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MANAGERS' MINDFULNESS CONCERNING INSTITUTIONAL OBSTACLES AND THE SURVIVAL OF SMEs

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Abstract. The study aims to identify the relationship between managers' mindfulness concerning business obstacles in an institutional context and the survival of small and medium enterprises (SMEs). The investigation was based on the data gathered in Poland through two linked studies. A Kaplan and Meier (1958) nonparametric estimation analysis was used to verify the hypotheses. The study's findings show that SMEs with mindful managers, paying attention to the institutional business barriers, survive longer than the other SMEs. The study results also reveal that the probability of SMEs survival significantly increases when managers are aware that bureaucracy constitutes a barrier to their firms' development. By identifying new effects of managers' mindfulness, the study's outcomes support the theory of mindfulness and extend the knowledge on mindfulness in organizations. Moreover, the survey findings support the institutional theory concerning business and entrepreneurship.

Keywords: mindfulness, organization, manager, survival, SME, small and medium firms.

JEL Classification: D23, M14.

Introduction

Studies on mindfulness in organizations have shown that individuals' mindfulness supports the decision-making process (Snipes, 2020). It is, therefore, positively related to different organizational outcomes, including greater customer satisfaction, more effective resource allocation, and higher innovation. Moreover, mindfulness is associated with a more effective response of organizations to disasters (Sutcliffe et al., 2016). The role of individuals' mindfulness in organizations emphasizes the theory of mindfulness. It states that entities' strategic decisions depend on their mindfulness, defined as their "receptive attention to and awareness of present events and experience" (Brown et al., 2007, p. 212). The central premise of mindfulness theory is that mindfulness allows people to be sensitive to the environment, promotes clear thoughts, and influences their behaviours (Snipes, 2020). Primarily that theory was

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focused only on individuals' choices in their personal lives or as consumers (Patel & Holm, 2018). However, in recent years, it has developed in management, emphasizing individuals and groups in organizations (Badham, & King, 2021; Kelemen et al., 2020; Sutcliffe et al., 2016; Rothouse, 2020). Nevertheless, research on mindfulness in the field of management remains limited (Dane, 2011; Larson-Garcia et al., 2018), and there are many unanswered questions about the role of mindfulness in organizations (Sutcliffe et al., 2016).

When it comes to individuals' mindfulness, it has been revealed that it is linked with selecting targets by individuals and allocating resources (Good et al., 2016). It has also been found that individuals' mindfulness may support organizational learning to adaptability to unexpected events (Limphaibool et al., 2020). Likewise, it may increase the ability of organizations to respond flexibly to contextual cues, as it introduces novelty in response to external signals (Bayraktar & Oly Ndubisi, 2014; Owusu-Frimpong & Nwankwo, 2012). Thus, individuals' mindfulness in companies may help them sustain a competitive advantage and respond quickly to market changes. Due to it, individuals' mindfulness may play an essential role in the failure and success of companies, especially when it comes to the mindfulness of managers. Interestingly, previous research on managers' mindfulness has not explored that issue. They have mainly investigated the organization's internal environment (i.e. Hu et al. 2019; Lange et al., 2018). Until now, the evidence is lacking on the mindfulness of managers to their companies' external environment. This study aims to address this gap by exploring the managers' mindfulness of the context of companies. It focuses on micro, small and medium enterprises' (SME) managers due to their pivotal role in the environmental monitoring process and deciding how their companies respond to the context. In particular, the study aims to identify the relationship between their mindfulness concerning business obstacles in an institutional context and the survival of SMEs that they manage.

The study explores SMEs' institutional context, including economic, political, legal, technological, and socio-cultural factors (Wright et al., 2014, p. 1249). In the institutional context, there are two types of institutions: formal and informal. Formal institutions refer to the legal frame that regulates the social relation produced in a specific society, such as written constitutions, regulations, laws, governmental procedures, property rights, contracts, and transaction costs. These institutions are imposed by authoritative actors, often through explicit rules, controls, and rewards (North, 1991). Informal institutions represent a society's culture and include unwritten social norms that individuals follow in their day-to-day activities. They cover beliefs, attitudes, ideas, values, traditions, perceptions, taboos, social norms, cultural patterns, customs, myths, trust, contract networks, all of which are part of the social inheritance and are also socially transmitted (Centeno-Caffarena, 2006; North, 1991, 1993). These institutions introduce prescriptive, evaluative, and obligatory dimensions into social life (Fang et al., 2012).

