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EASTER MESSAGE OF THE SCIENTIFIC DIRECTOR

Dear Readers, Distinguished Friends,



It is Easter. Jesus Christ rose from the dead, Hallelujah! We celebrate and Praise God!

The weather is mild; blossom is on the trees and the mass media transmits a continuous stream of disturbing news the economic crises, suicide bomb attack in Afghanistan and Iraq, a major earth quake in Italy, popular uproar in Thailand, piracy off the Somali coast and the increasing unemployment throughout Europe. Recently I met with a young electrician aged 30 years sitting on his knees at a busy crossroad in a medium-sized Hungarian city. Round his neck was the message “Please give me something: I am hungry”. He lost his job three months ago and has been unable to find any work within a radius of 50 kilometres. In the meantime, the multinational hypermarkets announce significant profit increase in 2008. Similar picture can be seen, more and more, in all CEE regions.

At the beginning of April, I visited Istanbul, where we organized a Workshop on the Development of Youth Entrepreneurship and Start-ups within the framework of the Black Sea Economic Cooperation. This was supported by the Konrad Adenauer Foundation. (See the report of the workshop in our ERENET PROFILE periodical.) Istanbul is an impressive city on the crossroad of Europe and Asia with thousand years of history and reach cultural heritage. It was a pleasure to travel from the airport to the city centre, to view a landscape with ten thousand tulips and feel the soft wind from the Bosphorus. The arrangements made for the Workshop were excellent and the Turkish organizers must be congratulates for all the work they undertook to ensure success. I am very proud that six ERENET Members participated in the event. In addition, we have several people who expressed their interest in joining ERENET. The first request from Georgia to join was received so now ERENET covers the whole South-Caucasian region.

However, I feel it important to record the reason why we had to change the venue for the Workshop. Originally, it was scheduled for Baku. Unfortunately, the current political regime refused to accept Armenian experts in Azerbaijan. It is a sad story that sixty years after finishing World War II there exists a new era of cold war between former friendly countries. How we we solve the burning questions of our time when there are politicians who behave in such a manner?

In his opening speech to the Workshop, *H.E. Ambassador Murat Sungar* from the BSEC Permanent International Secretariat (Turkey) highlighted, that “unfortunately, the SMEs stand to be the most vulnerable to the potential global and regional ramifications of the ongoing international financial crisis. The financial crisis affects the entrepreneurial climate and the situation becomes especially difficult for the younger entrepreneurs.”

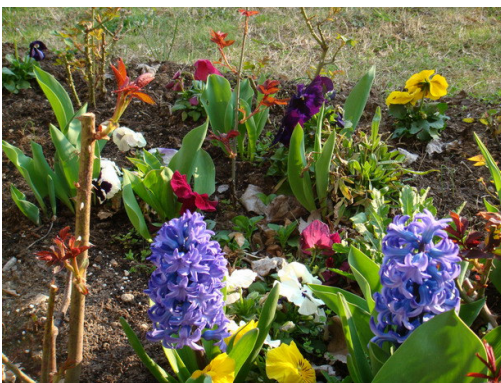


Photo by Dr. Antal Szabó ©

Painfully, evidence from Hungary supports this comment. During 2008, the number of the traditional food shops decreased by 1,400 reaching 19,935. Those shops of less than 50 sq.m. were most seriously affected. Overall, a promising sign is that the Government of the Russian Federation has recognized the important of SMEs and allocated USD 300 million for quick action to compensate similar losses. An important outcome of the Workshop was the proposal to organize a BSEC Workshop in 2010 to review the impact of the economic crisis on SMEs. I am sure, that members of ERENET will pay and important role in the preparation of basic background document and country studies on this issue.

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ENTREPRENEURSHIP – DEVELOPMENT FACTOR IN TRANSITIONAL ECONOMIES¹

ABSTRACT - *We live in a very dynamic business environment that creates significant challenges for all business actors. In order to implement changes, managers are under the huge pressures to constantly struggle for the development of the new products and markets. Entrepreneurship, as an action-oriented way of thinking, behaving and acting, focused on innovations and changes is probably the key development factor that enables sustainable market competitiveness.*

Discussions of entrepreneurship in transitional economies have almost exclusively focused on the creation of independently owned and operated (small) enterprises. But, entrepreneurship is not restricted to new or small businesses, private sector or profit-making enterprises. It can be demonstrated in old and new, small and large, profit-making and not-for-profit enterprises as well as in the private and public sector. This article elaborates the role and importance of entrepreneurship in the different stages of business growth. At the same time, some differences between entrepreneurship and intrapreneurship will be clarified and basic modalities of implementation of appropriate organizational culture that support entrepreneurship described.

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Key Words: *Entrepreneurship, Intrapreneurship, Entrepreneurial culture, Transitional economy*

BUSINESS ENVIRONMENT AND NEW CHALLENGES

We deal everyday with an increase speed of changes and more and more complex environment, difficult to predict. Globalisation changes, increasing competition and insufficiency of constant competitive advantage require permanent demonstration in order to create adequate position in the market. Modern technology (particularly information technology) enabled each resident of Earth to consume double the amount of information in 2003, than in 2000. Predictions are that this growth is going to have exponential trend in future as well. World economy has, to a large degree, transferred from the industrial to knowledge society. In time of turbulent changes accumulated knowledge is becoming outdated very fast. Assuming that it is not innovated, knowledge in the field of the technological sciences acquired during the last decade of the 20th century is worth only 10% today. It is not enough only to learn, but to learn faster than the competitors. Quality and constant innovation became a necessity. It is not enough only to adjust to the changes that occur in the hectic environment. In order to attain a concept of sustainable growth and development it is necessary to create changes through the system of constant innovation (technical, economic, social) which are today, more than ever, *conditio sine qua non* of business success .

In this environment, organisations are exposed to a high level of pressure. Market is constantly threatening to leave on the margins those who are not adaptable and flexible enough in their performances in the market. It only signifies that large and by default “sluggish” companies must become able to operate as innovative, creative and adaptable, keeping the components that refer to efficiency in business activities and economy of scale. Success of large organisations equates the ability to identify and create business opportunities in the surroundings and the ability to perform necessary adjustments in order to attain certain benefits in the market. Dynamic changes in the business environment to a great extent force business entities to behave in entrepreneurial way.

Current state of the world economy and current financial crisis (global by its character) further more increase the need for entrepreneurship (entrepreneurial behaviour). It is expected from entrepreneurs to start a new wave of business activities which will contribute to the recovery of the world economy. New entrepreneurs are needed for the new millennium. Entrepreneurship has always been the most innovative and the most creative way to accelerate progress and create assumptions for more welfare of the human kind. By

¹ Paper prepared for the 50th IES Jubilee Conference in 2008 in Belgrade

reacting on the changes in the surroundings and carrying out new entrepreneurial projects, entrepreneurs are just contributing to solving the existing problems.

ENTREPRENEURSHIP CONTEXT

There are many authors that treat entrepreneurship as something rather mysterious, as talent, inspiration, ingeniousness, form of art. In this context, it is spoken about “great person” who by coming to this world brings innate inclinations and abilities for the entrepreneurial behaviour which reacts to the offered chance instinctively. On the other hand are those authors who think that entrepreneurship could be learned and performed in the organised way within the regular business activities, putting the emphasis on the practical aspect and routine performance of entrepreneurial activities[8].

There is no agreed definition what constitutes entrepreneurship. In fact there is no standard, universally accepted definition of entrepreneurship. Often the term entrepreneurship is equated with new venture creation and small business management and the concept of owner-management or self-employment. But, not all owner – managers can be regarded as entrepreneurs as well as not all small businesses can be treated as entrepreneurial. It means that clear distinction between the entrepreneur (entrepreneurial venture) and small business (small business venture) has to be made.

Entrepreneurship is an action-oriented way of thinking, reasoning, behaving and acting, business philosophy focused on innovations (technical, economic, social) as the critical elements in creating wealth in the future. Entrepreneurship is not restricted to new or small business, private sector or profit-making enterprises. It can be demonstrated in firms (old and new, small and large, profit-making and not-for-profit, in the private and public sectors, fast and slow growing). Many large organizations are entrepreneurial. They also can implement entrepreneurial culture and behave in innovative way by creating teams of entrepreneurs. Unfortunately, entrepreneurship is very rare source, therefore very expensive (well paid). Entrepreneurship is the process of creating values and opportunity driven process, where opportunities come from changes in the environment. Entrepreneur is someone who perceives an opportunity and creates an organization to pursue it [2]. While speaking about entrepreneurship we are always speaking about the most creative and innovative way of behaving where innovations are defined as a set of technical, economic and social improvements.

ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT

You really do not need to be the futurist to see that entrepreneurship will play a large and increasing role in the future of our nation’s and our individual working lives. The nature of organisations, work and employment is changing and individuals who recognise these changes and prepare for them will be best able to succeed in the new environment [4].

In his article *How is Entrepreneurship Good for Economic Growth* [1], Z. Acs makes distinction between “necessity entrepreneurship”, meaning that you have to become an entrepreneur because you have no better option, from “opportunity entrepreneurship” which is an active choice to start a new enterprise based on the perception that an unexploited or underexploited business opportunity exists. Describing the ratio of opportunity-to-necessity entrepreneurship and comparing with per capita income of the country, he concluded that positive relationship exists. Countries where more entrepreneurship is motivated by an economic opportunity recognised than by necessity have higher level of income.

Many transitional economies among which is Serbia as well, started to address their numerous inherited problems from the past by developing entrepreneurship and applying business philosophy “Small is beautiful”. Many social problems, unemployment in the first place as the direct consequence of the privatisation, are being dealt with through encouraging and carrying out entrepreneurial projects which are in most cases good examples of self-employment.

In that context previous differentiation of “necessity” from “opportunity” entrepreneurship is useful. In transitional economies mostly self-employment entrepreneurship actually exists, and much less entrepreneurship as opportunity driven process. Numerous training programmes were carried out in Serbia with target groups of potential entrepreneurs who were in the process of ownership transformation left without job and started with self-employment. Consultants who deliver these training courses often deal with the request of the trainees to help them in recognising personal entrepreneurial potentials and in suggesting the ideas for starting their own business. Essential thing is that entrepreneurship is not a method of solving

social issues and problems and that entrepreneurial potential is very rare (some researches point out only 2-3% of world population). While the privatisation process developed, it became clearer that self-employment entrepreneurship presented only one side of the story and that it was not able to generate significant number of new jobs which could absorb unemployed to a great extent in the long-term period.

Strengthening competitiveness and more significant activity of the investors contributed to the business expanding and companies networking at different levels in the last few years. Number of opportunity driven entrepreneurship projects is increasing as well as joint venture projects that connect carrier of entrepreneurial ideas with potential investors (business angels, venture capitalists). On the other hand large companies begin to think about various models of entrepreneurship implementation in order to make its business activities more efficient. In this context there will be more corporate-backed ventures like spin-offs, intrapreneurial units and partnership arrangements. Although these organisations originate in larger corporations, they are being formed specially to stay small and entrepreneurial, to avoid bureaucracy and to maintain their innovative edge [4].

INTRAPRENEURSHIP AS MODEL OF BUSINESS REVITALISATION

Intrapreneurship is about ability to find new business opportunities within an existing business, an opportunity for corporate managers to take a risk and initiative in order to implement the new business idea, further diversification of business activities and appropriate management of business restructuring processes. Numerous studies indicate that large companies are not the best ones in developing intrapreneurship and creating entrepreneurial spirit. Company's management task is to develop appropriate system and way of thinking (culture) which supports corporative entrepreneurship, entrepreneurial spirit and innovative environment at all company's organisational levels.

Norman Macrae predicted back in 1976 in the magazine *The Economist* that very dynamic and fast growing companies will in future simultaneously apply alternative models of performing business operations based on strengthening competitiveness within the enterprise itself. Gifford and Elizabeth Pinchot developed a concept of intrapreneurship, while Gifford Pinchot and Ron Pellman, in its guidelines [9] for effective implementation of innovations, pointed out that company must, if it wants to be competitive, to demonstrate ability to innovate fast as well as the readiness to constantly prove itself in the market. John Naisbett insists on *intrapreneurship* as the way of starting the business in order to identify new markets and define new products and services, and Rosabeth Moss Kanter, from Harvard Business School, speaks about entrepreneurship as the key factor of companies' survival [6]. What are the problems that enterprising managers have to deal with in large companies? If in the start-up stage of business development primary focus is on finding the market and appropriate marketing positioning of product/service and defining appropriate operative management structure, in further stages of organisational business development, need for diversification and revitalization of all business functions of the organisation and its development programmes, is becoming crucial.

Problems companies deal with are results of many factors [3]: growing competition in the market, erosion of leadership and entrepreneurial skills, feeling of self-content i.e. self-assurance which disturbs organisational changes, inadequate and insufficient capacities of management team to build organisational infrastructure which can support demands of organisational growth. It is showed in practice that lack of leadership and entrepreneurial skills is one of the key causes of decreasing trends in organisation development. Process of revitalisation, in that context means, that corporation must "reinvent itself".

Core issue is how to develop adequate system and way of thinking (culture) which supports corporative entrepreneurship. It might seem contradictable but the problems closely related to the need of revitalisation of organisation are result of the very success of that organisation. Growth comes along with success, and it creates certain level of resistance towards changes, in the both external and internal environment. Basic problem which makes process of revitalisation difficult is the fact that organisation in this stage of development must concentrate simultaneously on several key organisational development goals [5]:

- revitalizing market
- revitalizing products
- revitalizing resources
- revitalizing operational systems
- revitalizing management systems

- revitalizing corporate culture

Instead of focusing on one man, company must create teams of managers- entrepreneurs and adequate system/way of thinking (culture) which supports entrepreneurship. There are several ways for the organisation to become entrepreneurial: by forming intrapreneurial units which autonomously function within the company (R&D and profit centres, which are suppose to provoke the existing “status quo”, constantly “listen” to the market demands and recognise potential business opportunities and implement them in practice), forming new companies within the existing company following the logic "new project-new company", spin-offs, split-outs. Intention to shift from “position” leadership to “knowledge based” leadership is in focus. In that context it is completely normal to treat potential entrepreneur as a business partner. Company needs people who will be dedicated to particular business as to their own.

ENTREPRENEURIAL CULTURE AND SOME BARRIERS IN ITS IMPLEMENTATION

Entrepreneurial culture means that all employees think and act as entrepreneurs. Organisation does not have entrepreneurial culture if all new ideas are initiated (and all decisions are made) exclusively by top management – founder – entrepreneur. Culture of this kind of organisation where procedure for implementation of one man’s ideas is strictly regulated could be characterized as bureaucratic and authoritative. However practice shows that long term success in business is questioned if the new business initiatives are related exclusively to one man.

If we would want to indicate the most important values of entrepreneurial culture [7] which contribute to the quality of entrepreneurial atmosphere, we must particularly point out the following:

- innovativeness
- respecting the individuals, their potentials as well as different and diverse (not typical and unconventional) way of thinking
- permanent improvement of human resources` skills (enabling individual development, investing in the human resource development as the most cost effective investment)
- risk (freedom to permanently challenge “status quo” and to make sometimes a mistake by risking, but with no “cruel” punishment for possible mistakes)
- independence in making all business decisions (responsibility for making decisions at lower level as well, decentralised decision making procedures, freedom of performance, delegating authorities, fast and flexible decision making, reducing to minimum bureaucratic procedure of deciding)
- non-formality (equal treatment regardless the position in the hierarchy, whereas employees should be treated as partners and not as subordinated personnel)
- networking and team working (contacts with external partners prevent atmosphere of “isolation” and “open” organisation for external influences and ideas).

In the group of motivation factors which stimulate building of entrepreneurial atmosphere and entrepreneurial culture, readiness of top management to enable independence to enterprising managers should be stressed out, as well as encouraging creativity at all organisational levels, enabling individual development and individualism, and allowing the associates to implement some of their ideas in practice, by carrying it out in the market, readiness for the partnership in business with key associates.

Companies in Serbia, in their everyday business activities, however, are faced with numerous barriers that hinder efficient building and implementation of entrepreneurial culture. These factors could be divided into three groups.

The first one is related to the risk factor and all moments in business related to it. It is obvious that mistakes are inevitable in entrepreneurial behaviour. The essence is in defining the causes of mistakes? Is that a bad judgment or the circumstances out of control of an individual? How are the individuals punished for the mistakes? How are individuals rewarded for the success? Many companies speak about entrepreneurship and try to promote it. Associates are required to behave in entrepreneurial way, to take the risk. When they however succeed in their undertakings they are usually rewarded inadequately or not at all. Nevertheless, when they fail in their undertakings, they are punished or let off. Hence, risk to fail is too high and reward for success is too small, which directly slows down building of entrepreneurial spirit and atmosphere.

