from figure 2 replaces the phrase "Entrepreneurial suspension which makes survival improbable without extraordinary means" from figure 1.

A	B	C	D	E	F	A	B	C	D	E	F	A	B	C	D	E	F
INCREASE						ACCELERATION						ESCALATION					
DYSFUNCTIONS																	
LIMITLESS POSSIBILITIES TO SUSTAIN EFFECTIVENESS						LIMITLESS POSSIBILITIES TO RESTORE EFFECTIVENESS						LIMITED AND RESTRICTED POSSIBILITIES TO RESTORE EFFECTIVENESS					
EFFECTIVENESS									INEFFECTIVENESS								
WITH DISRUPTIONS									REVERSIBLE						IRREVERSIBLE		
A	B	C	D	E	F	A	B	C	D	E	F	A	B	C	D	E	F

Characteristics of intensity: **A** very weak; **B** weak; **C** average; **D** strong; **E** very strong; **F** critical

**Figure 2. Central part of the model introduced in figure 1 with some vital textual changes**

Source: Own elaboration based on: L. Bursiak, *Pozycjonowanie firm start-up...*, op. cit., p. 276.

All introduced shifts in the contents between figures 1 and 2 are very important from organizational point of view, because they redirect an organizational perception to the problem of entrepreneurial effectiveness<sup>20</sup>. The shifts reflect the way, and extend to which, an entrepreneurial effectiveness is under the influence of entrepreneurial dysfunctions. Taking this into account, it should not be questionable that within the scope of Phase I of the model, possibilities to sustain entrepreneurial effectiveness are theoretically almost limitless. In Phase II entrepreneurial prospects are relatively limitless, but only with clear reference to potential restoration of effectiveness. However, in the case of firm which business systematically goes downhill, being classified as situated within scope of Phase III, restoration to complete entrepreneurial effectiveness is extremely difficult and requires compliance with strictly limited and restricted extraordinary means. To sum up this part of the discussion, it can be concluded that the changed and transferred textual contents introduced in the middle of the object depicted in figure 2 defines the extent to which entrepreneurial effectiveness can be sustained (within Phase I) or restored (unconditionally within Phase II, but with serious reservations within Phase III - bordering on the impossible).

The necessity, sufficiency and specificity of the research and presentation of synthesized entrepreneurial outcomes require some modifications in the middle of the derived central part of the model introduced in figure 2. For this purpose, the space with textual comments (explanations) is removed and evenly spaced for 33 horizontal row spaces added in order to symbolize ten consecutive years of the period under the research, from 1982 to 2014. Each individual row space devoted to specified year is divided vertically into eighteen columns which create within the row equal boxes - six boxes per each particular phase of the business life cycle. Only one

<sup>19</sup> Ibidem, pp. 275-276, see more S. Wrzosek Upadłość i likwidacja przedsiębiorstwa, [in:] J. Lichtarski (ed.), *Podstawy nauki o przedsiębiorstwie*, Wydawnictwo Akademii Ekonomicznej im. Oskara Langego we Wrocławiu, Wrocław 1995, p. 63.

<sup>20</sup> Read more about organizational perception and its management in: K. D. Elsbach, *Organizational perception management*, Lawrence Erlbaum Associate, Mahwah (New Jersey) 2006.

of the boxes within the horizontal space (marked with black background) represents specified year in the model and points out the diagnosed position of given company's entrepreneurial situation concerning the year. Additionally, two white figures, which are presented upon a black box background, display a specific position of organizational situation represented by researched company for a specific year. They consist of two last figures of the year and are settled within one specific box with black background. Figures "1982" symbolize year 1982 and adequately "83" year 1983, "84" year 1984, "85" year 1985, and so on. Figures "14" symbolize year 2014, the last year of the research. The two digit numbers representing year covered by the research are distributed horizontally along a row (line), in respectively indicated one of eighteen black boxes (cells) assigned to each subsequent year. It should be the same number of rows (lines) in the model as the number of years covered by the study.

Vertically, the adequate black box (cell) is an intersection of the identified row space of the model for representing consecutive years of the research, with suitable column space which reflects specific level of intensity classified as distinguishing feature (see characteristics of intensity below figures 1 and 2). As it is depicted in figures 1 and 2, each specific level of intensity of definite feature is represented by capital letters arranged alphabetically. The order begins with letter "A" and finishes with letter "F". Characteristics of intensity represented by the letters means adequately: "A"-very weak; "B"-weak; "C"-average; "D"-strong; "E"-very strong; "F"-critical. When intensity of the feature achieves critical level it shows such accumulation of negative quantitative changes (dysfunctions) that it can cause qualitative change which goes beyond the critical point and, quite possibly, be classified as related to the next phase of the model. However, such situation within the third phase of the model may lead to the initiation of liquidation or even bankruptcy proceedings.