Given that formal and informal institutions exert a powerful influence on businesses and the resulting trajectories of entrepreneurial initiatives (Bruton et al., 2010; Raza et al., 2020), this study addresses two key research questions:

Q1: Is the survival of SMEs affected by the manager's mindfulness of formal institutional business obstacles?

Q2: Is the survival of SMEs affected by the manager's mindfulness of informal institutional business obstacles?

The present research provides a few contributions to the literature. First, by revealing the relationship between managers' mindfulness of institutional business constraints and the survival of SMEs, this study's results broaden the knowledge about the role of managers' mindfulness in organizations. To the best of author's knowledge, that is the first empirical study that considers mindfulness in such a context. Accordingly, survey findings support the theory of mindfulness. Second, by showing that obstacles in the institutional context and their perception are crucial for SMEs to survive, the study's findings extend the knowledge about the factors that determine SMEs' survival. Third, this survey sheds new light on environmental barriers to business development by identifying formal and informal institutional business obstacles. Thus, these survey findings also support the institutional theory concerning business and entrepreneurship.

The paper is organized as follows. The following two sections provide the theoretical background and arguments related to the set of research hypotheses. Then the methodology of the survey is presented. Section 4 describes and comments on the results of the research. Section 5 discusses findings. Finally, the last section concludes and provides recommendations, limitations, and directions for future research.

1. Formal institutional business obstacles, mindfulness of managers and SMEs survival

Formal institutions that relate to business and entrepreneurship issues include (1) government policies and procedures; (2) socioeconomic conditions; (3) entrepreneurial and business skills; (4) financial support to businesses; and (5) non-financial support for companies (Gnyawali & Fogel, 1994). Depending on these institutions, entrepreneurs face more or fewer business obstacles (Estrin & Prevezer, 2011). Likewise, they have more or less time to focus on productive activities like innovation vs unproductive activities like rent-seeking (Raza et al., 2020).

Government policies and procedures significantly impact SMEs and the rest of companies at every stage of their life cycle (Estrin & Prevezer, 2011; Fuentelsaz et al., 2015). Fuentelsaz et al. (2015), at the dimension of government policies and procedures, recognize three institutions that apply to business and entrepreneurship: property rights, business freedom, and labour freedom. All of them create a legal frame for companies and define the rules on the market. Therefore, these institutions establish cooperation principles between companies and all their stakeholders and reduce the business risks. Accordingly, they can create or remove barriers in particular markets (Bruton et al., 2010).

The second group of formal institutions applying to business and entrepreneurship, the socioeconomic conditions, comprises society and governments' attitudes toward entrepreneurial activities. Those contain fiscal freedom, and particularly the level of taxes (Fuentelsaz et al., 2015). Fiscal freedom demonstrates the extent to which the government allows individuals and companies to manage and protect their incomes and assets for their use and benefit (Dronca, 2016; Fuentelsaz et al., 2015). The government can influence fiscal freedom by reducing or increasing tax rates and tax burdens (Dronca, 2016).

The level of taxes is essential to the overall climate for doing business (Zeqiraj & Nimani, 2015). Over-taxation may demotivate entrepreneurs to start the business. It may also prevent

entrepreneurs from compensating for their business effort. When taxes are too high, net profits may not be sufficient for entrepreneurs to grow their businesses. It makes entrepreneurs feel overwhelmed by the government (Fuentelsaz et al., 2015). That is the case in many developing economies. In these countries, taxes often constitute the primary barrier limiting companies' activities (Komninou et al., 2020).

The third group of formal institutions related to business, defined by Gnyawali and Fogel (1994) as entrepreneurial and business skills, includes educational programs in the technical and business field, training for entrepreneurship, and the overall availability of information (Fuentelsaz et al., 2015). Relationships between these institutions and entrepreneurship have been found in previous research. The findings of Ayyagari et al. (2011) demonstrate that companies with better-educated managers have more remarkable growth and innovation dynamics. Along the same lines, Steinerowska-Streb and Wziątek-Staśko (2019) indicate that firms with managers continuously expanding their knowledge introduce significantly more product and marketing innovations than other firms. Fairle and Robb (2004) point out that firms managed by well-educated managers are more likely to survive.