Second group refers to existing way of thinking which does not have ambition to change present state. In that context enterprising managers often come into the conflict with the following way of thinking: “We have always done it in that way” or “To change something now demands a lot of time and effort” or “Why should we change anything if everything functions very well”. That kind of approach directly discourages creativity and obstructs showing entrepreneurial qualities.

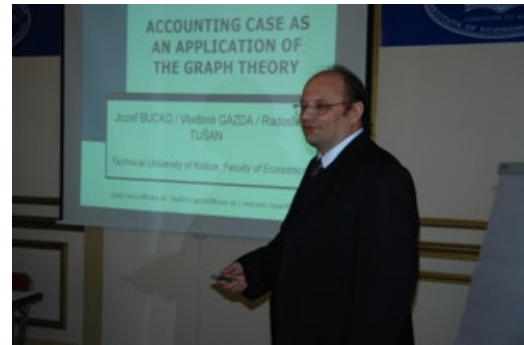
Third group of factors refers to organisational hierarchy. In an attempt to more precisely regulate relations in the business process, this group of factors creates the need of the constant “asking for permission” to do something. The deeper is organizational structure, the more difficult is to obtain permission to do something new. That means weakening of motivation factors for innovativeness and creativity at the lower levels of decision making in the organisation.

SUMMARY

Entrepreneurship as the most creative form of activity and innovation based concept has a key role in creating preconditions for more comprehensive changes in all fields. World economy is facing many challenges. In transitional economies these challenges are even more difficult and painful bearing in mind inherited problems from the past. In order to launch “new wave” of growth and development, new entrepreneurs and entrepreneurial projects are needed more than ever (from start-up companies to large corporations) which will be based on new market opportunities. It is fundamentally important that encouraging development of entrepreneurship should be the top priority of the economic growth and development policies in the coming period.

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Professor Renáta Vokorokosová and Professor Vladimir Gazda
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FEMALE ENTREPRENEURSHIP IN SERBIA ²

Key Words: Women, Entrepreneurs, Employment, Unemployment, Self-employment, Literacy, Transition countries, Serbia

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ABSTRACT

Gender equality is a fundamental right, a common value of the EU, and a necessary condition for Serbia in achieving the EU's objectives of growth, employment and social cohesion. Equal participation of women and men in decision-making symbolises the level of political maturity of societies. The work analysis of the situation and trends contributes to the implementation of the Commission's Roadmap for Gender Equality (2006-2010), which has amongst its priorities promoting equal participation of women in decision-making, aiming to raise awareness of the situation. The majority of the data used in the work comes from the database on women which is managed by Serbian national statistics and UNDP's research data.

The work shows that even if the Serbia's efforts to increase women's participation in decision-making have been consistent and certain progress has been achieved, women are still under-represented in all spheres of power in Serbian Institutions, and in entrepreneurial activity. This remains a major challenge for democracy. If we believe in the values of democracy based on the representation and participation of citizens, then we cannot leave half of the population outside the structures of power. Gender equality is also an asset for business. Serbian economy must reap the potential of all human talent at our disposal if we are to be competitive in the face of globalization.

Alongside active policy measures, one of the actions could be identified as to support activities to raise awareness of equality issues in the decision-making process in Serbia and promote research based on comparable European data, and data on countries in transition process. There is a particular focus on indicators introduced by the Council of the European Union in 1999 and 2003 as a follow-up to the Beijing Platform for Action in 1995, which was adopted by 189 states and is considered as a milestone for the enforcement of women's rights across the world.

The work presents facts and figures covering education level of women /background characteristics/, decision-making in politics, economy and public service in Serbia.

Introduction

Entrepreneurship can be read as a cultural and economic phenomenon. In recent times, gender has become an increasing influence on entrepreneurship. This groundbreaking new study considers both gender and entrepreneurship as symbolic forms, looking at their diverse patterns and social representation

The analysis of the World Economic Forum (WEF) by means of the Global Competitiveness Index over the past three years (85th ranking in 2007; 96th ranking in 2004; 85th in 2005; 87th in 2006) indicates a low level of competitiveness of the Serbian economy, due to worsening of the sub-index of basic market conditions – the Serbian economy is facing problems in the area of institutions, infrastructure, macroeconomics, health care, and primary education. Apart from obvious progress, the SME sector and female entrepreneurship is still not the mainstay of economic and overall development of the Republic

² Paper prepared for the 50th IES Jubilee Conference, in 2008 in Belgrade

Rate of Female Literacy

Illiteracy as a problem of female inequality in Serbian society is indicated by the fact that in Serbia eight women out of ten are illiterate. According to the 1971 census, the share of illiterate women in female population aged above 10 stood at as much as 24.6% and of illiterate men at 6.7%, while in 2002 the share of illiterate women stood at 5.7% and of men at 1.1%. The tendency towards increasing relative risks is noticeable. While 30 years ago in Serbia there was four times as many illiterate women as men, in 2002 there were five times more illiterate women than men. This can be accounted for by still present traditional principles related to the position of women, but also by longer life expectancy of women and their prevalence among elderly population, in which the illiteracy of women is most prominent.

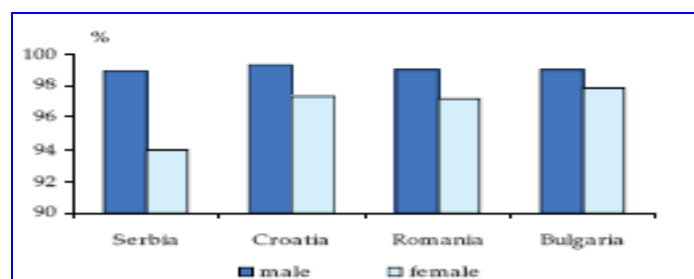
86.8% of all the illiterate accounted for by women. Despite an absolute decrease, the number of illiterate women in Serbia is five times larger than the number of illiterate men. In Serbia in all census years gender differences over the past 20 years they have been increasing in the direction of an increasing share of illiterate women.

By comparing Serbian data with the data on literacy in neighbouring countries, it is noticeable that the proportion of illiterate population in Serbia in 2002 was still high. This primarily refers to the female population of Serbia, the rate of illiteracy of which (2002) was two and a half times larger than in Romania and Croatia and even three times as the one in Bulgaria. Although over the past 20 years the trend towards a declining illiteracy rate has been recorded, both in Serbia and neighbouring countries, and the rates in these countries have continually been lower than in Serbia, the result is a substantially higher share of illiterate female population in Serbia in 2002. This especially refers to the illiteracy of female population of Central Serbia.

It is important to mention that in neither of the given European countries is the illiteracy of female population five times as that of male, as was the case of Serbia in 2002. Namely, in Bulgaria, Romania and Croatia the illiteracy rate of women is two to three times larger than that of men.

Illiteracy rate of women in Serbia substantially surpasses the European average

Chart 1: Adult literacy rate by gender, 2002



Employment of Women

Accomplishing the highest possible employment rate has a special importance from the aspect of the achievement of the Lisbon Agenda (an overall employment rate of 70%, i.e. the rate of employment of women higher than 60%) that member countries must archive by 2010. Unemployment rate see in Table 1.

The employment rate in Serbia in 2006 fell by 3.6% (49.9%) in relation to 2004 (53.5%), which was substantially below the Lisbon standard of 70%. Viewed by gender, the rate of female employment stood at 40.6% (2006) and was by 18.6% lower than the rate of male employment.

The ratio between the employment rate of men and women in working age is bet illustrated by deviations from the regression line, on the 'diffusion diagram'. The largest deviation from the regression line is recorded with Bulgaria, which is caused by the smallest gap between the employment rate of men and that of women (8.2%) in relation to other given countries, while, on the other side, the largest gap is present in Serbia (18.6%). By comparing countries of the EU-15 and EU-27, one can notice that the deviation is at approximately the same level. On the basis of the determination coefficient, as an indicator of representation

of the regression model ($R^2 = 0.72$), 72% of variations is explained through the given model ($0 \leq R^2 \leq 1$), from which justification of the model arises, i.e. the presence of the correlation of variables.

Table 1. Unemployment rate, 2004-2006, men/women

	Total			Women			Men		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
EU-27	9.1	8.7	7.9	10.1	9.7	8.8	8.2	7.9	7.1
EU-25	9.1	8.7	7.9	10.3	9.8	8.9	8.1	7.9	7.0
EU-15	8.1	7.9	7.3	9.3	8.9	8.4	7.2	7.0	6.5
Euro-zone-13	8.8	8.6	7.8	10.5	10.0	9.2	7.6	7.4	6.7
Belgium	8.4	8.4	8.3	9.5	9.6	9.2	7.5	7.6	7.5
Czech Republic	8.3	7.9	7.2	9.9	9.8	9.0	7.1	6.5	5.8
Denmark	5.5	4.9	3.9	6.0	5.5	4.5	5.1	4.4	3.3
Germany	9.5	9.5	8.4	10.5	10.3	9.1	8.7	8.8	7.7
Estonia	9.7	7.8	5.6	8.9	7.0	5.4	10.4	8.8	5.7
Greece	10.5	10.0	-	16.2	15.5	-	6.6	6.2	-
Spain	11.0	9.2	8.6	14.3	12.2	11.6	8.1	7.1	6.4
France	9.6	9.5	9.0	10.6	10.6	10.0	8.7	8.8	8.2
Ireland	4.5	4.3	4.4	4.1	4.0	4.1	4.9	4.6	4.6
Italy	8.0	7.6	-	10.5	9.8	-	6.4	6.1	-
Latvia	10.4	8.9	6.8	10.2	8.7	6.2	10.6	9.1	7.4
Lithuania	11.4	8.3	5.9	11.8	8.3	5.6	11.0	8.2	6.2
Luxembourg	5.1	4.5	4.8	7.1	5.8	6.4	3.7	3.5	3.6
Hungary	6.1	7.2	7.5	6.1	7.4	7.8	6.1	7.0	7.2
Malta	7.4	7.3	7.4	9.0	9.8	9.2	6.6	6.5	6.5
The Netherlands	4.6	4.7	3.9	4.8	5.1	4.4	4.3	4.4	3.5
Austria	4.8	5.2	4.8	5.3	5.5	5.2	4.4	4.9	4.4
Poland	19.0	17.7	14.0	19.9	19.1	15.1	18.2	16.6	13.1
Portugal	6.7	7.6	7.7	7.6	8.7	9.0	5.9	6.7	6.5
Slovenia	6.3	6.5	6.0	6.8	7.0	7.2	5.8	6.1	5.0
Slovakia	18.2	16.3	13.3	19.2	17.2	14.7	17.4	15.5	12.3
Finland	8.8	8.4	7.7	8.9	8.6	8.1	8.7	8.2	7.4
Sweden	6.3	7.5	7.1	6.1	7.4	7.3	6.5	7.5	6.9
United Kingdom	4.7	4.8	5.3	4.2	4.3	4.9	5.0	5.1	5.7
Bulgaria	12.0	10.1	8.9	11.5	9.8	9.3	12.5	10.3	8.6
Croatia	13.6	12.6	-	15.6	13.8	-	12.0	11.6	-
Romania	8.1	7.2	7.4	6.9	6.4	6.3	9.1	7.8	8.3
Norway	4.4	4.6	3.5	4.0	4.4	3.4	4.8	4.8	3.6
Serbia	18.5	20.8	20.9	22.9	26.2	24.7	15.1	16.8	17.9

Source: Eurostat (data from Labor Force Survey). for Serbia RDB and RSO

Serbia records the greatest gap between employment rates of men and women in the group of neighbouring countries and the EU

In line with this, a high level of correlation between rates of employment of men and women is shown with the value of Pearson's correlation coefficient of 0.85. According to a UNDP study, women feel negatively discriminated when it comes to employment or career pursuit. Women are one of vulnerable groups (especially lone mothers) and are at risk of poverty. Unlike neighbouring countries, rights related to maternity leave, child care leave and retirement are preserved in Serbia and positive policies to be implemented within these areas are defined.

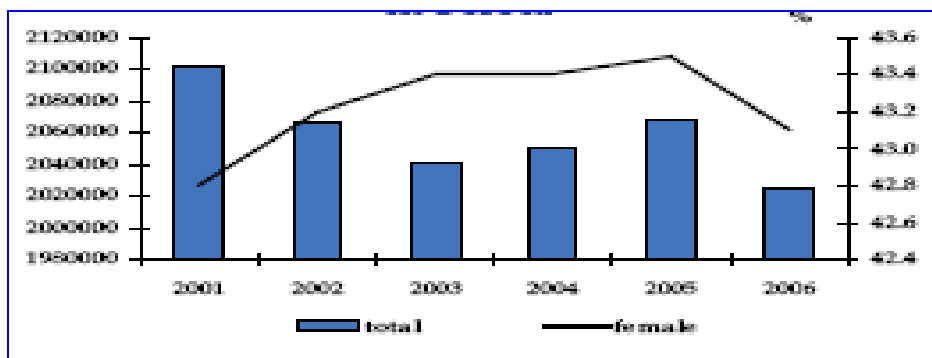
Some strategic documents are adopted (Poverty Reduction Strategy, Millennium Goals, National Employment Action Plan* for 2006-2008) that foster gender equality at the labour market and envisage positive actions.

Analyses show that in transition countries the economic position of women deteriorates, which is the consequence of coexistence of various factors: tradition and patriarchy being a general trend in society; the fall in purchasing power, diminished role of the country, narrowing of the public sector, budget restrictions that affects women in particular since health care, education and other benefits decrease and their rights to maternity leave, child care and pensions shrink; the decrease in employment rates and the rise in unemployment rates; the rise in the share of women among the poor (feminization of poverty); growth of black economy, which stimulates exploitation and discrimination of women; insufficient transparency of the privatization process which shuts out most women; absence of the practice of gender budgeting that makes

economic discrimination of women at a macroeconomic level invisible, conflict of roles (family and work) the burden of which is still dominantly on female shoulders.

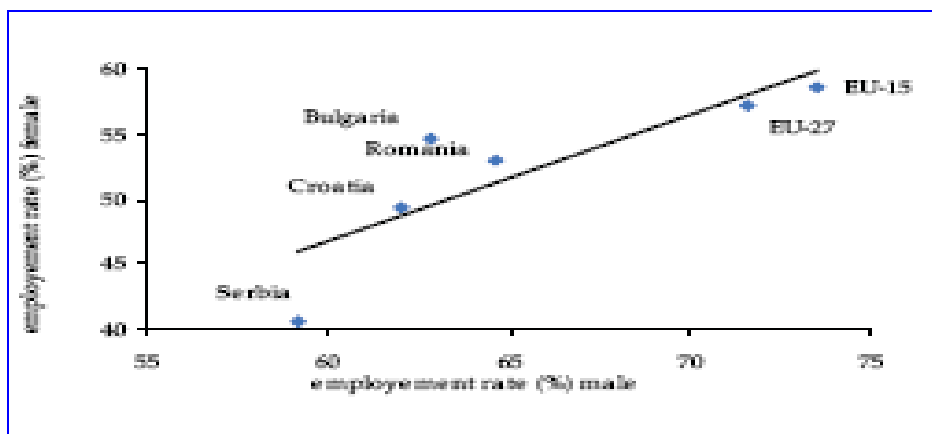
Macro- and micro-economic policies, including structural adjustment, most often do not take given factors and their negative impacts on women into account, especially on those that belong to marginal groups or those that are exposed to a larger poverty risk. The problem of employing women aged over 45 is especially marked, and women housewives, agriculture producers, young women and women from multiply discriminated groups. Major problems with employing women are as follows: inadequate qualification structure, age discrimination, pressures to delay marriage and parenthood.

Chart 2. Dynamics of the number of employees in Serbia



Obstacles to self-employment are: a lack of start-up capital, insecure economic environment, loan insolvency (a lack of real estate ownership), lack of knowledge and skills to undertake business, lack of self-confidence. Problems of employed women are reflected through: discrimination in performing managerial and best-paid jobs, segregation of professions to ‘male’, better paid and more prestigious and ‘female’, less paid and less prestigious, massive female ‘black economy’ work, a high concentration of female labour performing low-paid jobs, sexual harassment.

Chart 3. Employment rate by gender, 2006



Unionization lags behind market changes and women do not participate enough in the process of collective bargaining. Unemployment, low wages and job insecurity affect their adverse negotiating positions as well as delaying starting a family and childbearing, which extremely adversely. The value of Pearson’s correlation coefficient ranging from 0.71 to 0.90 represents a high correlation and extreme relatedness of variables.*

GDI, Gender-related Development Index

The Gender-related Development Index (GDI) is the HDI adjusted for gender inequality.