In accordance with the model's structure and assumptions, intensity of every definite feature should be symmetrically related to the level of entrepreneurial dysfunctions and entrepreneurial effectiveness or ineffectiveness. Each year within the model is treated as a one business life cycle from the beginning to potential closure. All consecutive years following year 1982 (until 2014 inclusively) are considered as separated life cycles. However, gathered together within the model all outcomes constitute complete, clear and integrated picture of entrepreneurial situation ascribed to every researched business during the period of time from 1982 to 2014.

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### The procedure of data collection and method employed to obtain results

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In accordance with the scope of this research procedure, interviewing was a key method of data collection. The extensive, in-depth interview was held with the owner of the business. The interview was fairly informal and the participant felt like taking part in a form of interactive, spontaneous communication, conversation or discussion rather than in a formal question and answer procedure. The benefits of this approach was that all obtained information and research data were richer, with a deeper insight into the phenomena under researched areas.

The interview defined as unstructured, contained one single structured element. Each time, immediately after the introduction, first of all financial situation of given company based on financial statement was introduced and discussed. Assessment of the financial situation of the entrepreneur is a comprehensive and not based on specific indicators, it means that the discussion was focused on obtaining a generalized and objectified measure of the level of the financial situation of the entrepreneur's business. The following discussion was focused on all other remaining aspects of entrepreneurial performance. They were related to the specific facts concerning business activities that generate potential dysfunctions, cause an increase or decrease in effectiveness. The type and nature of these facts are very diverse and impossible to prior cataloged, because they depends on the dynamically changing circumstances created by constantly turbulent environment and unpredictable events specific or non-specific for given business activities. Configuration and interdependence within the set of all these facts affect the final evaluation. The facts are derived from the analysis of data related to the business every day operation to be, finally, synthesized. Taking into account their validity, all collected data and their generalized and objectified expression had to be sufficient enough to allow the participants (interviewee and interviewer) to make a conclusive assessment of the entire entrepreneurial situation in the business referenced to each year over the period considered (from 1982 to 2014 inclusively). The conclusive assessment is crucial not only for the research purpose, but also for providing potential effective countermeasures against the entrepreneurial effects of dysfunctional economic activities.

## Integrated presentation and interpretation of the results

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### **Diversified construction company (FO)**

Beginning his business in 1982 (electrical workshop practice) Entrepreneur FOGT employed 2 people and the effectiveness of the business was ranked on the edge of Phase I under a direct threat to the entrance to Phase II of the model (see black box marked "82", means year 1982, in figure 3). In years 1983 and 1984 there was a gradual increase in employment to 7 employee and slight improvement in the position within the model (see years 1983 and 1984 in figure 3). At the turn of 1984 and 1985 Entrepreneur FOGT identified a new business opportunity. With this in mind, he immediately arranged a diametrical change in the type of business activity (focused on small gastronomy points) and significantly improved his entrepreneurial situation (see year 1985 in figure 3), and employed about 30 people. In 1986 entrepreneurial situation worsened a little bit by instantly increased competition (see year 1986 in figure 3) and the business owner decided to change the location of his activities. When in 1987 he moved to a new place, his business was highly diversified. Those days he used to operate successfully his newly located business organization consisting of several different kinds of small gastronomy points. In the newly organized business the employment increased to over 50 people.

Heaving very well organized and well-managed private business, Entrepreneur FOGT multiplied streams of income, which in a relatively short period of time increased significantly. What was more, the whole business was on a very good growth track. Consequently financial situation of the company was very good and stable. In the wake of these events, entrepreneurial situation improved significantly and remained at the highest possible level for the three following years (see years from 1987 to 1989 in figure 3). Therefore the business entered into transformation being in a very good condition.

At the very beginning of the Polish transformation Entrepreneur FOGT He made another change by focusing on construction business. In 1990, under the pressure of transformation with extreme systemic change, entrepreneurial situation of business activities undertaken by Entrepreneur FOGT deteriorated significantly, with declining its effectiveness to the "strong" level of dysfunctional intensity within Phase I of the model (see year 1990 in figure 3). The year 1991 brought a slight improvement in the level of dysfunctional intensity from "strong" to "average" and remained at that level for three consecutive years (see years 1991, 1992 and 1993 in figure 3). In 1994 occurred a slight deterioration of the level of dysfunctional intensity reversing its level from "strong" on "average" and maintained this level in the next year (see years 1994 and 1995 in figure 3). During years 1990-1995 about 25 employees were employed by the business. The following years were characterized by a gradual improvement of entrepreneurial situation of the business (see years from 1994 to 1998 in figure 3) and in the year 1999 the dysfunctions was reduced to optimal level. This optimal level of entrepreneurial effectiveness remained at the same level from this year until 2003.