Finally, the last groups of formal institutions related to business (financial and non-financial support) refer to firms' access to financial capital (Fuentelsaz et al., 2015). The importance of financial and non-financial support for business has been emphasized in research for many years. Their results consistently show that financial capital is needed to start a business and grow (Fuentelsaz et al., 2015). Likewise, they indicate that access to finance is a critical element in the entrepreneurial context (Coleman et al., 2019).

Lack of access to financing represents an important example of barriers limiting the activities of SMEs. Many research has identified it as one of the most significant obstacles to SMEs' growth (Cepel et al., 2020; European Central Bank, 2018; Steinerowska-Streb, 2014). The fact is that access of SMEs to external financing is limited because they do not have access to capital markets (Estrin & Prevezer, 2011), and, additionally, they have difficulties in receiving bank loans and overdraft facilities. Accordingly, SMEs face stringent financing conditions and high interest rates (OECD, 2017) due to their relatively high-risk profile, lack of loan guarantee and collateral (Zhu et al., 2012).

Formal institutions may facilitate or hinder the functioning of SMEs. Therefore they may also impact their survival. The influence of particular formal institutions on the survival of companies has already been explored in previous studies. Baumohl et al. (2019) indicate that institutional quality is significant for firm survival. Hansen et al. (2009) demonstrate that temporary tax exemption in the initial period of establishing a company affects household enterprises' long-run growth. Shin et al. (2017) also revealed a relationship between government R&D funding and firms' survival along the same lines. However, all former studies mainly investigated the relationship between particular formal institutions and the survival of companies (i.e., Cepel et al., 2020; García-Ramos et al., 2017; European Central Bank, 2018; Zhu et al., 2012). They generally have not been focused on managers' mindfulness of formal institutional business barriers and firms' survival. However, considering the theory of mindfulness, and bearing in mind the central role of SME managers in decision making (Steinerowska-Streb, 2012), in SMEs, the relationship in that field may appear. It can be expected that mindful SME managers who are aware of the formal institutional barriers in

their business environment will prepare their organizations to overcome them. Consequently, manager mindfulness of formal institutions may affect the survival of the companies they manage. Thus, it is hypothesized that:

H1: The more formal institutional barriers managers identify, the better the chances of survival for SMEs.

2. Informal institutions and SMEs survival

Informal institutions influence business and entrepreneurship (Raza et al., 2020), because they operate over the firms and shape their behaviour (Centeno-Caffarena, 2006). They are usually unwritten, created and enforced outside official channels, set in traditions, culture, and norm codes (Estrin & Prevezer, 2011). Compared to formal institutions, informal institutions are not easy to measure because they are not openly codified, and known through official channels. Due to the difficulties in operationalising of constructs and measures concerning informal institutions, the research conducted to date has examined the impact of informal institutions on enterprises less frequently than formal ones.

The studies on the informal institutions in firms environment conducted so far show that informal institutions may reduce or increase the uncertainty of economic decisions associated with the entrepreneurial activity (Bruton et al., 2010; García-Ramos et al., 2017). For example, close relatives within local communities may support firms in their day-to-day challenges by helping entrepreneurs to “seek out solutions, locate resources, and assemble a team of willing people to address the entrepreneur’s problems” (Gnyawali & Fogel, 1994, p. 49). Such an impact of informal institutions on businesses can be observed, particularly in rural areas. Escandón-Barbosa et al. (2019) found that the informal institutions achieve a more significant influence in the rural areas, as these areas are favoured to a greater extent by the social norms since they are smaller territories with greater integration of citizens.

Considering the business environment, Escandón-Barbosa et al. (2019) highlight that informal institutions are drivers of formal institutions and have a more significant impact on entrepreneurial activity than formal institutions. Along the same lines, Gnyawali and Fogel (1994) suggest that informal institutions are even so crucial for entrepreneurship as the availability of loans or other physical facilities. They emphasize the importance of social factors in stimulating and supporting entrepreneurship. These include social attitudes favouring entrepreneurship, family influence, and the presence of social networks.

The study by Bird and Wennberg (2014) demonstrates how crucial for companies is one of the informal institutions – the society’s positive perception of business and entrepreneurship. Its findings reveal that family start-ups prefer to locate in a regional context, where the community has a favourable attitude towards companies. Likewise, society’s perception of entrepreneurship importance also illustrates Pathak and Muralidharan (2016) study. It shows that societal trust exerts a positive influence both on social and commercial entrepreneurship.