GDI 2004. The value of the GDI index in 2004 (0.800) does not deviate much from the value of the HDI index (0.810), which indicates the fact that in Serbia in 2004 the disparity between levels of human development of genders was not high. In 2004 the growth of GDI index continued, largely caused by the growth of GDP (PPP US\$), while other parameters did not change significantly. GDI index value varies of 0.800 ranks Serbia 51st in the world.

It is important to note that one of the items of the GDI index is the estimation of income (PPP US\$) per capita between genders, done in the Republic Development Bureau on the basis of a clearly defined UNDP methodology that is compatible with the estimation of the overall GDP (PPP US\$).

Table 2: GDI in neighbouring countries, 2004

Country	Life expectancy at birth (years)		Adult literacy rate (%)		Gross Enrolment Ratio (%)		Estimation of income per capita (PPP \$)		GDI	
	F	M	F	M	F	M	F	M	Value	Rank
Serbia	75.1	69.7	94.3	98.9	83	77	5,525	9,874	0.800	51
Albania	76.9	71.1	98.3	99.2	67	69	3,487	6,492	0.780	59
Bulgaria	75.8	69.1	97.7	98.7	81	81	6,406	9,855	0.814	44
Croatia	78.6	71.6	97.1	99.3	75	72	9,872	14,690	0.844	40
Greece	81.0	75.7	94.2	97.8	96	91	15,728	28,837	0.917	23
FYR Macedonia	76.5	71.5	94.1	98.2	71	69	4,286	8,943	0.791	54
Romania	75.2	68.0	96.3	98.4	77	73	6,723	10,325	0.804	49
Slovenia	80.2	79.2	-	-	100	91	15,992	26,129	0.908	24
B and H	77.0	71.5	94.4	99.0	-	-	5,568	8,582	-	-

Source: Report, UNDP 2007

Table 3. GDI structure in Serbia

	Life expectancy at birth (years)		Adult literacy rate (%)		Gross Enrolment Ratio (%)		Estimation of income per capita (PPP \$)		GDI	
	F	M	F	M	F	M	F	M	Value	Rank
2000	73.5	69.3	94.3	98.9	77	74	2,814	4,901	0.758	61
2001	74.2	70.1	94.3	98.9	79	76	2,853	5,285	0.766	61
2002	75.1	70.1	94.3	98.9	82	78	2,994	5,465	0.772	58
2003	75.1	69.7	94.3	98.9	81	76	4,478	8,235	0.792	50
2004	75.1	69.7	94.3	98.9	83	77	5,525	9,874	0.800	51
2005	75.4	70.0	94.3	98.9	81	76	5,766	10,722	0.808	-

Table 4. Comparison of GDI and HDI indexes, 2004

GDI as % of HDI	Life expectancy at birth (years) women/men (%)	Gross Enrolment Ratio women/men (%)	Estimation of income per capita and gender (PPP US\$) women/men (%)
1. Luxembourg (100.4)	1. Russia (122.4)	1. United Arab Emirates (126.0)	1. Kenya (83.5)
90. Mexico (98.9)	53. Chile (108.0)	27. Armenia (108.4)	71. Niger (56.6)
91. Cape Verde (98.89)	54. Italia (107.9)	28. Portugal (108.1)	72. Panama (56.1)
92. Serbia (98.89)	55. Serbia (107.7)	29. Serbia (107.8)	73. Serbia (56)
93. Nigeria (98.87)	56. B and H (107.7)	30. Libya (107.7)	74. Uruguay (55.3)
94. Bangladesh (98.87)	57. Germany (107.6)	31. Moldavia (107.4)	75. Zambia (55.1)
136. Yemen (94)	191. Kenya (95.8)	189. Afghanistan (40.9)	161. Saudi Arabia (15.4)

Serbia ranks 55 in the world according to the size of disparities in anticipated life expectancy between genders in favour of female sex and is at the same level as Chile, Italy, BiH, and Germany.

When it comes to combined measurement unit of school enrolment (primary school, secondary school and university enrolment), it can be inferred that Serbia ranks 29 in the world with the disproportion in favour of women (107.8%). A particularly interesting indicator of gender inequality is also the estimation of salary per capita. None of the countries in the world displays the ratio in favour of women, i.e. women earning on average more than men. Although almost all other indicators display the ratio in favour of the female gender, to a smaller or larger degree, this indicator is characterized by most drastic disproportions to the benefit of the male gender. It seems that countries with the lowest differences between salaries of women and men are the poorest ones.

In Serbia salaries of men are on average twice as the salaries of women. If the ratio of GDI as a % of HDI is closer to one, it can be inferred that the equality of achieved human development between genders is more balanced.

Table 5. GDI disparities, 2004

<i>Life expectancy at birth (years) women/men (%)</i>	<i>Gross Enrolment Ratio women/men (%)</i>	<i>Estimation of income per capita and gender (PPP US\$) women/men (%)</i>
1. Ukraine (120.0)	1. Latvia (115.5)	1. Sweden (80.7)
19. Albania (108.2)	9. Denmark (109.3)	26. Slovakia (58.3)
20. Italia (107.9)	10. Portugal (108.1)	27. Germany (57.7)
21. Serbia (107.7)	11. Serbia (107.8)	28. Serbia (56.0)
21. B and H (107.7)	12. Moldavia (107.4)	29. Greece (54.5)
22. Germany (107.6)	13. Finland (107.2)	30. Albania (53.7)
36. Iceland (104.6)	39. Turkey (84.0)	40. Turkey (35.4)

This indicator is based on determining the following indicators: the percentage of women in the parliament, percentage of women at leadership, managerial positions, percentage of women in overall employment and gender disparity in realized income.

GEM Gender Empowerment Measure

Women in decision making in 2007, Political Participation Index

In Republican Parliament of Serbia, out of 250 parliamentary seats, 35 of them were held by women (14.0% parliamentary share)* / just in 2008 there are 18% woman among ministries of new Serbian government/

$$I1 = (0.514 * (14,0) - 1) + 0.486 * (86,0) - 1 = 0.245$$

Then this initial result is indexed to an ideal value of 50%.

$$I1 = 0.245 / 0.50 = 0.489$$

Other national parliaments, some comparison:

- The European Union performs better than average with the proportion of women members of parliament (single/lower house) rising from 16% in 1997 to 24% in 2007, though this is still well below the so-called critical mass of 30%, deemed to be the minimum necessary for women to exert meaningful influence on politics. The six priority areas for EU action on gender equality set out in the Roadmap are: equal economic independence for women and men; reconciling professional life with private and family life; equal participation in decision-making; eradication of all forms of gender-based violence and trafficking; elimination of gender stereotypes; promotion of gender equality in external and development policies

- Of the 20 countries worldwide • that have achieved the critical mass of 30%, eight are from within the EU - Sweden, Finland, the Netherlands, Denmark, Spain, Belgium, Germany, and Austria. The European Parliament (31% women) would also just make it into this select group
- On the other hand, there remains a further seven EU countries where women account for less than 15% of members of parliament – the Czech Republic, Cyprus, Ireland, Slovenia, Hungary, Romania and Malta
- Belgium showed the greatest improvement in the parliamentary gender balance over the last ten years (from 12% to 35% women) - a direct result of positive intervention by the government through legislation enforcing parity amongst candidates and equal visibility on ballot papers. International IDEA4 notes that most of the countries that have achieved the critical mass have an electoral system based on proportional representation and some form of quota system to proactively reduce the obstacles to women entering politics at national level
- Turkey and Malta remain the only countries covered by the database where more than 90% of the members of parliament are men
- At the time the Beijing Platform for Action was launched in 1995, women accounted for only just over 10% of members of parliament worldwide. Since that time, there has been a steady, if slow, improvement so that by July 2007 women accounted for over 17% of members of national parliaments globally

Regional Assemblies. At regional level, women have a stronger political voice than at national level, with an average of 30% representation in regional assemblies. There is, however, significant variation between countries, from 48% women in both Sweden and France to below 15% in Slovakia, Hungary and Italy.

National Governments. On average, men outnumber women in the cabinets of EU Governments by around three to one (24% women, 76% men). Although a commitment to balanced representation is evident in some countries - Spain (41% women), Sweden (46%), Norway (53%) and Finland (60%) – the cabinets of Slovakia, Greece and Turkey include just one woman each and that of Romania has no women members at all.

- Only eight of the current twenty-seven EU Member States have ever had a woman prime minister (or equivalent position) - the United Kingdom, Portugal, Lithuania (twice), France, Poland, Bulgaria, Finland and Germany (current).

Central Banks. The central banks of all twenty-seven EU Member States are led by a male governor.

- On average, the highest decision-making bodies of EU central banks include five men for every woman. Sweden and Norway lead the way, but they are the only two European central banks with more than one in three women in such senior positions
- In seven EU Member States (Czech Republic, Germany, Greece, Italy, Cyprus, Portugal, and Slovenia) and in Turkey, the highest decision-making body of the central bank is comprised solely of men
- At European level where all three of the financial institutions (European Central Bank, European Investment Bank and European Investment Fund) are led by men and there is an average of just below 16% women in positions of influence.
- Amongst the central banks of EU Member States there is not a single woman governor – all 27 are men – and the proportion of female representatives in the highest decision-making body of the banks is also low at just 15%. Indeed, seven Member States have no women members of these powerful decision-making bodies and only in Sweden is the gender balance close to parity. The situation is even worse in the three European Financial institutions where there are again only male leaders and just 5% women members of the most senior bodies.
- In the supreme courts of Member States the gender balance is better than in the central banks, with an average of 30% female and 70% male judges but the European courts again lag behind with just 22% women members.

Public administrations. There has been significant progress in promoting women within the central administrations of EU member states where they currently fill nearly 33% of positions in the top two levels of the hierarchy compared to around 17% in 1995. The proportion of women in similar positions within the European institutions has also improved from 14% to just under 20% over the same period but there remains much room for improvement.

The judiciary. Across Europe, the groups of judges presiding over each of the national supreme courts comprise an average of 70% men and 30% women but this balance is significantly influenced by high numbers of women in the courts of some of the countries that joined the EU in the last two accessions – in particular Bulgaria (76% women) and Romania (74%). In the EU-15 countries only 18% of judges are female – only a slight improvement from 15% in 1999.

Economic activity index

Of the total number of administrator and manager position, 27.9% are held by women. Likewise, 59.4% of women are professional or technical workers.

$$I211=(0.504*(27.9)-1+0.496*(72.1) -1) -1=40.000$$

$$I221=(0.504*(59.4)-1+0.496*(40.6) -1) -1=48.309$$

$$I21 = 40.000/50 = 0.800$$

$$I22 = 48.309/50 = 0.966$$

$$I2 = (0.800+0.966)/2 = 0.883$$

Business leaders. Across Europe, women account for just over 44% of all workers but they are more likely to be employed in junior positions such that they comprise only 32% of those considered as heads of businesses (chief executives, directors and managers of small businesses), and only 11 percent of the membership of governing bodies such as boards of directors and supervisory boards, our research has found.

The under-representation of women at the top level is heightened in big business where men account for nearly 90% of the board members of leading companies (constituents of the blue-chip index in each country) and there has been very little improvement over recent years

A noteworthy exception is Norway, where the government has taken positive action to redress the imbalance by imposing gender parity on the board membership of both public and private companies (minimum 40% women). With sanctions possible in case of non-compliance, the legislation has already resulted in the level of female representation in the boardroom rising to 34%, which is 10 percentage points ahead of any other European country

In the United States, less than a third of the leading 1,500 companies had even a single woman among their top executives in 2006, according to research from Columbia University and the University of Maryland. The numbers are even more discouraging elsewhere: in South Korea, for example, 74 percent of the companies surveyed in 2007 had no female senior executives. We believe that such underrepresentation is untenable in the longer term—and not only because it's unfair

GDP Share Index

Women and men created per capita GDP to the amount of 3638 PPP US\$ and 6330 PPP

$$\text{US\$ respectively, } \mathbf{GEM = (0,489+0,883+0,112)/3 = 0,495}$$

Comparing GEM values for the group of selected developed and transition countries, it can be seen that Serbia lags behind in this index of human development as well, but less than with GDI.

Table 6. Value of GEM index

Sweden	0.854
Austria	0.770
Slovenia	0.584
Croatia	0.560
Hungary	0.529
Greece	0.523
Serbia	0.495
Romania	0.465

Table 7. GEM structure in Southeast Europe countries, 2004

Country	Seats in parliament held by women (%)	Female senior officials and managers (%)	Share of female employe in total employment (%)	Ratio of estimated female to male earned income	GEM	GEM rank
Bulgaria	22.1	33	61	0.65	0.595	37
Croatia	21.7	23	52	0.67	0.602	33
Greece	13	27	49	0.55	0.614	29
FYR Macedonia	19.2	28	53	0.48	0.554	43
Romania	10.7	29	57	0.65	0.492	59
Slovenia	10.8	34	57	0.61	0.603	32
Serbia	19.6	25	43	0.56	0.556	43

Results presented quantitatively in the form of the GEM index are the extension of discussion of gender equality, partly presented in the form of the GDI index. On the basis of the GEM index, which differs from the GDI index since it measures various relevant dimensions in the social life only for the female sex, it is possible to arrive at several conclusions.

- Firstly, Serbia ranks 5 in the Southeast Europe region, ahead of Macedonia and Romania. Compared to the GEM in 2003 (0.485), 2004 saw a substantial growth in the first place conditioned by the growth of the percentage of women in the Parliament and income (PPP US\$) per capita, so that the value of the index is markedly increased (0.556).
- When we talk about the percentage of women in the parliament, Serbia ranks third, behind Bulgaria and Croatia.
- The indicator of percentage of women at leadership positions ranks Serbia at an ultimate position ahead of Croatia, while the indicator of women's share in overall employment (43%) ranks Serbia definitely last, which can partly be put down to adverse trends of the process of economic restructuring. The ratio of income disproportion (PPP US\$) per capita, which is in all countries in favour of men, ranks Serbia 5th, ahead of Greece and Macedonia.

Chart 4. GEM in SEE, 2004

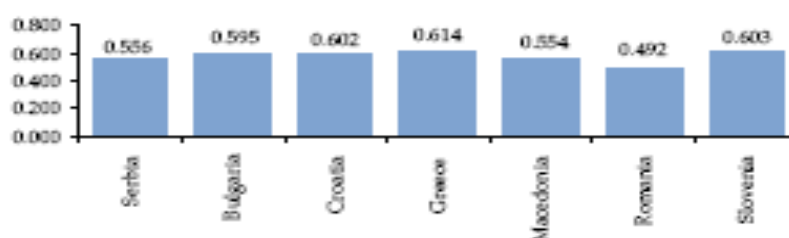


Table 8. GEM structure in European countries and Serbia, 2004

Seats in parliament held by women (%)	Female senior officials and managers (%)	Share of female employe in total employment (%)	Per capita wages gender disparity (PPP US\$) women/men (%)
1. Sweden (45.3)	1. Ukraine (43)	1. Lithuania (68)	1. Sweden (80.7)
17. Portugal (21.3)	25. Greece (27)	2. Estonia (67)	26. Slovakia (58.3)
18. Latvia (21.0)	26. Holland (26)	29. Italy (45)	27. Germany (57.7)
19. Serbia (0.556)	27. Serbia (26)	30. Cyprus (45)	28. Serbia (56.0)
20. FYR Macedonia (19.2)	28. Denmark (25)	31. Serbia (43)	29. Greece (54.5)
21. Poland (19.1)	29. Croatia (23)	32. Malta (39)	30. Albania (53.7)
38. Turkey (4.4)	33. Turkey (7)	33. Turkey (31)	40. Turkey (35.4)

By calculating Pearson's coefficients, it is possible to arrive at several conclusions:

- Rankings of countries by GEM index values is highly correlated with the rankings by HDI index value, which is indicative of the fact that countries with a high level of human development boast marked and larger gender equality.
- A close relation between the level of income (PPP US\$) and the GEM index also indicates that in countries where the standard of living is high, the role of female population in all segments of the social life is larger. This is exemplified by Scandinavian countries that all have high values of the GEM index, but also the standard of living measured with the income of purchasing power parity (PPP US\$). Finally, strong relations between the GEM index and enrolment rate of female population should be noted, which can be a road sign, but also leads to a conclusion that a higher degree of education of male and female gender creates solid basis for development of gender equality.

The low rate of business ownership among women permeates around the world.