ENTREPRENEURIAL SITUATION																	
GOOD						DETERIORATED						THREATENED					
A	B	C	D	E	F	A	B	C	D	E	F	A	B	C	D	E	F
INCREASE						ACCELERATION						ESCALATION					
DYSFUNCTIONS																	
EFFECTIVENESS						INEFFECTIVENESS											
WITH DISRUPTIONS						REVERSIBLE						IRREVERSIBLE					
A	B	C	D	E	F	A	B	C	D	E	F	A	B	C	D	E	F

Characteristics of intensity: A very weak; B weak; C average; D strong; E very strong; F critical

**Figure 3. Integrative model depicting entrepreneurial effectiveness (situation) of business activities undertaken by Entrepreneur FOGT in the years from 1982 to 2014**

Source: Own elaboration based on in-depth qualitative research.

In the absence of the effectiveness based on different counteractions, including diversification, there was a decision on a radical change of business strategy. The owner Entrepreneur FOGT, being previously only a simple contractor, turned into a business organizer for chosen companies in all ranges of diversified activities. However, in a case of worsening problems with obtaining orders, the company's goals were achieved by reducing its main activity to the role of subcontractor in construction. The management used to implement the way of doing business as the subcontractor in construction only when the company struggled to survive, during periods of temporary lull in the principal business activity, at the same without ceasing in search of new market opportunities. More flexible approach to the business, led to a qualitative change showing a broader entrepreneurial perspective. This strategy, launched in early 2011 brought very good results dramatically improved company's level of entrepreneurial effectiveness (see year 2011 in figure 3). In 2012 and 2013 there were some problems with payments for services performed for Polish companies, causing financial difficulties worsening little by little entrepreneurial effectiveness. (see years 2012 and 2013 in figure 3). The difficulties were largely compensated by the use of prepayments and greater involvement in adequate services in the nearest



German towns. In 2014 slight improvement in the business positioning within the model was noticed (see year 2014 in figure 3). During the second part of the decade from 30 to 50 people were employed.

### Conclusion

The integrative model based on "The business life cycle model of entrepreneurial effectiveness influenced by dysfunctions" depicts entrepreneurial situation of researched business activities undertaken by Entrepreneur FOGT from 1982 to 2014. During this period (33 years), the given entrepreneur was never classified as threatened by exclusion from business activities (within the scope of the third phase of the model) but only once within the scope of the second phase of the model (year 2010). In the remaining thirty two years of the period under the research, the business was classified as the satisfyingly effective and located in the zone of entrepreneurial effectiveness represented by the first phase of the model. From the current perspective of the company, there were no serious threats to the researched entrepreneurial effectiveness. Specific attention should be linked to the fact that Entrepreneur FOGT started his entrepreneurial activities in the country before Polish transformation in 1982 and these activities are still continued by him personally. It can therefore be concluded that people with the real entrepreneurial spirit, with preferences towards an entrepreneurial initiative can overcome all obstacles to achieve business goals. It should be believed that the researched personal business activity proved that FOGT was born to be an entrepreneur. The results may be subject to errors of subjectivism researcher and respondent but finally, due to the high level of generality they are sufficient.

## **Sprawność przedsiębiorcza polskiego przedsiębiorcy w latach 1982-2014 na wybranym przykładzie. Studium przypadku**

### **Streszczenie:**

Celem niniejszego artykułu jest zaprezentowanie zsyntetyzowanych wyników badań diagnozujących i pozycjonujących sytuację przedsiębiorczą aktywności gospodarczej jaką przejawiał Przedsiębiorca FOGT w latach 1982-2014. Przedział czasowy podjętych badań zawiera w sobie okres polskiej transformacji systemowej, jak również kilka lat ją poprzedzających. Diagnoza przedmiotowej sprawności przedsiębiorczej opiera się na jakościowej, pogłębionej analizie obszarów działania badanego przedsiębiorstwa. Badania prowadzono z wykorzystaniem autorskiego modelu sprawnościowo-dysfunkcyjnego cyklu życia organizacji. Skala przedmiotowego modelu została wykorzystana do syntetycznej prezentacji wyników zrealizowanych badań umożliwiając wgląd w sytuację organizacyjną badanego podmiotu w całym okresie objętym badaniami.

**Słowa kluczowe:** cykl życia biznesu, diagnozowanie, pozycjonowanie, przedsiębiorca, zachowanie przedsiębiorcze sytuacja przedsiębiorcza, sprawność przedsiębiorcza, dysfunkcje