When it comes to the family’s influence on business and entrepreneurship, it is, in particular, visible in family firms. In these firms, ancestors pass on social norms and values to their successors, and they later follow these norms in business practice. As Greenwood et al. (2010) show, exceptional care for employees constitutes an example of such values.

Social networks, the next informal institution, reduce business uncertainty, information asymmetries between the parties, and the cost of economic transactions (García-Ramos et al., 2017). However, in settings where formal state institutions are either weak or moderately strong in their power, social networks may lead to corruption and collusions between different actors. These social networks can take the form of political, bureaucratic, media or business groups capable of controlling and limiting economic competition (Phiri & Guven-Uslu, 2019). The negative impact of social networks on firms shows the study of Tyuen et al. (2016). Their findings reveal that the bribe intensity negatively affects firm productivity. The importance of social networks in business and entrepreneurship has also been examined by García-Ramos et al. (2017). They analyzed the density of social relations and the rate of entrepreneurial failure in 77 countries. That study revealed that the higher the country's density of social relations, the lower the entrepreneurial failure rate.

The studies on the informal institutions show, thus, that these institutions may influence the uncertainty of economic decisions associated with entrepreneurial activity (Bruton et al., 2010; García-Ramos et al., 2017), and they may support or limit entrepreneurship (Bird & Wennberg, 2014; Escandón-Barbosa et al., 2019; Gnyawali & Fogel, 1994; Pathak & Muralidharan, 2016). There are also studies showing that informal institutions may influence firm survival. Eesley et al. (2018) reveal that when formal and informal institutions are misaligned, the informal institutions will significantly influence firms' survival. The study of Zhang et al. (2019) exploring only one informal institution (corruption) and firms survival shows that corruption fosters private firms' likelihood of survival. To date, however, there is no evidence of a relationship between business survival and managers' mindfulness of informal institutional business barriers. Considering the theory of mindfulness and SME managers' fundamental role in making decisions and recognizing opportunities and threats in the environment, one can expect a relationship between these variables. It can be expected that mindful SME managers who are aware of the informal institutional barriers in their business environment will prepare their organizations to overcome them. Consequently, managers' mindfulness of informal institutions may affect the survival of the companies they manage. Thus, it is hypothesized that:

H2: The more informal institutional barriers managers identify, the better the chances of survival for SMEs.

3. Methodology

This study examines the relationship between SME managers' mindfulness of business obstacles in an institutional context and the survival of SMEs. It analyses data gathered in Poland through two linked studies. First, in 2010 primary research was carried out because the data needed to answer the research question were not available from secondary sources. The research sample was selected from the database of enterprises of the Foreign Trade Promotion Group. An e-mail questionnaire was used as the method of the primary data collection. The questionnaire consisted of dichotomous and fixed-alternative questions to ensure consistency and reliability of the selected research method (Saunders et al., 2009). The questions identified the overall situation of firms attended in the study and their economic

behaviour. Moreover, the questionnaire included questions about institutional business barriers in companies' environments, which attracted the managers' attention. For this paper, only five questions concerning institutions were selected.

Next, after seven years, it was verified if each company that had previously participated in the survey still operates on the market. This timeframe was chosen considering different phases of the business cycle. Moreover, by selecting more than five years, both younger and older firms' survival rates could be observed. Data from the Polish Register of Enterprises were used to identify whether firms survived during that period. That is a database that contains general information about Polish companies, including the closing date if the business was closed. During the second step of the investigation, there was no need to conduct a primary survey again, as data on company activities are available in official databases. As a result, the sample size remained the same.

Firm survival was measured by "the length of survival until the discontinuance of the firm, independent of whether this event consists in the disbanding of the firm or a merger and acquisition" (Cefis & Marsili, 2012, p. 796). Thus, those firms that had not closed their operations temporarily or permanently during the observation period were considered to survive.

The research sample both in the first and the second study consisted of 344 SMEs. The research sample size was similar to the research sample used by Coeurderoy et al. (2012) in the study that concerned the survival of enterprises in the UK and Germany.