Aggregate data from the OECD indicate that female self-employment rates are substantially lower than male rates in almost every reported country with an average ratio of 0.543 (OECD 2002). In the United States, the female business ownership rate is 6.6 percent, which is only 60 percent of the male rate (Fairlie 2006). In general, previous studies on differences in firm performance by gender have revealed that women-owned firms were more likely to close, and had lower levels of sales, profits, and employment (Rosa, Carter and Hamilton 1996; Robb 2002; Robb and Wolken 2002, Kalleberg and Leicht 1991). These studies find that financial capital, education, and work experience are important factors. Another line of research investigates whether women access different business and investment social networks than men, which could affect outcomes (Brush, et al. 2004). See Gatewood, et al. 2003 for a comprehensive review of the literature and Coleman (2001) for a discussion of constraints faced by women-owned firms.

Conclusions

Although gender mainstreaming—the “systematic incorporation of gender issues through all governmental institutions and policies in Serbia”¹—, its impact is difficult to measure. How much must gender-related programs, policies, and projects be gender-related to be considered in furtherance of gender mainstreaming? International organizations have focused more on their internal processes than on their operational outputs regarding gender issues. Indeed, international organizations favored an integrationist approach to gender mainstreaming instead of an “agenda-setting” framework. Their aim was to integrate “women and gender issues into specific policies rather than rethinking the fundamental aims of the organization from a gender perspective.”

The wide diversity of indices and datasets given in the work highlights underlying debate about the essence of gender and gender disparities in Serbia, and focus on issues concerning education, employment, income, and political participation.

According to new measures which have been developed to shift the focus to gender inequality, future studies in Serbia would have to consult them more to point out the level of improvement. This means first, activities of the Organization for Economic Co-operation and Development's (OECD) Gender, Institutions and Development Data Base (GID-DB) which does so by incorporating variables such as norms, laws, and traditions into the quantitative analysis of women's participation in the labor force. The World Economic Forum's Global Gender Gap Report focuses on measuring gaps (instead of mere levels) between men and women, and captures such gaps in outcome variables (instead of in means or input variables).

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**ENTREPRENEURIAL ACTIVITY OF UNDERGRADUATE AND PHD STUDENTS AT
THE UNIVERSITY OF SZEGED ***

Knowledge transfer by students represents one of the most significant ways of knowledge flow from the university in the direction of the economic sphere (*Goldstein – Renault 2004, Inzelt 2004*). One possibility of this lies in students' entrepreneurial activity, which – at least in certain cases – results in the direct economic utilization of the specialized knowledge gained at the university. Consequently, the analysis of students' company formation activity draws intense attention in the international literature, while in Hungary we have limited information in this field.

Over the past years the entrepreneurial activity of a special segment of students, namely PhD students has assumed special importance within this broader subject area. Hungarian universities – like the University of Szeged – operate with an increasing number of PhD schools, where graduated students' chances to find positions in the academic sphere are decreasing. Since this case involves highly qualified students competent in a given specialization and experienced in research, these experts may be especially attractive as potential entrepreneurs.

The present paper attempts to identify some Hungarian characteristics of students' company formation among the undergraduate and PhD students of the University of Szeged (USZ). The national research of this subject area has significant background (*Szerb – Márkus 2007, Csapó 2006*); however, the survey of PhD students and the analysis of the university's potential stimulating role provide our analysis a special focus.

With the help of our research we intend to develop a picture of how much students' entrepreneurial activity may be considered a real (realistic) channel of university knowledge utilization in a city planning to actively build upon the university's knowledge base like Szeged.

The Local Economic Environment and the Brief Introduction of the University

Szeged is the centre of one of those European Union regions that have the lowest GDP per capita values. The *South Great Plain region's* GDP measured in purchasing power parities moves at about 38-40% of the EU average and does not seem to catch up³, while, compared to the national average, significant lagging has occurred in recent years, which is also accompanied by a slightly decreasing employment rate.

Although the *Szeged subregion's* GVA per capita and income figures excel the regional average, they still show a significant lag compared to the EU average. In the competitiveness surveys of *Lengyel* and *Lukovics* (2006) the Szeged subregion was classified as an urban knowledge-transfer region, what indicates the relative development of the measurable (ex-post) categories compared to the national average, the ability to develop agglomeration economies in certain fields, and the presence of knowledge-creating institutions.

As far as *R&D figures* are concerned, the subregion excels – in national terms –, but this obviously derives from the presence of the university and other publicly financed research institutions and not the performance of the corporate sector. In national comparison, the subregion's *complex innovation performance* may

* The survey serving as the basis of this paper was conducted in the frameworks of the project entitled "Competitive Integration into the European Research Area" (National Research and Development Programme, 5/123/2004).

³ Compared to the EU15, lagging could be noticed over the past decade.

be called strong; however, this is mainly due to the presence of the infrastructural conditions necessary for attracting and maintaining knowledge-creating ability and talent. The region's ability to exploit knowledge is relatively weaker (*Bajmócy* 2008).

In national (and international) terms, the concentration of researchers in Szeged is outstanding in the areas of medical and pharmaceutical, chemical and biological sciences⁴ (*Lengyel* 2007), which is also apparent from the reputed position that the University of Szeged (USZ) assumes in the academic ranking of international universities⁵. Having a total number of 1700 lecturers and researchers, USZ assumes outstanding importance in shaping the local R&D potential.

The significance of the University of Szeged is also outstanding from the aspect of *constantly reproducing highly qualified human resource*. Over 30 thousand students attend to the university's 12 faculties (table 1), while the number of those participating in PhD or DLA training programmes reaches 650. Compared to the city's 64 thousand employees, the annual school enrolment ratio of over seven thousand is especially high (even if a significant portion of these students does not finish the training program that they started).

Table 1: The distribution of students at the University of Szeged, 2006

Faculties	Full time	Part-time correspo ndent	Other	Total	PhD, DLA students	New entrants
Faculty of Law	1982	2416	0	4398	37	783
Faculty of Medicine	1932	0	0	1932	89	568
Faculty of Arts	3958	2076	27	6061	162	1712
Faculty of Health Sciences	917	792	0	1709	0	520
Faculty of Economics and Business Administration	947	435	629	2011	22	362
Faculty of Pharmacy	620	0	0	620	23	135
Juhász Gyula Teacher Training Faculty	3017	3395	0	6412	0	979
Faculty of Agriculture	252	349	105	706	0	207
Faculty of Engineering	896	631	0	1527	0	332
Faculty of Science and Informatics	4642	560	2	5204	316	1513
Faculty of Music	206	0	0	206	0	45
Total	19369	10654	763	30786	649	7156

Source: Rector's Office, University of Szeged

Note: The data of the newly established Faculty of Dentistry are combined with those of the Faculty of Medicine.

Methodology and Sample

In 2006, we asked full-time senior students participating in the undergraduate⁶ programme of the University of Szeged and PhD students to fill out the questionnaire. *The objective of the research* was to explore these students' characteristics related to entrepreneurship. An international survey entitled "International Survey on Collegiate Entrepreneurship" (*Fueglistaller et al* 2006, *Szerb – Márkus* 2007) that examined

⁴ Measured by the number of academic public body members.

⁵ Academic Ranking of World Universities 2006. Jiao Tong University, Shanghai (<http://ed.sjtu.edu.cn/ranking.htm>). The University of Szeged has been maintaining its position ranking between 301 and 400 for several years now. The scientific activities of universities create the basis of ranking.

⁶ At the time of the survey students were still participating the "pre-Bologna" trainings that last for five years. The surveyed undergraduate students would be master students in the Bologna system.

entrepreneurial activity among university students in several European countries – and Hungary as well – was conducted parallel to our research, so in the course of planning our research we could not utilize its results yet.

The structure of the questionnaire was the same in the case of both groups of the interviewed students, although certain questions needed slight modifications, taking into account the special characteristics of the PhD status. Nevertheless, the results deriving from the samples of undergraduate and PhD students remained comparable.

Examining the students' entrepreneurial characteristics, *the questionnaire* is divided in the following main parts: basic personal data (sex, year, training area, family background, etc.), entrepreneurial and work experience (has the respondent ever set up a company, or would he or she establish one, the features of the already founded company), acquiring the resources necessary for company formation (completing already existing competencies, capital, necessary services), and the personal characteristics and attitudes potentially influencing entrepreneurial spirit. In the case of undergraduate students, all this was accompanied by a group of questions examining university activities (grade point average, Students' Scholarly Circle activities, professional experience, etc.).

In the case of undergraduate students, the economics students of the University of Szeged's Faculty of Economics and Business Administration and the students of the Faculty of Science not participating in teacher training constituted the study population. Our aim was to examine (fourth and fifth year) students close to graduation. In harmony with the special features of the credit system, we operationalized this so that respondents would be at least in the third (preferably fourth or fifth) credit year. *In the case of PhD students*, the population was composed by the total of PhD students, but we did not manage to reach the students of the PhD School for Law in the end.

The undergraduate student sample consists of 286 valuable questionnaires. 121 (42%) of these were filled out by the students of the Faculty of Economics and Business Administration, while 165 (58%) was provided by the students of the Faculty of Science. 57% of the respondents are male, while 43% of them are female. 45% of the students are in fifth year (fifth credit year), 40% of them are in fourth year and 15% are third year students.

The PhD sample includes 134 items. Out of the 17 PhD schools of the University of Szeged, the students of 16 schools were included in the sample (the PhD School for Law was left out as previously mentioned). At the same time, the size of the sample did not allow – and it was not necessary either – to carry out a separate analysis of the different schools. We established four categories:

- 57% of the sample students study in the area of natural sciences,
- 11% of them are in the areas of medicine and pharmacy,
- 20% study in the area of arts and humanities, and
- 12% of them are in the area of economic sciences.

Without the PhD School for Law, the number of active PhD students at the University of Szeged was 535 at the time of the survey. The composition of the population is slightly different from that of the sample (*table 2*). The most important difference is the smaller proportion of medical and pharmaceutical sciences in the sample, at the cost of economics. 46% of the respondents are male, while 54% of them are female. 25% of the sample PhD students are in first year, 35% are in second, while 40% are in third year.

Table 2: The representativity of the PhD sample

	Proportion in the population (%)	Proportion in the sample (%)
Natural sciences	47	57
Medicine and pharmacy	21	11
Arts and humanities	28	20
Economics	4	12

Grasping entrepreneurial activity is a rather complex task. The present survey follows the system of concepts set in the comprehensive international research conducted with the title "Global Entrepreneurship Monitor" (GEM), which makes possible the comparison of results with national and international averages. Up to the year of 2005, GEM summarized the core of entrepreneurial activity as follows (*Ács et al 2005, p 3*):

„Any attempt to create a new business unit like self employment, or the establishment of a new entrepreneurial organization or the expansion of an already existing enterprise that private persons, groups or an already existing business enterprise want to realize *may be considered an entrepreneurship*”.

So entrepreneurship is definitely regarded as a process, a significant element of which lies in innovation. The approach had to face various critiques, according to which it can only capture certain dimensions of the entrepreneurial spectrum. Therefore, the latest GEM reports make a distinction of *early phase enterprises (nascent* – where the entrepreneur has already taken some action towards creating a new business, and already operating businesses that are *less than 42 months old*) and *established businesses* that are older than 42 months (Ács *et al* 2006).

The present paper analyses early phase enterprises and related to this, in several cases, we combine those who have already established a business with those who are committed to doing so: they are planning to form a company within a year. This allows for comparison with GEM’s ”Total Entrepreneurial Activity (TEA) Index”. In line with this, we have distinguished three groups for the scope of the present research:

- *Entrepreneurs*: students or PhD students who are significant owners in a firm where they also work or are planning to start a company within a year.
- *Potential Entrepreneurs*: students or PhD students who plan to start a company but in more than a year’s time.
- *Non-entrepreneurs*: students or PhD student who do not plan to start a company.

The Results of the Survey

2.4% of undergraduate students answered that they are *presently company owners*. 85% of company owners are students of the Faculty of Economics and Business Administration. Almost without exception, the companies founded by the students operate in the service sector. 9.8% of the examined PhD students own a company. 69% of the owners are students of the PhD School for Economics, further 23% study in the area of arts and humanities while 8% study natural sciences. Founded companies are almost exclusively of service providing nature in this case too.

Table 3: Distribution of the sample based on entrepreneurial activity

		Entrepreneur	Potential entrepreneur	Non-entrepreneur	Total
		N = 12	N = 77	N = 195	N = 284
Science area	Natural sciences (n=163)	2.5	22.1	75.4	100.0
	Economics (n=121)	6.6	33.9	59.5	100.0
Total		4.2	27.1	68.7	100.0
		N = 18	N = 68	N = 40	N = 126
Science area	Natural sciences, medical and pharmaceutical sciences (n=83)	7.0	56.0	37.0	100.0
	Arts and humanities (n =27)	11.1	55.6	33.3	100.0
	Economics (n=16)	56.2	37.5	6.3	100.0
Total		14.3	54.0	31.7	100.0

In line with the three categories defined in the methodological chapter, 4.2% of the *undergraduate students* fall in the group of ”entrepreneurs”, while ”non-entrepreneurs” constitute the group with by far the

⁷ TEA is the comprehensive index of the entrepreneurial activity of the population between 18 and 64 years. Its value in Hungary is 4.3% in 2004 and since 2000, it has shown a decreasing tendency. What is also highly important from the aspect of the present survey is the index of nascent enterprises: 1.1% in 2005 (Ács *et al* 2005).

largest number of items (almost 69% – *table 3*). In fact, based on GEM's TEA indicator, this 4.2% totally corresponds to the national average. If we take a look at the components of the three groups based on whether it is a student of the Faculty of Science or of the Faculty of Economics, we discover slight differences: overall, economists have slightly more entrepreneurial spirit.

In the case of PhD students, 14% belong to the group of “entrepreneurs”, and in this instance, most respondents may be considered “potential entrepreneurs” (54%). Consequently, PhD students and undergraduate students are significantly different in this respect. If we examine entrepreneurial activity also according to science areas, we can see that among economists the proportion of “entrepreneurs” is especially high. The same number is considerably smaller among PhD students in the field of social sciences, while the area of natural sciences follows third. However, even in the case of PhD students in the area of natural sciences *the proportion is significantly higher than the “Total Entrepreneurial Activity Index” published by GEM.*

Based on *their attitudes towards company formation*, we attempted to classify students in groups. With the help of this, we intended to gain a picture of the extent to which making the decision to form a company is determined by personal characteristics: is some extra stimulus necessary for starting entrepreneurial activities. In the review of pull and push factors potentially influencing entrepreneurial decisions, we relied on the works of Brandstätter (1997), Fueglistaller *et al* (2006), Muller – Thomas (2001), Shane *et al* (2003), and Szgerb (2000).

We completed a cluster analysis based on the answers given to the questions concerning attitudes. Following the standardization of variables, we carried out K-Mean clustering and formed three clusters. The behaviour of the members falling in the three clusters can be differentiated relatively well.

In the case of undergraduate students, 50% of the respondents belong to the first cluster that we called “open” (*table 4*). Based on their answers, they are basically open to company formation: they perceive enterprises more like an opportunity that may ensure recognition. If there existed a product or a service that they could offer on the market, then they would probably opt for company formation. They see the chances to find employment as an employee to be bad. At the same time, they think that the university does not provide the skills or knowledge necessary for company formation. The majority of the cluster members have entrepreneur family members, and their work experience gained during their school years is above the average.

Table 4: Cluster analysis based on entrepreneurial attitude (undergraduate students)

Variables	Clusters		
	Open (50%)	Hesitating (16%)	Adverse (34%)
Are there any entrepreneurs in your family	0.200	-0.469	-0.120
Did you work as an employee during your school years	0.048	-0.030	-0.149
It is more insecure to work as an entrepreneur than as an employee	-0.169	-0.348	0.423
It offers more opportunities to work as an entrepreneur than as an employee	0.632	-0.659	-0.649
A good job means greater recognition than managing an enterprise	-0.472	0.108	0.666
Entrepreneurs are at least as “wangling” as they are experts	0.205	-0.506	-0.028
Enterprise formation demands skills or knowledge for which the university has not prepared me	0.238	-1.551	0.393
If there existed a product or a service that I could offer on the market, then I would probably try company formation	0.450	-0.052	-0.660
I do not plan to form an enterprise because employment opportunities are good	-0.310	0.461	0.261

We named the *second cluster “hesitating”*. 16% of the respondents belong here. They do not see significant difference between living as an employee and as an entrepreneur, they do not have a negative judgement about entrepreneurs (they do not consider them “wangling”). They do not think it true that the university cannot prepare students for becoming entrepreneurs, but they themselves would not be likely to form companies even if they had a product or service that they considered marketable. The majority of them do not have any entrepreneurs in their family.

We called *the third cluster “adverse”*. 34% of the respondents belong here. The members of this group tend to experience entrepreneurship more as uncertainty that does not ensure such social recognition as a

good job. According to them, the university does not prepare students for entrepreneurial activities, and they themselves would not form enterprises even if they had a marketable product or service.