The criterion of the number of employees was used to classify the enterprise as an SME. Within SMEs, micro, small and medium-sized enterprises were identified. A microenterprise was defined as an enterprise employing fewer than ten people. A small enterprise was an enterprise that engaged from 10 to 50 people. A medium enterprise was an enterprise that employed no less than 50 people and no more than 250 people. This classification of SMEs was based on the European Commission recommendation of 6 May 2003 concerning the definition of SMEs. That recommendation, apart from employment, takes into account also other criteria of SMEs categorization. Namely, turnover, an annual balance sheet, and the type of relationship between enterprise and another firm (European Commission Recommendation of 6 May 2003). However, in the present study, only the criteria of staff headcount were used, as it is the most commonly used in research on SMEs.

During the observation period, 26.74% of SMEs participating in the study were closed. The shortest survival time was five months. The mean survival time was 78.82 months (standard deviation: ± 16.144). 24% of respondents represented the trade sector, 26% production, 28% services, and 6% construction. The remaining 16% of firms were mixed-activity businesses. Most firms were micro-enterprises (42%), 46% were small firms, and 12% were medium-sized enterprises. The surveyed firms operated mainly in the domestic market (79%).

Considering that Brown et al. (2007) defined the individual's mindfulness as their "receptive attention to and awareness of present events and experience", in this study, the manager's mindfulness of business obstacles in an institutional context was treated as the manager's awareness of institutional business barriers that may limit their company's development. To recognize managers' mindfulness concerning business obstacles in an institutional context, the managers were asked to point out all the institutional business barriers in their companies' environment, which attracted their attention.

In the follow-up analysis, the survival time of the firm was treated as the dependent variable. The independent variables were formal and informal institutions that were identified by managers who responded to the survey. Formal institutions covered: (1) tax law; (2) labour law; (3) access to finance. Informal institutions were related to (1) bureaucracy; (2) corruption. These institutions were identified as potential institutional obstacles to the development of SMEs in Poland based on previous studies of Matejun (2010), Wilmańska (2010), Żołnierski (2009), which previously examined the barriers to SME development on the Polish market. The identification of independent variables was based on the managers' indications who completed the survey in 2010. Using a dichotomous scale (Y/N), managers were to point out whether the institution indicated in the question constitutes an obstacle to their company's development. Five such questions in the survey applied to institutions as we identified three formal institutions and two informal institutions that were supposed to be obstacles to SMEs' development.

The data analysis was based on a Kaplan and Meier (1958) nonparametric estimation. This technique was chosen to assess the relationship between managers' mindfulness of formal institutions and companies' survival. Then, it was applied to determine the relationship between managers' mindfulness of informal institutions and SMEs' survival. Since it was expected that the more (i) formal and (ii) informal institutions identify managers, the greater the chances of their firms for survival are, the respondents were divided into groups depending on the number of institutions that they indicated as barriers limiting their activities. Thus, four curves were distinguished for formal institutions, as the respondents indicated zero, one, two, or three formal institutions as obstacles to their development. On the other hand, three curves were used for informal institutions, as the respondents indicated a lack, one or two formal institutions as barriers to their development.

The independent predictors of SME survival were identified using the Cox proportional hazard model (Log-rank test statistic). It was selected for the analysis for several reasons. First, it is usually applied to analyze firms' survival data (Manjon-Antolin & Arauzo-Carod, 2008). Second, it does not require a particular probability distribution to represent the survival time. The results of the analysis are presented as hazard ratios with 95% confidence intervals (CIs). A p-value <0.05 indicates significance in all analyses.

4. Results

Most of the respondents participating in the survey indicated at least one out of five institutions as a barrier limiting their development. The analysis of data on formal institutions shows that among the respondents who did not indicate any formal institution as a barrier to their business development, as well as among those who point out one or two such institutions, there were companies that did not survive the analyzed period and companies that are still active. Interestingly, all companies that identified three formal institutions as obstacles to their development survived the entire observation period (Figure 1).