If the group of “entrepreneurs” mainly consists of “open” students, than we can state that the attitudes examined now may have significant influence on the willingness to form companies. 80% of the “entrepreneurs” and 75% of the “potential entrepreneurs” can be found among “open” students, but, on the other hand, 50% of “open” respondents belong to the group of “non-entrepreneurs”. *This leads us to the conclusion that the attitudes examined above influence the willingness to form companies, but they explain it only partly.* Furthermore, the groups of “entrepreneurs” and “potential entrepreneurs” are highly similar in terms of the analysed characteristics, which indicate company formation must also be influenced by other factors beyond these.

Searching for further potential influencing factors, we examined whether respondents attended courses on entrepreneurship during their studies, how many foreign languages they speak, and whether they intend to engage in further studies after obtaining a degree. Simple crosstabs made apparent that the influence of these factors is marginal. At the same time, it should be mentioned that 60% of the students attending the Faculty of Science had not had any course where they could have obtained basic entrepreneurial or economic knowledge.

Table 5: Cluster analysis based on entrepreneurial attitude (PhD students)

	Clusters		
	Open (50%)	Hesitating (26%)	Adverse (24%)
Are there any entrepreneurs in your family	0.183	0.141	-0.558
It is more insecure to work as an entrepreneur than as an employee	-0.034	-0.183	0.165
It offers more opportunities to work as an entrepreneur than as an employee	0.444	0.154	-1.017
University career means greater recognition than managing an enterprise	-0.520	0.018	0.918
The free lifestyle offered by the university keeps me from starting an enterprise	0.014	-0.779	0.700
Entrepreneurs are at least as “wangling” as they are experts	0.298	-0.710	0.181
If there existed a product or a service that I could offer on the market, then I would probably try company formation	0.520	-0.728	-0.340

In the case of PhD students, we carried out the analysis of influencing factors with the same methodology. In this case, we managed to identify three clusters – practically with the same content (table 5). Proportions also differ to a small extent: in the case of PhD students, the group of “hesitating” respondents is larger, while the group of those “adverse” is smaller than in the previous case.

Comparing with the established groups related to entrepreneurial activity we found that “open” respondents constitute almost 60% of “entrepreneurs” and “potential entrepreneurs”, and almost 80% of “open” students belong in the group of “entrepreneurs” or “potential entrepreneurs”.

All this indicates that the analysis of attitudes provides some guideline in relation with entrepreneurial activities; however, several other influencing factors may also play a role in this case. The characteristics of the group of “entrepreneurs” and of “potential entrepreneurs” are highly similar in the case of PhD students too, which shows that *the approach towards entrepreneurial activities is greatly influenced by attitudes, but at the same time, the actual decision to form a company does not depend on this.*

From the viewpoint of our survey, it is highly important to what extent the emerging companies carry university knowledge, and *whether related to starting the given company or ensuring necessary services the university may assume a role.* When analysing this, we considered the answers of only those students relevant, who are not adverse to company formation, that is, they belong to the groups of “entrepreneurs” and “potential entrepreneurs”.

In the case of undergraduate students, this resulted in an analysed sample of 88 persons, while among PhD students, the sample consisted of 86 elements.

33% of *the undergraduate students* stated that if they started a company, it would be based on the specialized knowledge obtained at the university. 56% said that they would partly utilize the special knowledge gained during their studies, while in the case of 11% the company would not be based on university knowledge. In

the case of PhD students, almost totally identical proportions can be seen (in the case of 38% the company would be based on university knowledge, 56% responded partly, while 6% would not utilize their specialized knowledge obtained at the university).

Furthermore, we examined *what basic service needs emerging companies would have*, paying special attention to certain university-related services. The analysis of service needs provides orientation also in terms of what type of activities the given company would have. If respondents think that their company to be established needs equipment and laboratories for its operation, then it is probable that they would like to utilize their special knowledge related to some technological area (naturally, it cannot be expected that the majority of these “planned” companies will in fact be formed in this way).

As expected, compared to undergraduates, a significantly greater proportion of PhD students would need equipment and laboratories (34% / 17%), use of library is present in approximately the same proportion (19% / 17%), while a greater proportion of undergraduate students would need the rest of potentially university-related services (e.g. professional trainings, server capacity).

Summary

The present paper introduced the results of a survey focusing on exploring students’ entrepreneurial activity, conducted among the undergraduate and PhD students of the University of Szeged. Based on the results it became clear that *in Szeged, a small (but annually reproduced) part of students is present that may be active as “knowledge-based” entrepreneurs.*

Personal attitudes influence the willingness to form companies, but they explain it only partly, the actual decision to form a company does not depend on this. Those whose attitude is “adverse” will most probably not become entrepreneurs, but being “open”, they may easily belong in the group of “potential entrepreneurs”. This way, *certain initiatives ensuring special incentives for students’ company formation may gain ground – both in terms of motivations and on the professional level.*

A significant part of the planned companies would rely on the knowledge and skills obtained at the university. We consider the need for equipment and laboratories as a highly important indicator that is significantly higher in the PhD sample (34%), while in the undergraduate sample it also approaches 20%. This may suggest that a group of students that (at least in the longer run) would like to exploit some of their special professional knowledge related to some technological area is also present.

At the same time, the relatively high proportion of “potential entrepreneurs” (especially in the case of PhD students) suggests that starting entrepreneurial activities may mostly be expected after gaining some years of work experience. A former analysis of the owner-managers of SMEs operating in the “knowledge-intensive” sector justifies this from another aspect (Bajmócy 2007), since the proportion of those who were students right before forming a company is considerably low. Moreover, the companies of the “knowledge-intensive” sector were established after obtaining an average of 15.5 years of work experience. *Therefore, from our standpoint, university students may be considered the future’s “knowledge-intensive” entrepreneurs, therefore, it would be highly important to equip them with the necessary knowledge in the areas of entrepreneurship and economy that they may utilize subsequently.*

At the same time, a smaller part of them may become entrepreneurs already in the shorter term. In this respect, the very high entrepreneurial spirit and willingness of the PhD students (far beyond the average projected on the working age population) is a good basis to rely on.

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MICROCREDIT AS A CURE FOR POVERTY – THE CASE OF SERBIA⁸**ABSTRACT**

When the Nobel Peace Prize for the year 2006 was given to Dr. Muhammad Yunus and Grameen Bank "for their efforts to create economic and social development from below", microcredit was recognised as an efficient tool against poverty. According to Statistical Office of Republic of Serbia, 6.6% of Serbian population was objectively poor and 13.9 unemployed in 2007. On the other hand, the possibilities for poor and unemployed to take a micro loan in order to start business are limited. Many groups are totally excluded from the banking system on the grounds that they are not bankable. This indicates that certain measures should be undertaken so that the potential of microcredit as a tool for poverty and self-employment incentive could be fully exploited, for the benefit of the groups in need and Serbian society as whole.

KEY WORDS: Poverty, Unemployment, Microcredit, Microfinance institution

INTRODUCTION

When the Nobel Peace Prize for the year 2006 was given to Dr. Muhammad Yunus and Grameen Bank "for their efforts to create economic and social development from below", microcredit was recognised as an efficient tool against poverty. Instead of reconciliation with the world in which poverty is the destiny for a half of its inhabitants⁹ and a trial to beat it with charity, small amount of money should be lend to poor people so they could undertake businesses that generate incomes, allowing deprived to care for themselves and their families. The idea is to help poor people to improve their condition on their own. This "small amount of money for micro enterprise establishment by poor" is known as **microcredit**¹⁰.

Grameen Bank has done business for more than quarter of a century providing poor people, particularly rural women, with micro loans. The Bolivian Banco Sol, another pioneer in microfinance industry, has mostly been concentrated on the urban, so called "economically active poor" - entrepreneurs with small business for which the traditional banking services have been out of reach. Besides these two, nowadays there is a great number of other **microfinance institutions** (MFI)¹¹ organised in different ways: as non-profit organisations, credit unions, savings and credit cooperative societies, specialized banks, etc. Their experience has shown that poor people can be relied on to repay their loans, and also that financial services could be provided to poor people through market-based enterprises without subsidy. On the other hand, their activities resulted in poverty and unemployment reduction¹².

⁸ Paper prepared for the 50th IES Jubilee Conference in 2008 in Belgrade.

⁹ "Some 2.7 billion—almost half the world population—live on less than \$2 per day." Source: *The Wealth of the Poor—Managing Ecosystems to Fight Poverty*, United Nations Environmental Programme (UNEP), the United Nations Development Programme (UNDP), the World Bank, and the World Resources Institute (WRI); 2005 p.3

¹⁰ What is considered to be "a small amount of money" differs from country to country.

¹¹ There should be made a distinction between terms microcredit and microfinance. The later has broader meaning and entails insurance, savings, transfer services, etc., as well as micro loans. Source: Microfinance Gateway; www.microfinancegateway.org;

¹² Bangladesh Institute of Development Studies (BIDS) carried out an extensive study of the impact of microcredit program using longitudinal data of 3,000 households between 1997–2000. One of the key findings was that "microcredit has a positive and significant effect on poverty status of the program households". The study also finds

POVERTY AND UNEMPLOYMENT IN SERBIA

Statistical Office of the Republic of Serbia has undertaken a research analysis on poverty in Serbia and the data were presented in the *Living Standards Measurement Study, Serbia 2002-2007*¹³. Poverty has been analyzed based on the data obtained in the Living Standards Measurement Survey (LSMS) conducted in May 2007. The data indicate that 6.6% of Serbian population is poor. It is estimated that the consumption of the 490000 inhabitants of Serbia (6.6%) is below the poverty line¹⁴. However, as in most countries, subjective poverty in Serbia was significantly higher than the objective measures showed - twice as many Serbians were subjectively poor compared to the objective assessment¹⁵.

The most affected categories are: the population from rural areas of South East Serbia, the uneducated and the unemployed, then elderly people (65 and over), as well as households with two and more small children (aged 0-6). The research shows that poverty is strongly correlated with education - the highly educated population is not exposed to poverty risk, and they accounted for a mere 1.7 percent of the poor. Moreover, labour market status significantly affects poverty. The highest poverty risk is experienced by inactive households, as well as households with no employed members.

The processes of transition towards market economy, privatization, bankruptcy, restructuring, downscaling, etc, have led to great number of dismissed workers. On the other side, new work places have not been opened as rapidly so that they could absorb people who lost their jobs and for the new generations of workers. This has led to relatively high unemployment rate in Serbia. According to Labour Force Survey 2007 conducted by Statistical Office of the Republic of Serbia, the unemployment rate was 13.9 percent, while the EU unemployment rate was 7 percent and in surrounding countries it was less than 10 percent (Croatia 9.0 percent, Hungary 7.2 percent, Romania 6.7 percent and Bulgaria 6.9 percent) in 2007.¹⁶

The unemployment rate for women is 16.5 percent and for men 11.8 percent. It could be noticed that women unemployment is relatively higher. Similar to other countries that have gone through a transition period and experienced high unemployment, young people were most affected by unemployment. Young people (between 15 and 24 years of age) account for 15.5 percent of the total number of population aged 15+. They constitute 6.3 percent of the employed and 24.8 percent of the unemployed. It is clear that youth unemployment is extremely high.

The data unambiguously show that unemployment is one of the main causes of poverty, largely resulting from a low education structure of labour active household members. The reduction of unemployment rate and education attainment would have the largest impact on poverty. However, there are groups of unemployed that do not belong into the category of poor population, but which are still the indicator of unsatisfactory level of Serbian economic development. The possible solution to these serious problems could be helping the poor and unemployed to start a business by providing them with a microcredit.

that members of microcredit programs are less vulnerable when faced with crises. Moreover, improvements in other social indicators (child immunization, use of sanitary latrines, and prevalence of contraception) are also more noticeable for microcredit program members compared to non-members." Source: *Scaling up Poverty Reduction, Case Studies in Microfinance*, Consultative Group to Assist the Poor and World Bank Financial Sector Network; Washington, D.C.; 2004; pg. 58.

¹³ *Living Standards Measurement Study, Serbia 2002-2007*, Statistical Office of the Republic of Serbia, The World Bank, Department for International Development, Statistical Office of the Republic of Serbia, 2008.

¹⁴ Source: *Living Standards Measurement Study, Serbia 2002-2007*, Statistical Office of the Republic of Serbia, The World Bank, Department for International Development, Statistical Office of the Republic of Serbia, 2008.

¹⁵ "To define subjective poverty, we used respondents' answers to the question about the minimum funds a household requires to cover its basic needs. In order to compare the relation between subjective and objective poverty, the poverty line defined according to consumption of population was applied to subjective assessment of respondents concerning the minimum amount required to cover basic needs." *Living Standards Measurement Study, Serbia 2002-2007*, Statistical Office of the Republic of Serbia, The World Bank, Department for International Development, Statistical Office of the Republic of Serbia, 2008, p. 13.

¹⁶ The definition of unemployment by the Labour Force Survey is based on International Labour Organization definition and therefore Serbian unemployment rate is comparable.

MICROCREDIT FOR POVERTY AND UNEMPLOYMENT REDUCTION IN SERBIA

Microcredit owes its success to the fact that there is potential in every human being. No matter of which educational level, gender or age one is, everyone is capable of using its talents and skills in lucrative way.

“Miroslav Spasić having lost his job in a cable factory took the severance pay from his work and a loan from Micro Development Fund (microfinance focused non-governmental organization) and invested the money in a second hand plane in order to start up his own business. Today, he has his own production of fences, protection bars for boutiques and shops, flower holders. His fences are of high quality and of esthetical appeal. He plans to employ more workers and extend the business soon”¹⁷.

“*Lastavica Catering Service Ltd* is a fully independent and sustainable NGO - owned social business. It started as an income generation initiative for refugee women supported by several humanitarian organizations, while today, it is a successful small enterprise that has 12 fully employed women. The catering company *Lastavica* provides regular monthly income for its employees – women that are marginalized in their status: refugees, Roma, long-term unemployed, undereducated or inadequately trained”¹⁸.

These two examples illustrate successful stories of once unemployed, today independent individuals. The first example shows good practice in using micro loan for self-employment by a person who lost his job. In the second, the group of marginalized women was financially supported to establish a business. Their business has been developed and today enables them to earn their living with their own efforts and work. The initial capital for business establishment was not provided by micro loan, but by a donation. Nevertheless, the success of *Lastavica* indicates that it would have been able to repay a micro loan back, if it had been provided with some. What are the options for other poor and/or unemployed to take microcredit in Serbia?

There are different financial and non financial institutions, ranging from non-profit and public agencies to private entities, which provide microcredit and donations for unemployed and other individuals, poor families, rural households and micro and small enterprises¹⁹. The organizations which operate in public sector are the following: Development Fund, National Employment Service, Guarantee fund, Fund for financing increased employment in the economically underdeveloped and distinctly migrant regions. In private sector, there are different banks, leasing companies and investment funds dealing with microcredit. There is also a number of NGOs, humanitarian organisations and donators operating in non-profit sector.

Analyses show²⁰ that public institutions’ microcredit is not available during the whole year, but periodically in accordance with the institution’s annual funding programme. It is not possible to rely on whether and when it will be provided. The procedure for applying is rather complicated and centralised, with a small or no influence of the local institutions on decision making process. Except of the Serbian National Employment Service, which has branches all around the country, other institutions are out of borrower’s living places. The credit purpose is strictly determined and usually is not compatible with the applicants’ needs. Advisory service is low and rather limited on formal requirements regarding the application process. Caused by centralised procedure, the costs are disproportionably high. Nevertheless, the credit price is subsidised below the inflation rate, and therefore is highly affordable.

On the other hand, micro loans provided by private sector are highly available – credit supply is high and always present. The net of microcredit institution’s branches is rather dense and territory is covered well. In order to apply for a micro loan a client is obligated to be a bank’s comitent. Some banks give technical support in cash-flow analyses, business plan development, etc. which is the necessity for risk assessment, but

¹⁷ Source: www.mdf.org.yu

¹⁸ Source: www.lastavica.org.yu

¹⁹ Igor Brkanovic, Milan Lalovic, Aleksandar Lakic, Srdjan Tilger, *Study on Micro-finance Support to Start-up in Serbia*, International Labour Organization, Belgrade, 2007.

²⁰ Igor Brkanovic, Milan Lalovic, Aleksandar Lakic, Srdjan Tilger, *Study on Micro-finance Support to Start-up in Serbia*, International Labour Organization, Belgrade, 2007.

there is a lack in overall advisory service etc. Microcredit provided by the private sector is rather unaffordable – interest rate is above the profit margin.

The amount of the available resources provided through non-profit organizations is limited and highly below demanded. Since employees visit clients in their place and establish direct communication the loans are “at hand”. Credits are designed in accordance with the client’s needs. Advisory services are highly developed – cash-flow projection, financial management, business information provision, connection. Credit price is relatively high, but in the profit margin framework. However, these institutions encounter various problems, such as the inability to access foreign capital. The main source of capital are donations, so that the activities of these organizations are often limited with regard to loan beneficiaries (one of conditions for granting donations is that the future beneficiary belong to some marginalized group, which, although it is good, prevents loans to be offered to other groups of people who need these funds as well).²¹

Another important issue is the legal framework for microcredit industry in Serbia. The legislation which refers to public institutions is clear and precise. The public institutions are allowed to provide microcredit to targeted groups when it is in accordance with their strategy and aims. On the other hand, legislation in this field is arranged in favour of banking sector and forbids establishment and work of microfinance institutions in private or non-governmental sector. In other words, there is not a law which recognises microfinance institutions other than commercial banks.

It could be concluded that the options for the poor and/or unemployed to take a microcredit in Serbia are limited. In other words - microcredit supply does not meet the needs of its clients: microcredit is either very expensive or provided in insufficient amounts, or is not compatible with the applicant intentions for its use. The poor and unemployed inhabitants of Serbia do not have appropriate opportunities for taking a micro loan and being considered as of the high risk many groups are being kept outside of banking system. Moreover, lack of legal framework degrades sustainability the existing organizations and prevent others to develop a business in this sector.

WHAT SHOULD BE DONE?

As a highest priority, certain measures (such as passing a Law on Microfinance Institutions) should be undertaken so that the legal obstacles could be overcome and the infrastructure for founding microfinance institutions created. However, microfinance could be attractive for wider number of organizations only if it is perceived as a profit-making industry or sustainable activity. As it was briefly presented in the introductory passages, the micro loans have been repaid regularly, and even the organizations providing microcredit to the poorest operate on lucrative bases. Nevertheless, it should be underlined that their credit landing models are created in accordance with the socio-anthropological and economic characteristics of the particular country.²² Respecting the differences among the cultures, it would not be plausible to conclude that successful models elsewhere would be successful in Serbia as well. In order to enable adequate credit landing model definition, there should be undertaken certain researches of sociological, cultural and economic aspects of Serbian society. Consequently, the potential of microcredit as a tool for poverty and self-employment incentive would be fully exploited for the benefit of the groups in need and Serbian society as whole.

²¹ Milan Lalovic, Zoran Skopljak, *Analysis of Regulatory Obstacles to SME Development in Serbia*, Report from TAIEX Workshop, MEER – Department for SME and Entrepreneurship Development, Belgrade, June 2008.

²²For example, the Grameen bank operates as following: a bank unit is set up with a Field Manager and a number of bank workers, covering an area of about 15 to 22 villages. The manager and workers start by visiting villages to familiarise themselves with the local milieu in which they will be operating and identify prospective clientele, as well as explain the purpose, functions, and mode of operation of the bank to the local population. Groups of five prospective borrowers are formed; in the first stage, only two of them are eligible for, and receive, a loan. The group is observed for a month to see if the members are conforming to rules of the bank. Only if the first two borrowers repay the principal plus interest over a period of fifty weeks do other members of the group become eligible themselves for a loan. Because of these restrictions, there is substantial group pressure to keep individual records clear. In this sense, collective responsibility of the group serves as collateral on the loan. Source: Grameen Bank Web site: http://www.grameen-info.org/index.php?option=com_content&task=view&id=43&Itemid=93

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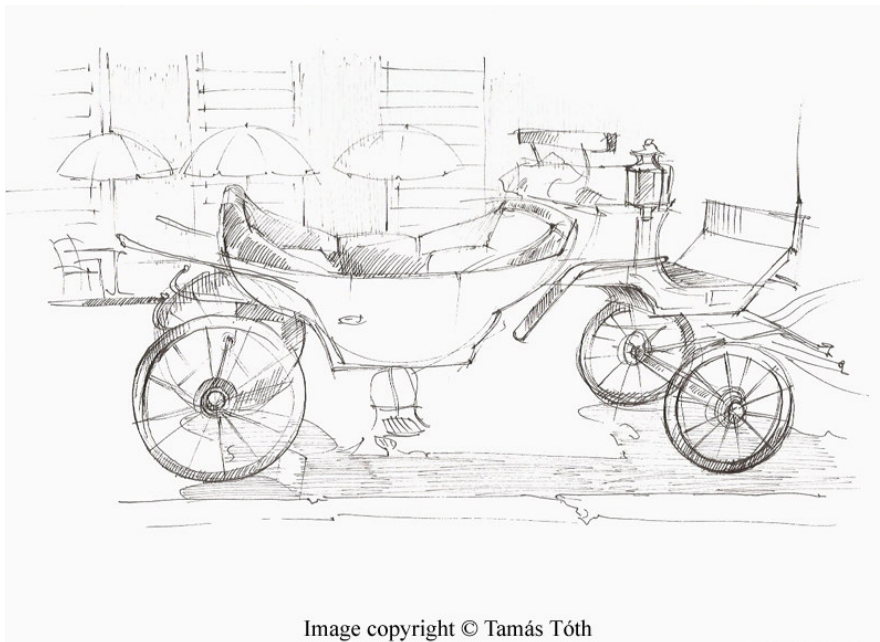


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E-mail: marijazarezankovapotevska@fon.edu.mk**TEN BASIC STEPS FOR A SUCCESSFUL ENTREPRENEURIAL START**²³**Part II****4. MYTHS ABOUT ENTREPRENEURSHIP**

There are many myths and misconceptions surrounding entrepreneurship, which negatively influence entrepreneurs themselves as well as their social status and reputation. This is a direct result of the insufficient knowledge of terminology, of the entrepreneurs' strong influence on the growth of the economy and of the still existent prejudice that entrepreneur is a synonym to a criminal, corruption and dirty business.

1. The terms "entrepreneurship" and "entrepreneur" are given fetishist characteristics, characteristics of something unknown and unheard of, and therefore not only the unversed but also the well informed experts often cannot explain the term which in its essence denotes the undertaking of business activities. Some textbooks use many meaningless and vague definitions in efforts to describe entrepreneurship as a phenomenon, which creates additional misconceptions, misunderstandings and myths.

All the while, entrepreneurship is merely a term coined to define the creative business projects of people, in conditions of free market, with no obstacles. The sooner the term is "demystified" the faster and more efficient will young people join the realm of business, in search for the realization of their business visions.

As a term, the word "entrepreneur" has a philosophical character, and not a legal one. According to legal frameworks, entrepreneurs are indeed businessmen and owners of companies, but their creativity, innovation and persistence makes them entrepreneurs, people who are willing to take risks in order to realize their ideas.

2. Previous socio-economic relations and the orchestrated commerce have placed the tradition of family businesses in a secondary role, placing the stigma on the private sector as a hostile one. In the economical science, the socialist theory claiming that the working class does not produce only workers was accepted and confirmed. Therefore, instead of using the tradition, the experience and the knowledge of the family (usually the father) and to qualitatively improve and develop the family business, young people were steered towards something new and unknown, with no knowledge which results in a complete waste of time! This doesn't mean that the challenges of the unknown should be rejected, but sometimes, it is advisable to use the available resources of capital, experience, tradition, relations and market knowledge.

3. As a result of the socialist notions that an earned degree automatically translates to a guaranteed position in the workplace, a lot of people had a hard time accepting the reality of having to work in positions that are of immediate interest to the society and not in direct relation to their educational background. But theory says that it is desirable for every person to have at least two professions in order to adapt to the marketplace more easily. So those with entrepreneurial traits took on the challenge immediately and used their natural talents and skills. That is how we, for example, nowadays meet architects working in the fine arts field, which is not that far from their profession after all.

²³ The paper was review by Prof. Dr. Radmil Polenakovic, translated by Elena Kostovska, MBA and originally published by the University Cyril and Methodius, Business Start-up Center in Skopje

4. There is a huge myth that entrepreneurs cannot be trusted; a myth with destructive consequences. A lot of other social functions (politicians, corporation managers) have far greater chances for abuse of their professional position than entrepreneurs do. Unfortunately, entrepreneurs are often identified as manipulative and speculative persons, which reduce the value of honorable entrepreneurs.

5. The lack of trust in the institutions of the system, in the entrepreneurs and among them, in conditions of incomplete reforms and unsuccessful economic transition is a serious attack on the development of entrepreneurship.

Due to the complete erosion of ethics in the society, there is a lack of even the most elementary trust in the system, in entrepreneurs, among entrepreneurs and among people in general. Nobody trusts anyone. In these conditions of mistrust, development cannot be easily expected, and this situation also hinders the socio-economic development of the nation.

6. Having an entrepreneurial “role model” is not always destructive if the model him/herself is a real image of success. But in order to make large profits in a short amount of time, and guided by the practices of the criminal activities present, some people consider this behavior a viable alternative for making money. But it is a false proposition to think that the ‘success’ of one entrepreneur can be copied to another one. Each one of us has his own capabilities, knowledge and experience and at the end of the day, his own luck and life path.

7. In relation to the dishonest activities and business-doings, some entrepreneurs, blinded by the desire for fast profits, do not act professionally, honorably and ethically which results in loss of clients and future business. Each one of us can be fooled or tricked once, but with time, this creates big mistrust. “Once a liar, always a liar”, goes the saying! And the trust is lost forever.

8. Oftentimes, there is a misconception that once the regular education cycle is over, learning stops and improvement stalls. This misconception hinders entrepreneurial development, due to the fact that modern economies require modern entrepreneurs who can keep up with developments. These modern entrepreneurs need to be able to respond to the conditions and the challenges of the new, contemporary economy.

9. Ignorance makes people insecure and scared, and oftentimes they reject using services from certain institutions, fearing that they won’t be able to accurately define what it is they are looking for. So they don’t readily use these institutions which can in turn have negative consequences on their development.

10. During training sessions devoted to encouraging entrepreneurs to start their own business, too much attention is paid to the preparation of a business plan and the encouragement for the thinking and the vision of an entrepreneurial activity is neglected. Small businesses do need a plan, but they also need motivation and psychological preparedness. The securing of business information and the education in the basic principles of business create conditions for the creation of the business plan and all consequent plans (marketing etc). The motivating process is a complex one.

11. One of the main misconceptions in the field of entrepreneurship is the thought that only the Government is responsible for the support and development of entrepreneurship, because only the Government is responsible for the relevant national policies. However, all the authorities in this field play their own role in the system, and entrepreneurs themselves have the biggest role through their cooperation and joint activities. On the other hand, the relevant associations and institutions must show more understanding for the entrepreneurs as a respectable socio-economic force with strong impact on the development of the nation.

12. Often, the entrepreneurs are not ready for cooperation in chambers, associations and clusters mostly because of their distinct individuality. But global experiences in this area are many and point out to the necessity of the convergence of entrepreneurs in front of Government, institutions and foreign markets.

13. One of the biggest blunders related to entrepreneurship is their equalization to managers. Entrepreneurs cannot identify themselves as managers because their role is much wider and more important

in business. They can see farther, they are willing to take more risk, they are more confident and results-oriented, and they are leaders and innovators. They accept uncertainty as a challenge and motivation in their business activities. Managers, on the other hand, are more oriented towards the processes of business, towards the realization of the already decided, towards the routine and not the creation. This doesn't necessarily mean putting managers down, but simply pointing out the subtle difference between the two.

However, in small companies, the role of managers is often carried out by the owners, due to the size.

14. Frequently, entrepreneurs are discouraged from commencing activities with the excuse of saturated markets. During the planning stage of the idea, some competition analysis must be carried out, keeping in mind the following:

- a) The modern economy is a fertile ground for the development of entrepreneurship, mostly due to the increased need for services.
- b) The globalizing economic processes increase competition, favor the companies which react quickly and are more flexible.
- c) New technologies create many new professions and new businesses (e.g. E-businesses).
- d) Today's entrepreneurs use the advantages of the fast changes of the needs of the market and the newly created niche markets. These markets signal a need for specific products or services (maybe not too many, but the need is still there).

These arguments surely encourage entrepreneurs to undertake business activities, so often, when a new product fulfils the demand of a certain niche market, entrepreneurs can quickly widen that niche. So, these niche markets must be studied and taken advantage of.

5. PRACTICAL ADVICE FOR ENTREPRENEURS

This handbook has the goal of motivating young future entrepreneurs to start their own business activity, with no attempt to list all relevant information for their functioning.

5.1. Registration of a professional or a trading company

A)

1.1. Persons interested in becoming professionals as individuals should register themselves at the closest professional chamber in the professional registry. Registration takes 8 days.

The total costs for the registration of a professional in the professionals registry is around 6000 denars (this expense includes the opening of a drawing account, notary expenses, records in the Central Registry, applications for pension fund and health insurance, market inspection, including the production of a seal)

1.2. Professionals who want to register themselves as juridical persons (individual traders) can do so at the Trade Registry (within the Central Registry).

B)

Entrepreneurs who want to registrar themselves in the Trade Registry, according to the law for trade companies, should direct their inquiries to the Central Registry in the municipality where they work and return the application within 3 days.

For that procedure, the expenses amount to: a) professional as a juridical person – 1700 den; b) freelancer – 2200 den; c) Ltd. Company – 3400 den; d) Corporation – 6000 den.

The legal aid involving the registration in the Central registry incurs an additional cost of about 12000 denars.

For the registration for a limited liability company, a starting capital of 5000 euros is necessary and can be registered as equipment.

5.2. Tax responsibilities

In 2007 the income tax rate and the personal income tax rate was 12%, and since 2008 it is only 10%.

A)

Professionals (as individuals and in the Professionals and Trade Registry) are exempt of paying income tax, and only held accountable for personal income tax.

For a first-time professional activity, there is a further tax paying exemption of the personal income tax in duration of the first 3 years of business, during which the professional must remain registered for the same profession.

Furthermore, there is a possibility (if the professional is not able to keep books – at low level income professions, article 31 of the Law for Personal Income Tax, Official Gazette No. 80/1993-139/2006) to pay income tax according to a predetermined flat rate net income.

For the professionals, there is a separate guidebook for the payment of health insurance contributions, with very favorable rates.

Professionals require simple bookkeeping, a fact that makes the cost of bookkeeping only a fraction of the corporations doing double entry.

B)

There are certain deductions applicable for the payment of profit tax, such as:

a) A reduction in the tax base of the amount of the reinvested profits in tangible and intangible assets (article 31 of the law for profits, Official Gazette No. 80/1993-139/2006), with the prerequisite that the reinvested monies have not been alienated or in any other way transferred within 3 years, starting from the year of reinvestment.

b) The liable taxpayer based on a free economic zone (technological/industrial development zone) is exempt from profit tax payments for a period of 10 years from the commencement of activity, under the conditions set in the Law for Free Economic Zones (article 32-a).

c) A liable taxpayer, directly in charge of resources invested from foreign sources is exempt of the profit tax under the condition that at least 20% of the total invested long-term capital is foreign (article 33). The tax exemption is valid for the first three years, with the prerequisite of continued activity for at least 3 years afterwards.

d) Microcompanies, according to this law (article 38b,c,d) are those local legal entities which perform business activities (with the exemption of banking, insurance, gambling, entertainment) with a maximum of 9 employees and a total maximum income of 50000 euros in denar currency, the realized income from one customer is accountable for a maximum of 80%, and there is a maximum of 2 owners.

These companies can elect to pay based on a predetermined flat rate net income level.

This annual predetermined rate for the microcompanies is estimated based on the total income of the previous calendar year in the following manner:

1. For a total income up to 25000 euros the flat rate will be 300 euros and,
2. For a total income over 25000 euros but less than 50000 euros the flat rate is set to 700 euros.

5.3. Importing/Exporting

The professionals registered in the professionals' registry do not have the right to import and export products and services.

6. VOCABULARY

a) Business plan (latin. Planum – plane) – blueprint, draft, idea, program of the direction of the development of a business or company in the short-, medium- and long-term, based on certain assumptions.

The business plan is the basic working plan for each company. Therefore, it should contain all the basic elements of activity planning, starting from the current conditions and disposal of capital, human and other resources.

Just like in every household, such is the case in companies too, where planning – both short and long term -- must be done. It is necessary to plan production and service offerings and to both quantitatively and

qualitative express the current conditions and future plans. This will help envision the ability to be competitive both locally and internationally. In general, the business plan has three functions: to be a good guide for entrepreneurs within the strategic framework; to serve as a tool for ensuring financing from banks, and to use as a benchmark for achieved results.