Four Kaplan-Meier curves were generated to recognize how survival time changed with the number of formal institutional business obstacles identified by managers. These include Kaplan-Meier curves for companies that managers indicated (i) zero, (ii) one, (iii) two, and

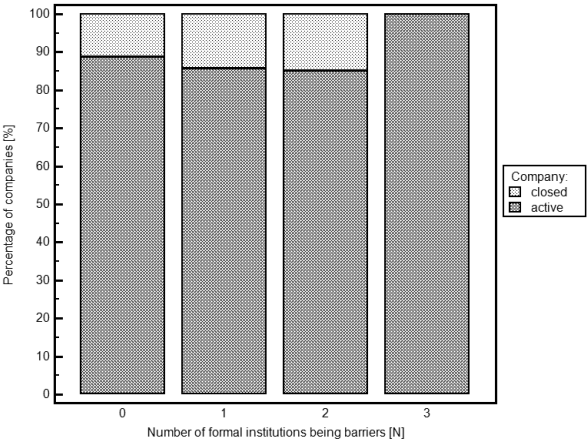


Figure 1. Number of formal institutions pointed out by managers as obstacles to the development of their companies (source: own elaboration)

(iii) three formal institutions (Figure 2). Comparison of all the curves shows slight differences in survival of companies whose managers identified zero, one, and two formal institutions as obstacles to the development of their firms. However, the survival of companies whose managers pointed out three formal institutions as business barriers differed significantly from that of other companies ($p < 0.001$). Thus, it indicates that these companies had a better chance of survival than others. This result confirms the H1 hypothesis, according to which *the more formal institutional barriers managers identify, the better the chances of survival for SMEs*.

In the next step of the analysis, the data applying to informal institutions were investigated. First, the companies were identified which managers chose the informal institutions constituting barriers to their companies’ development. On this basis, there were distinguished three groups of companies: those that managers did not indicate informal institutions as

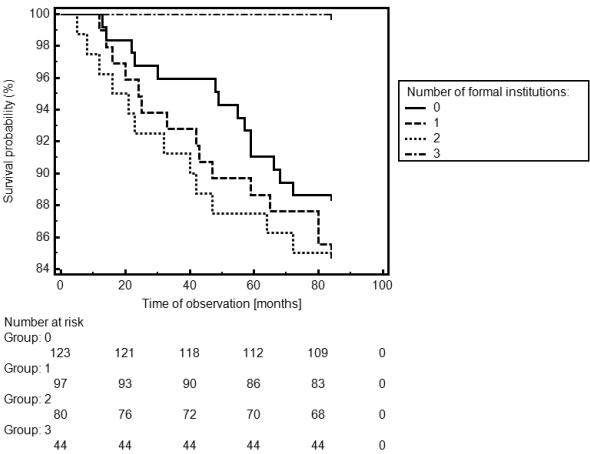


Figure 2. Kaplan-Meier curves for different number of formal institutions pointed out by managers as obstacles to the development of their companies (source: own elaboration)

business barriers, those that managers pointed out one informal institution, and those that managers specified two such institutions. Importantly, in each group, some companies did not survive the observation period (Figure 3).

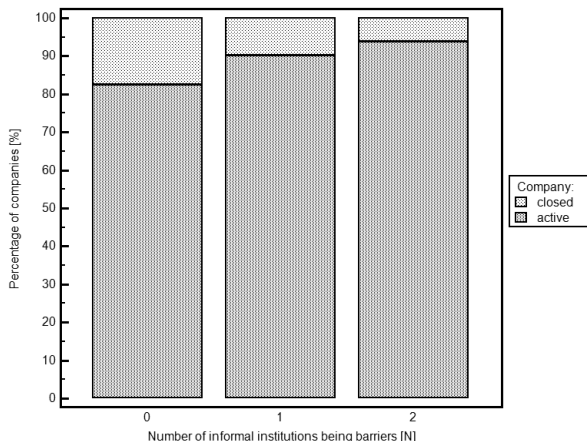


Figure 3. Number of informal institutions pointed out by managers as obstacles to the development of their companies (source: own elaboration)

Later, the Kaplan-Meier survival analysis test was used to assess the relationship between the number of informal institutions perceived by managers and SMEs' survival. Thus, the Kaplan-Meier curves were generated for each selected group of firms (Figure 4). These curves show that, up to 45 weeks, the survival of companies belonging to each group differed only slightly. However, from around the 50th week, the survival curves began to drift further apart. The differences between all curves turned out to be statistically significant ($p = 0.0470$; $c2 = 6.1166$). Hence, the more informal institutional barriers managers identified, the better were the chances of survival for SMEs. Therefore, hypothesis H2 has been confirmed.