The main components of a business plan are:

- A short resume – description of the business function
- The market strategy
- An analysis of the competition
- Development plans (future activities)
- Executive plans
- Management plans
- Financials

b) Management: the direction towards and fulfillment of goals set by the company in an efficient and effective way through planning, organizing, leading and control of resources available in the company.

c) Manager: the leader of an organization/company, a person who unifies all management functions.

d) Marketing: the analysis of the marketplace.

e) Marketing concept: the direction of all company activities towards the fulfillment of needs of customers.

f) Marketing plan: a section of the business plan dedicated to the marketplace strategy.

g) Globalization: the merging of national economies into one worldwide economy. A freedom and deregulation in the trade and international business relations.

h) Internationalization: the appropriation of an international character of small and medium sized companies.

i) Competitiveness: the ability of a company/industry/region/national economy to achieve profits, i.e. to – by offering high quality, relatively inexpensive products – ensures gain and sustainability.

7. MICROFINANCING

Microfinancing is of particular importance, particularly to the new entrants in the business world and to the entrepreneurs who have courage, ideas and clear visions of their activities but may lack the starting capital.

Some of the most popular and favorable small loans can be obtained through:

1. Savings Bank “Možnosti” (Opportunities) with its branches in Bitola, Tetovo, Kocani, Kavadarci. It offers small loans of up to 100000 Euros, with relatively favorable terms, for starting or revolving capital, for new entrants, but also for small business owners who have already developed their business and need capital for liquidity purposes.

Address: Bul. “Jane Sandanski” 111, Skopje,

Tel.: 02 2401051

Fax: 02 240 10 49

www.moznosti.com.mk

2. Savings Bank “FULM” with branches in Skopje, Tetovo and Strumica, offers small loans for up to 2500 for various uses, including business management, agricultural and professional activities.

Address: “Mito Hadjivasilev Jasmin” 48, Skopje

Tel.: 02 311 52 44

Fax: 02 311 56 53

www.fulm.com.mk

3. The program “Horizonti” (Horizons) with branches in Skopje, Tetovo, Veles, Prilep. It offers small loans to entrepreneurs and small business owners with a will to work (even illegally). The program offers resources in cycles to a group of entrepreneurs (particularly women) who vouch for each other.

Address: “Rampo Levkata” 14, Skopje

Tel.: 02 309 33 71

4. Procredit Bank, with branches around the country, offers a wide range of loans for already operating companies (operating for a minimum of 3 months).

Address: “Jane Sandanski” 109a, Skopje

Tel.: 02 310 99 81 www.procreditbank.com.mk

5. SEAF/Macedonia is an investment fund which finances by purchasing market shares of stable and developed companies for up to 800000 euros, with exit options.

Address: “Teodosije Gologanov” 28, Skopje

Tel.: 02 3079 611 Fax: 02 3079 612 www.seaf.com.mk

6. Fund “SIDA”

Address: “Jane Sandanski” 15/23, Skopje

Tel.: 02 240 33 77 Fax: 02 24033 79 www.gfund.com.mk

7. Guarantee Fund in the Macedonian Bank for Development Promotion ensures 35% of the loan value.

Address: “Teodosije Gologanov” 26, Skopje

Tel.: 02 310 99 81 www.mbdp.com.mk

List of Available Loan Products

Loan Product	Loan Amount	Annual Interest Rate	Grace period and timeframe of payment	Available for
1. KfW - renewable fund	€ 50,000 - € 400,000 (for new entrants up to € 50,000)	Around 10%	Up to 4 years, including a 6month grace period	Modernization and new companies
2. Italian loan	Up to € 2,000,000	7 %	A maximum of 5.5 years, with an 18month grace period	Profitable projects, including trade and local handicrafts.
3. Italian loan – renewable fund	€ 50,000 - € 500,000	8% for new customers, 7% for return customers	1-3 years, no grace period	New entrepreneurs, revolving capital (excluding trade).
4. Loan by the Macedonian Bank for Development Promotion (small and medium companies)	€ 15,000 - € 500,000	8%	Up to 8 years with a maximum of 12 month grace period	New and stable companies, startup or revolving capital

5. Loan from the Macedonian Bank for Development Promotion– (Export)	€ 30,000 - € 2,000,000	8%	Up to 12 months, payable at the end of period.	Exporting companies with over 51% private ownership.
6. Loan from the Macedonian Bank for Development Promotion– (revolving capital)	€ 30,000 - € 300,000	8%	Up to 3 years, no grace period.	New and existing small and medium sized companies, with at least 51% own capital, for revolving capital.
7. FARE Micro Loan products for Small and Medium companies	Up to € 100,000	9%	3-5 years with 6-9months grace period	Startup and revolving capital, new and existing small and medium companies (a maximum of 5 years).
8. Micro loan program by KFW	Microloans up to € 15,000 Small loans: € 15,000 - € 50,000	11 - 18 %	Microloans: 36months with 6 month grace period. Small loans: 48 months with 12 month grace period.	Startup and revolving capital of micro and small companies (with a minimum of 3 years of operations).
9. European Investment Bank – global fund	\$ 20,000 - \$ 12.5 mil.(up to 50% of investment)	5.9% - 7.8%	4 - 6 years, with a maximum of 36month grace period.	Small and medium businesses, for equipment, construction and revolving capital.
10. Dutch loan	Up to € 75,000	Up to 12%	Up to 5 years with a maximum grace period of 12 months.	Startup and revolving capital of small and medium companies.
11. SOROS foundation (for revolving capital)	Up to € 8,000	10 -12%	Up to 1 year, with up to 6 month grace period.	Small and medium businesses, revolving capital and liquidity.
12.SOROS foundation (for agriculture)	Up to € 10,000	8%	Up to 3 years, grace period of maximum 6 months.	Agricultural companies, for startup and revolving capital.
13. SOROS Fondation – micro loan line for agriculture.	Up to € 3,000	8%	Up to 3 years, grace period of maximum 6 months.	Farmers and small farming companies, for startup and revolving capital.

14. Project for the Fund for International Development of Agriculture.	Up to € 75,000	Up to 16%	7 years, with a max grace period of 24 months.	Primary agriculture, agrobusiness, and trade of agricultural products. For startup or revolving capital.
15. Commercial-financial fund for small and medium businesses - USAID	Up to \$ 100,000	8%- 12%	9 month grace period.	Industrial companies – financing of production for domestic and international markets.

Source: Donor Loan products for Small and Medium Businesses; published by the Ministry of Economy and the KARDS projects for Small and Medium Businesses, 2006.

Loans listed under number 1 can be obtained from the following banks:

- Eurostandard Bank, Skopje, www.eurostandard.com.mk
- Export and Credit Bank, Skopje, www.ikbanka.com.mk
- InvestBank, Skopje www.investbanka.com.mk
- Commercial Bank, Skopje, www.kb.com.mk
- Macedonian Bank, www.makbanka.com.mk
- Ohrid Bank, Ohrid www.ob.com.mk
- Sileks Bank, Skopje
- Stopanska Bank, Skopje www.stb.com.mk
- Stopanska Bank, Bitola
- TTK Bank, Skopje www.ttk.com.mk
- Tetovo Bank, Tetovo
- NLB Tutunska Bank, Skopje www.tb.com.mk
- Uni Bank, Skopje www.unibank.com.mk

Loans listed under number 2 can be obtained from the following banks:

- Export and Credit Bank, Skopje, www.ikbanka.com.mk
- InvestBank, Skopje www.investbanka.com.mk
- Commercial Bank, Skopje, www.kb.com.mk
- Macedonian Bank, www.makbanka.com.mk
- Ohrid Bank, Ohrid www.ob.com.mk
- Stopanska Bank, Skopje www.stb.com.mk
- Stopanska Bank, Bitola
- TTK Bank, Skopje www.ttk.com.mk
- Tetovo Bank, Tetovo
- NLB Tutunska Bank, Skopje www.tb.com.mk

Loans listed under number 3 can be obtained from the following banks:

- Eurostandard Bank, Skopje, www.eurostandard.com.mk
- Export and Credit Bank, Skopje, www.ikbanka.com.mk
- InvestBank, Skopje www.investbanka.com.mk
- Commercial Bank, Skopje, www.kb.com.mk
- Macedonian Bank, www.makbanka.com.mk

- Ohrid Bank, Ohrid www.ob.com.mk
- Stopanska Bank, Skopje www.stb.com.mk
- Stopanska Bank, Bitola
- Sileks Bank, Skopje
- TTK Bank, Skopje www.ttk.com.mk
- Tetovo Bank, Tetovo
- NLB Tutunska Bank, Skopje www.tb.com.mk
- Uni Bank, Skopje www.unibank.com.mk

Loans listed under number 4 can be obtained from the following banks:

- Eurostandard Bank, Skopje, www.eurostandard.com.mk
- Export and Credit Bank, Skopje, www.ikbanka.com.mk
- InvestBank, Skopje www.investbanka.com.mk
- Commercial Bank, Skopje, www.kb.com.mk
- Macedonian Bank, www.makbanka.com.mk
- Ohrid Bank, Ohrid www.ob.com.mk
- Stopanska Bank, Skopje www.stb.com.mk
- Stopanska Bank, Bitola
- Sileks Bank, Skopje
- TTK Bank, Skopje www.ttk.com.mk
- Tetovo Bank, Tetovo
- NLB Tutunska Bank, Skopje www.tb.com.mk
- Uni Bank, Skopje www.unibank.com.mk

Loans listed under number 5 can be obtained from the following banks:

- Eurostandard Bank, Skopje, www.eurostandard.com.mk
- Export and Credit Bank, Skopje, www.ikbanka.com.mk
- InvestBank, Skopje www.investbanka.com.mk
- Commercial Bank, Skopje, www.kb.com.mk
- Macedonian Bank, www.makbanka.com.mk
- Ohrid Bank, Ohrid www.ob.com.mk
- Stopanska Bank, Skopje www.stb.com.mk
- Stopanska Bank, Bitola
- Sileks Bank, Skopje
- TTK Bank, Skopje www.ttk.com.mk
- Tetovo Bank, Tetovo
- NLB Tutunska Bank, Skopje www.tb.com.mk
- Uni Bank, Skopje www.unibank.com.mk

Loans listed under number 6 can be obtained from the following banks:

- Eurostandard Bank, Skopje, www.eurostandard.com.mk
- Export and Credit Bank, Skopje, www.ikbanka.com.mk
- InvestBank, Skopje www.investbanka.com.mk
- Commercial Bank, Skopje, www.kb.com.mk
- Macedonian Bank, www.makbanka.com.mk
- Ohrid Bank, Ohrid www.ob.com.mk

- Stopanska Bank, Skopje www.stb.com.mk
- Stopanska Bank, Bitola
- Sileks Bank, Skopje
- TTK Bank, Skopje www.ttk.com.mk
- Tetovo Bank, Tetovo
- NLB Tutunska Bank, Skopje www.tb.com.mk
- Uni Bank, Skopje www.unibank.com.mk

Loans listed under number 7 can be obtained from the following banks:

- Export and Credit Bank, Skopje, www.ikbanka.com.mk
- Commercial Bank, Skopje, www.kb.com.mk
- Ohrid Bank, Ohrid www.ob.com.mk
- Stopanska Bank, Skopje www.stb.com.mk
- Stopanska Bank, Bitola
- Commercial Investment Bank, Kumanovo
- NLB Tutunska Bank, Skopje www.tb.com.mk

Loans listed under number 8 can be obtained from the following banks:

- Eurostandard Bank, Skopje, www.eurostandard.com.mk
- InvestBank, Skopje www.investbanka.com.mk
- Commercial Bank, Skopje, www.kb.com.mk
- Ohrid Bank, Ohrid www.ob.com.mk
- NLB Tutunska Bank, Skopje www.tb.com.mk

Loans listed under number 10 can be obtained from the following banks:

- Export and Credit Bank, Skopje, www.ikbanka.com.mk
- NLB Tutunska Bank, Skopje www.tb.com.mk
- Moznosti Savings Bank, Skopje www.moznosti.com.mk

Loans listed under number 11 can be obtained from the following bank:

- Export and Credit Bank, Skopje, www.ikbanka.com.mk

Loans listed under number 12 can be obtained from the following bank:

- Export and Credit Bank, Skopje, www.ikbanka.com.mk

Loans listed under number 13 can be obtained from the following bank:

- Export and Credit Bank, Skopje, www.ikbanka.com.mk

Loans listed under number 14 can be obtained from the following banks:

- InvestBank, Skopje www.investbanka.com.mk
- Commercial Bank, Skopje, www.kb.com.mk
- Commercial Investment Bank, Kumanovo
- Savings Bank Moznosti, Skopje, www.moznosti.com.mk
- Savings Bank FULM, Skopje, www.fulm.com.mk
- NLB Tutunska Bank, Skopje www.tb.com.mk

Loans listed under number 15 can be obtained from the following bank:

- Commercial Financial Fund for Small and Medium Enterprises,
www.smef.com.mk

8. Address book

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27.	Zoran Pavlovski zoranpavlovskiikum@yahoo.com	Coordinator	LED office (LGRP) – Kumanovo	031 426 833	031 421 423	zoranpavlovskiikum@yahoo.com
28.	Saso Ristovski Ltcve@mt.net.mk	Coordinator	LED office (LGRP) – Veles	043 212 100	043 212 100	Ltcve@mt.net.mk

29.	Avdija Pepic N.Vapcarov 7 Skopje pepic@apprm.org.mk	Director	Agency for support of entrepreneurship in Macedonia, Skopje	02 3120 132	02 3135- 494
30.	Jadranka Arizankovska jadranka.arizankovska@euroinfo.org.mk	Manager	Euro-info Center Skopje	02 3244-038	02 3296 181
31.	Roman Papadimitrov	Director	Fund for the development of human resources	02 3222 -773	
32.	Snezana Denkovska	Director	Professionals' Chamber, Skopje	02 3222 957	
33.	Lupco Despotovski ld@mir.org.mk	Manager	YES Youth Incubator	02 3077-008	02 3077-008
34.	Valentina Gecevska, PhD Professor at the Faculty of Engineering, Skopje gecevska@ukim.edu.mk	Director	CIRKO-Center for research and continuous education, Faculty of Engineering	02 3099 298	02 3099 298
35.	Zoran Dimov rbic@mt.net.mk	Director	Business Info Center fo the Roma – Suto Orizari Skopje	02 2656 900	02 2656 900
36.	Josif Mitricevski, PhD Professor at the Faculty of Agriculture cipoz@ukim.edu.mk	Director	CIPOZ-Center for applied research and continuous education in the agribusiness	02 3115-277	02 3115-277
37.	Prof. Ljupco Karadjinov l.karadjinov@ukim.edu.mk	Director	Center for the transfer of technologies	02 3099 191	02 3099 191
38.	Gordana Jordeva , PhD Technical Faculty, Bitola gordana.jordeva@etc.org.mk	Director		047 203-190	02 3099 191
39.	Radmil Polenakovic, PhD Profesor at the Faculty of Engineering ukim-bsc@mf.edu.mk	Director	University Business Start-up Center – Faculty of Engineering, Skopje	02 3099-482	02 3099 482

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12. Official Gazette 139/2006

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E-mail: afrd@geo.net.ge and knadirad@geo.net.ge**YOUTH ENTREPRENEURSHIP SKILLS DEVELOPMENT THROUGH YOUNG FARMERS AND STUDENTS EXCHANGE PROGRAMS IN GEORGIA²⁴**

The Association for Farmers Rights Defense, AFRD is non-governmental, non-profit democratic organization working with close partnership with local NGO's, Research Institutes and International Organizations. Our activities mean holding training courses and educational seminars in different regions of Georgia, connected with farming and farm management, agricultural legislation, land issues, to advocate and defend their rights and being their lobby. AFRD units more than 580 members - small, medium and big sized farmer's in Georgia, where lack of employment opportunities for Young People is a major problem. This presentation reviews the causes and consequences and suggests some remedies toward of arising youth entrepreneurship and their motivation for private business, innovations and SME's. Key factors contributing to youth unemployment are over emphasis of formal education, and limited promotion of informal employment and income generation, which are more compatible with traditional lifestyles. Most populations are still increasing and have young age structures, so there is potential for considerable expansion of the demand for employment. Since the formal sector is able to absorb only a small part of this demand, there is a need for a multi-faceted approach to employment, which takes traditional cultures and lifestyles into account and includes promotion of small enterprises, part-time employment and income generation as well as full-time formal employment. Georgia is a country with an ancient tradition of land cultivation. Coming from our experience, the great majority of Youth Entrepreneurship in Georgia comes from informational deficit within student, post graduate students, young farmers, this deficit may cause contradictions during the courses offered jointly by Government and NGO and Private sector. Just young people constitute the great part of unemployed population and it should be noted that proceeding from implemented by us monitoring the youth takes more courageous steps in private business as compared with the recent period. Traditionally high level of fundamental science, education and practice represents one of the beneficial factors and is considered to be accessible to everyone and lays the firm foundation for youth employment, career development and self-realization. By AFRD and USDA Experts was drafted the Draft-Bill for Farmers Cooperatives in Georgia as well as Agricultural cooperatives are a significant form of business enterprise for Rural Youth Agribusiness development.