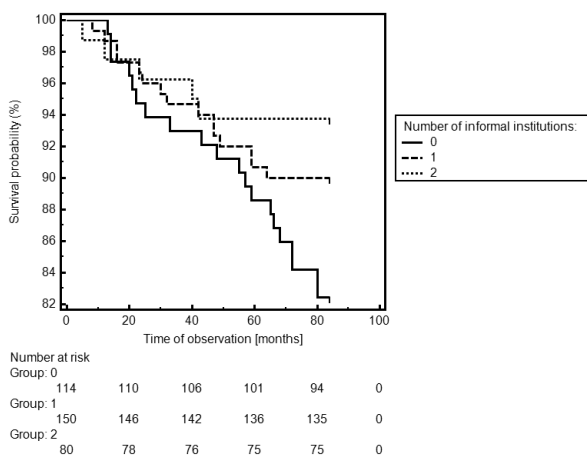


Figure 4. Kaplan-Meier curves for different number of informal institutions pointed out by managers as obstacles to the development of their companies (source: own elaboration)

Finally, to identify which of the institutional barriers perceived by managers represent independent predictors of SME survival, the data was analyzed using Cox proportional hazards regression. The Cox proportional hazards regression model based on all institutions (tax law, labour law, access to finance, bureaucracy, corruption) revealed that bureaucracy was the only independent variable with a positive effect on firm survival ($p = 0.0115$). Table 1 presents the overall fit of the analyzed model.

Table 1. The overall fit of the Cox proportional hazards regression model (source: own elaboration)

Null model -2 Log-Likelihood	462,600
Full model -2 Log-Likelihood	455,482
Chi-square	7,118
DF	1
Significance level	$p = 0.0076$

Cox proportional hazards regression model also shows that firms' probability of survival increased by 40% when the manager indicated that bureaucracy was an obstacle to his business development (hazard ratio 0.4085; 95% CI 0.2048 to 0.8149).

5. Discussion

The analysis of the results shows that managers' mindfulness of institutions in the environment plays a significant role in a firm's survival. More specifically, the study reveals that SMEs whose managers perceive the most considerable number of formal and informal institutional obstacles have better chances of survival than other SMEs. In particular, the research indicates that the probability of SMEs survival significantly increases when managers are aware that bureaucracy constitutes a barrier to their firms' development. These findings suggest that institutional business obstacles and their awareness are crucial for the survival of SMEs. Therefore, it can be concluded that managers' mindfulness of the institutional context affects SMEs' long-term sustainability. Thus, managers' mindfulness should be treated as an essential factor in SMEs' life courses.

Considering the study results, it appears that mindful managers, with particular attention to the institutional context, can prepare their companies to overcome perceived business obstacles. In that way, they may limit the impact of recognized institutional barriers on their companies. Thus, their mindfulness of the institutional context may affect their companies' survival in the long run. The effect of managers' mindfulness of the institutional context on firms' functioning can be observed in the example of bureaucracy. Mindful SMEs' managers, aware of the difficulties arising from bureaucracy, can take steps to prevent or minimize its consequences for their companies. On the other hand, when managers do not recognize bureaucracy as a business barrier, they may be overwhelmed by bureaucratic obstacles, which, in turn, may lead to difficulties in the efficient running of the company. Assuming that the bureaucracy-aware manager is planning the project implementation time, he will consider that the formal procedures necessary for this project will be time-consuming. Therefore, he will allocate an appropriate amount of time for

this purpose. Consequently, his company may avoid penalties resulting from failure to meet the deadline for this project.

An explanation of the study's findings is in line with García-Ramos et al. (2017), who examined the relationship between entrepreneurial failure and tax pressure – one of the institutional business obstacles. The authors found that the greater is the tax pressure, the fewer businesses fail. Although that survey was not based on managers' indications, the authors explained that as tax pressure decreases, entrepreneurs become less disciplined in controlling spending, and, in turn, it leads to a lower survival rate. Thus, the authors suggest that the relationship identified by them may result from companies' activities that depend on their managers' perception of the environment.

By showing that SMEs' survival is greatly influenced by managers' mindfulness of the institutions their firms face, this research's findings extend the knowledge about mindfulness in organizations. Although some research concerning managers' mindfulness has already been carried out, they investigated it differently. Earlier studies on the importance of managers' mindfulness in organizations have revealed that managers who practice mindfulness may enhance their propensity to engage in workplace pro-environmental behaviours (Patel & Holm, 2018). They also found that information technology impacts the mindfulness of managers in organizations (Valorinta, 2009). Likewise, it was discovered that the mindfulness of the top management team positively impacts R&D intensity (Hu et al., 2019). However, the impact of managers' mindfulness on firms' survival continues to be a neglected area. Accordingly, this research fills the knowledge gap in this field by showing that managers' mindfulness of the institutional context affects companies' survival. Thus, it supports the theory of mindfulness that stresses entities' awareness of the context in the present moment (Snipes, 2020).

The survey findings also support the institutional theory. They confirm all earlier research results showing that institutional context exerts a powerful impact on businesses (Baumöhl et al., 2019; Bruton et al., 2010; Fuentelsaz et al., 2015; Wright et al., 2014). Moreover, they are consistent with these studies' findings that reveal that institutions may impose barriers to businesses (i.e. Bruton et al., 2010). However, they also develop and add to existing research results on institutions showing that institutional context and its perception are crucial for firms at every stage of their life cycle. Hence, this study is in line with both the institutional theory and the mindfulness theory.

Conclusions

The context in which SMEs operate may facilitate or hinder their functioning. This study's findings reveal that formal and informal institutions existing in that context impose barriers for SMEs that may affect their survival. Thus, the influence of institutions on the resulting trajectories of entrepreneurial initiatives is crucial. Notably, the survey results show that the impact of institutional barriers on SMEs' survival may be limited by managers' mindfulness of the institutional context in which their companies operate. Namely, the survey reveals that SMEs with mindful managers, who pay attention to the institutional business barriers, survive longer than the other SMEs.

Based on the research results, it can be concluded that motivation, ability to act and managerial skills are not the only features that should characterize SMEs' managers. Their mindfulness of institutional context is also crucial, as mindful managers can help the firm successfully respond to the opportunities and threats existing in the competitive marketplace, and, due to it, they may influence the survival of SMEs.

The study's outcomes led to the enrichment of the mindfulness theory by identifying new effects of a manager's mindfulness and extending the knowledge on mindfulness in organizations. Moreover, the survey findings support the institutional theory. They provide empirical evidence on the role of the institutional context in the survival of SMEs. Likewise, they indicate how crucial for firms is the perception of institutions by managers. Finally, the present survey broadens the knowledge about the factors that determine the survival of SMEs. Its findings develop the catalogue of previously established factors influencing the survival of SMEs. It adds to it the mindfulness of institutional context by managers.

Information on the impact of managers' mindfulness of the institutional context on SMEs' survival can be valuable for managers and entrepreneurs. The results of this study may help them to determine whether to pay attention to the institutional context. Furthermore the study results give them arguments to develop their mindfulness of the context. Consequently, entrepreneurs may be encouraged to participate in training focused on the increase of their mindfulness. Likewise, the survey results can encourage them to develop mindfulness among employees. Thus, entrepreneurs may wish to arrange mindfulness training for their employees or finance their participation in such activity.

The findings of the study may be of particular importance for institutions that support business and entrepreneurship. They can help organizations that aim to develop SMEs to understand the issues in SMEs' support better. Based on research results, such organizations may begin organizing training for managers focused on raising their mindfulness. Moreover, this training can encourage managers to observe the institutional context of their firms.

Research results may also have an impact on public policy. Drawing on the findings, the range of government support for SMEs can be expanded. Namely, policy instruments may begin to promote mindfulness among SME entrepreneurs. Due to it, the outcomes of policy instruments and the methods used to foster SMEs may be more effective.

This study has two main limitations. First, it uses a small number of SME companies. Second, it covers companies functioning in one country. Therefore the generalizability of the findings may be limited. Because of these limitations, future research is necessary to understand further the relationship between managers' mindfulness concerning business obstacles in an institutional context and the survival of SMEs.

The results of the study raise many research questions for exploration in future studies. It would be worth examining what factors (like education or gender) influence manager mindfulness of the institutional context. Furthermore, it would be interesting to recognize the relationship between SMEs' survival and other institutional obstacles than those explored in the present study. Finally, an important direction for future research is to ascertain whether the relationship found in the present study also exists in other economies. In particular, it would be worth carrying out similar studies in mature market economies, where the institutional context may be slightly different than in economies that have undergone a systemic transformation.

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