Unemployment is one of the major problems of the youth of Georgia. In a country like Georgia where young people account for half of the nation's population, everyday more and more youths are entering the employment market. However, the employment opportunities are limited and unemployment among Georgian youth is increasing. Our purpose is the minimization of youths Problems and on this purpose carrying out the lobbyist activities to defend their rights on governmental and non-governmental and other institutions by close cooperation with International Youth Organizations and etc.

Entrepreneurs drive Economy, SME's, Rural Tourism, Eco and Bird Watching Tourism, Food Processing, Dairy and Beef Livestock, Poultry Farming in Developing Countries like Georgia, accounting for the majority of Georgia's new job creation and innovations in frame of free market economy. As Youth Entrepreneurship programs help low-income youth in rural and urban areas of Georgia learn to become entrepreneurs while at the same time supporting themselves and contributing financially to their family. Both strategies educate youth about financial matters and provide them with a progressive series of activities and experiences purposefully designed to help them become more successful adults.

²⁴ Paper prepared to the BSEC Workshop, Istanbul on "Development of Youth Entrepreneurship and Start-ups" held on 01-03 April 2009 in Istanbul

Here are a several areas of the possibilities at hand:

- ✓ Lobbying for introduction of innovative skills;
- ✓ Providing Rural Youth already working with more opportunities to exchange their experiences and update their knowledge through regular meetings/seminars, Exchange programs offered by AFRD in US and FRANCE targeting specifically identified themes/needs;
- ✓ Proving Rural Youth with more opportunities to engage in development oriented SME's, Co-operative systems, new technologies, ICT's, Micro Credits and Grant Programs and Fellowships;
- ✓ Facilitating the dissemination of information amongst (and from) young Farmers and involved in agricultural research for development.

Entrepreneurial Skills Development for Agricultural entrepreneurial Development will remain as key component of our efforts for Rural Youth reduce poverty and achieve the major improvement in agriculture's performance. Agriculture's importance to poverty reduction, solve unemployment, arise awareness of SME's, Innovations and entrepreneurial skills goes far beyond its direct impact on farmers' incomes. AFRD's market-oriented strategy for improving micro, small, and medium-sized enterprises (MSME) access to financing focuses on reducing the risks and transactions cost associated with rural lending, strengthening the capacity of financial institutions to service smaller clients, and increasing competitive pressure in financial markets. The aim is to increase the number of financial institutions that are able to make a profit from rural lending, so that it will be sustainable.

Agriculture and Rural Tourism is a large sector of the economy in the Caucasian countries. For example, approximately a third of Georgia's GDP comes from agriculture, half of the labor force and 70 percent of the self-employed work in this sector. There is an urgent need to build-up agriculture because of internal consumption requirements and the potential for exporting farm goods in the future, which will create employment opportunities; Rural unemployment has lead to a rise in migration from the countryside to the cities which exacerbates urban unemployment and social problems for the young and old; Access to credit and grants in rural areas is limited, reducing enterprise and employment opportunities; and There is a dearth of youth employment and enterprise policies and projects directed at the countryside, and virtually no enterprise/skill training for youth exists in rural communities. Neither country will develop without promotion of small and medium business, insurance of the youth with long-term credits under beneficial terms, settlement of gender issues, increase of women's role in private and governmental structures, rendering assistance to students during probation period and studying of second profession and improvement of professional skills.

Presently, there are several initiatives in Georgia that are looking at issues of employability and employment through direct or indirect measures, however, these initiatives need to integrate into a holistic framework that takes the macro economic realities, identifies gaps and generate consensus on priority areas to be address while identifying implementers. This is necessary to reduce costly overlapping, reduce friction among actors and increase impact. Small and medium farms represent one of the basic reserves for employment of students, graduating students of universities and colleges. For encouragement of industrial activity and stimulation of youth employment it should be expedient to initial a law that will provide young people aged 19-40 with certain privileges as regards the tax rates as well as with priorities to credits and grants. Therefore the active lobby activity should be united in the legislative processes current in the country through the immediate participation of young leaders.

Full participation of young people in local labor markets, including the agriculture sector, is increasingly important as the older generation of farmers and experienced agricultural workers in rural areas decline in number and is less able to work the land efficiently or effectively. Beyond the moral imperative of reducing poverty and the pragmatic need for sustainable economic development, developing nations have to find ways to keep pace with their emergent youth population or face the social and potentially political consequences of having a large percentage of their population from the age of 19 to 40 be idle, unemployed, and unable to enjoy a standard of living that they know – from the internet, movies, and television – exists elsewhere however Agriculture is one of the great field for most populations employment with young people and best area for researches for sustainable development for BSEC Partnership for youth.

Young people need to have a tangible stake in their country's social and economic future to generate the desire and motivation to contribute to and help build a civil, stable, and secure society through sustainable development of agricultural researches in frame of BSEC Countries Partnership.

Course objectives the main goal of the course is to incorporate the multidisciplinary approach of the New Institutional Economics (combining Economics, Organization, Politics, Law, and Sociology) into analysis of transitional agrarian and rural sector. At the end of this course students are expected to receive knowledge on modern concepts of institutional theory and practical tools for analysis of different market, private, trilateral, hybrid, political, international, etc. structures in transitional agriculture. Acquiring this new powerful methodology would increase capacity of participating scholars and professionals to analyze, understand, and govern more efficiently agriculture in their home countries and across the region.

Rural Entrepreneurship through Exchange Programs abroad Georgia is a practical for entrepreneurship skills and education. The Exchange Programs was started in 2000 and until now we have more than 55 highly educated Young Farmers with prosperous agribusiness in Georgia. I should underline the importance of such Exchange programs for Developing Countries and after the training program in France - Young Farmer **Jambul Khmaladze** and **Levan Geladze** became very successful entrepreneurs and in Samtskhe-Javakheti they producing the French Cheese using the knowledge and technology gained during 12 monthly programs in France.

Djambul KHMALADZE: 'C'est en conséquence du concours organisé par l'Association pour la Défense, de Droits des Agriculteurs Géorgiens (Un organisme partenaire officiel de SESAME en Géorgie) que j'ai eu la possibilité de réaliser un stage pratique agricole en France et je veux remercier à Monsieur Kakha NADIRADZE, le Président de l'Association pour la Défense de Droits des Agriculteurs Géorgiens et Madame **Marina KACHLICHVILI**, Manager du Programme. Je voulais partir à l'étranger pour approfondir mes connaissances en agriculture. Le stage se déroule dans une ferme de Jean **Fillip GOUDON** et de Pascal POISSON, dans la région de Sarthe, à LEMANCE, environ 200 km de PARIS. La famille de stage possède un terrain de 65 ha (en bail) et 50 vaches laitières de la race „Holshtain". Le premier 3 mois je faisais la connaissance de nouvelles techniques et de machines et j'approfondissais mes compétences linguistiques. D'un point de vue technique, cette exploitation est très évoluée, elle possède tous les équipements nécessaires. A 6 heures je sorte avec le maître de stage.



Ma journée commence par la salle de traite, où à l'aide des compresseurs de traite, le lait verse dans le réservoir de 3 tonnes. Le lait est conservé froidement pour le temps précis. Je participe à tous les travaux de l'exploitation notamment : labourer, semer, focher, produire le silo et le conserver. Les travaux sont conditionnés par des saisons. Durant le stage, une idée de fabriquer le fromage français en Géorgie a été venue. Cette idée a été réalisée avec une aide de mon camarade **Levan GUELADZE** qui travaillait dans une entreprise de la transformation du lait avec Monsieur Franc Bertrand. Par son soutien nous avons pu importer en Géorgie une entreprise mobile pour la fabrication du fromage. A l'aide de l'expérience acquise en France, je veux améliorer la transformation du lait dans mon pays et implanter des technologies nouvelles. Je ferai tout mes possibles pour le développement de l'agro-business en Géorgie. Le stage est marqué par une reconnaissance de gens et des cultures: j'ai effectué des visites de villes, de villages y compris des monuments historiques, des musées.



Ambassador of France in Georgia

Je suis heureux d'avoir la possibilité de faire la connaissance avec un groupe des peintres à Lafertebernard. Je participais à des expositions, c'était inoubliable. Le séminaire de regroupement des stagiaires organisé par SESAME était formidable. Mon stage s'est extrêmement bien déroulé tant sur le point professionnel que personnel. Merci à tous et à SESAME !"



14 July, 2008

Another successful **Young Farmer - George Niparishvili**. He says " I took 3 courses (9 credits) at the University: Farm and Business Management, Precision Agriculture and English Language and Communication. During one semester we had class studies and field days visiting different kinds of farms. Also we had a chance to attend seminars and trainings of the companies working on the developing of modern equipment and computer systems used in agriculture.



During 18 months as a student I had to meet with different kinds of people and get to know closely the American culture of living. One year later now, I still keep in touch with my classmates and my professors from the University of Minnesota. Attending this program helped me a lot to develop my knowledge and skills as a young farmer. Returned from United States, I've changed a lot of things in my family farm and made a big progress so far. I develop nursery department of my farm and now I'm working on making a mother orchard of cherry plants and root stocks. So far we imported dwarf plants of sweet and sour cherries. We are planning to arrange a cherry demonstration orchard so more Georgian farmers could learn more about modern varieties of fresh market and processing varieties of cherries. We already have an experience of arranging demonstration orchards as we did for berries few years ago. Our farm works closely with the professors from Universities of California, Wisconsin, Michigan and Minnesota. Returned from United States we have established Farmer's Service Center in Kaspi, Georgia. We organize trainings and seminars for local farmers. I use my knowledge and experience from MAST Program to share it with others. I think attending this program will be a big asset for young Georgian farmers who think to learn more about western methods of modern farming, which was provided by AFRD... ¶



In terms of Global Crisis Agriculture and Entrepreneurial Skills Development in Agribusiness, Management and Marketing could be economic development engines in rural communities. But our activities is not enough for changing environment in Georgia toward of Youth Entrepreneurial Skills development should be began the joint approach to using school-based enterprises to teach youth entrepreneurship while meeting rural community needs at the same time. AFRD asks to Donors and in this case Conrad-Adenauer-Stiftung and UNIDO, UNECE, FAO and EU Youth and Sport department for supporting our activities for offering

schools, community colleges and universities, afterschool programs, youth programs, and summer camps and the range of venues continue to grow up each year.

Entrepreneurship should be based on youth entrepreneurship education and should be used the experience and achievements the BSEC Countries and their Youth Organizations, Institutions and Government. Youth Policy will strengthen the opportunities for Youth innovations, entrepreneurial skills, capacity buildings, stimulating youth actions. Youth entrepreneurship are strategies that share common goals and methodologies and they both support the accumulation of human and financial assets by the next generation and incorporate financial education and activities to help children and youth make sound financial decisions. Unfortunately due economic and social obstacles in Georgia children and youth are particularly at risk of living in poverty in Georgia and it need of asset-building opportunities. Youth entrepreneurship programs help low-income youth, refugees, and youth with health disabilities learn to become entrepreneurs while at the same time supporting themselves and contributing financially to their family. Both strategies educate youth about financial matters and provide them with a progressive series of activities and experiences purposefully designed to help them become more successful adults. Youth entrepreneurship education offered by AFRD teaches business fundamentals through hands-on experiences and encourages youth by:

- providing the skills necessary for rural youth to start their own businesses
- Enhancing youths' business skills for future career opportunities
- Encouraging rural youth to continue on to higher education

Entrepreneurship education has been proven to contribute to:

- Leadership development for rural youth
- Routes to economic independence for people with disabilities
- Professional development for re-education and secondary education programs

Partnerships between public research institutions, private firms, and civil society organisations offer a means of tapping the strengths of diverse actors, while channeling knowledge and resources into areas where they can influence poverty reduction, food security, and agriculture-led development and growth. Partnerships in research and innovation enhance our capacity to solve complex development problems and to provide options to smallholder farmers, food-insecure households, rural women, and other vulnerable groups. The importance is to involve multi-stake holder young people into these institutions, and create partnerships.

In order to avoid major worldwide crises, industrial, emerging and developing countries will need to agree, sooner or later, on an alternative way forward, based on sustainable development, sustainable economic growth and more equally shared resources. Youth SME's, innovations will play a central role in this future. Further, the task of training our agricultural work force to acquire the necessary skills to fight the vulnerabilities is one of the biggest challenges. Global cooperation can assist in the dissemination of and scientific research activities.



Spring Flowering

Photos by Dr. Antal Szabó ©

CONFERENCE PAPERS

35th FSB CONFERENCE CELTIC MANOR RESORTS HOTEL, NEWPORT, SOUTH WALES, UK



During 19-21 March 2009 in Celtic Manor Resorts Hotel, Newport, South Wales, 35th annual conference was held of the Federation of Small Business, one of the biggest associations of the representatives of small business in the United Kingdom. More than 600 representatives of FSP from all around the UK took part, as well as more than 30 international participants. As a special guest representing ERENET there was *Prof. Dejan Erić*, PhD, general manager of the Institute of Economic Science and the professor at the Belgrade Banking Academy from Belgrade.

Apart from procedure issues related to functioning of FSB the topics on global economic and financial crisis prevailed as well as attempts to finding ways to help survival of small and medium business under the conditions of recession. In a lively and dynamic discussion useful suggestions and ideas could be heard. Very intensive discussion was held on issues such as campaigning for the FSB, dispelling the myths of health and safety, role of local government around the UK, meeting the economic challenges with ASC finance for business and the FSB and Europe.

Conference Chairman was *David Dexter*, General Secretary of FSB. Some of the distinguished speakers and guests who have presented on the Conference were: *John Wright*, FSB National Chairman, *The Rt Hon. John Denham*, MP, Secretary of State for Innovation, Universities and Skills, *Chris Mullan*, Head of Medium business sales (Dell – main sponsor of event), *Councilor Noel Trigg*, Mayor of Newport City Council, *Gethin Williams*, FSB Regional Chairman, South Wales, *The Rt Hon. Paul Murphy*, MP, Secretary of State for Wales, *John Walker*, FSB National Policy Chairman, *Andrew Cave*, FSB Head of Policy, *Mary Boughton*, Chairman of FSB Health & Safety Policy Unit, *Tina Sommer*, Chairman of FSB International Affairs and President of ESBA, *David Davies MP* (Conservative), *Jenny Randerson AM* (Welsh Liberal Democrats), *Wayne David MP* (Labour), *Adam Price MP* (Plaid Cymru), *John Humphrys* and *Andrew Neil*.



In a number of bilateral talks Prof. Erić introduced activities of ERENET to the kind hosts. He informed them about the establishment of the regional ERENET office for South East Europe in Belgrade and invited few renowned representatives of FSB to be guests at the 4th Annual Meeting of ERENET which will be held on 25 September 2009 in Belgrade.

Tina Sommer and Erić Dejan at the Conference

Apart from the Conference, there was an exhibition of the members and companies in which a great number of organizations took part. The Conference was accompanied with a very rich social life. Many social programs were organized such as – race night, clog dancers, medieval themed dinner, banquet, ball and dancing.

The next 36th conference will be held in Aberdeen in Scotland.

The report was prepared by Erić Dejan, Director of the Institute of Economic Science





NATIONS UNIES

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UNITED NATIONS

COMMISSION ÉCONOMIQUE
POUR L'EUROPEЕВРОПЕЙСКАЯ ЭКОНОМИЧЕСКАЯ
КОМИССИЯECONOMIC COMMISSION
FOR EUROPE

COMMISSION CONCLUDED ITS 63rd SESSION

The Commission concluded its 63rd session last week by reaffirming the strategic directions adopted by the UNECE reform and recommitting the renewed support of its member States to the work of UNECE, with due account of the specific needs of its countries with economies in transition.

ECONOMIC DEVELOPMENTS

The debates highlighted the need to reduce trade barriers to mitigate the effects of the economic crisis and stressed the role that the UNECE can play in increasing trade facilitation and the use of international standards in order to foster intraregional trade, and thus contribute to reducing the risk of new protectionism.

The role of the transport sector in contributing to faster recovery was also widely acknowledged, both via public investment in infrastructures and an increase in regional trade. UNECE's transport legal instruments, technical norms and standards provide an effective framework to remove bottlenecks and promote interoperability in the region.

It was noted that once the crisis is over, many countries will face an immense challenge in bringing budgets back into balance. Addressing the long-term sustainability of pension regimes, in view of Europe's demographic situation, will be crucial for restoring sound finances. In this regard, it will be vital to increase the participation of women in the labour market. The availability of more gender disaggregated statistics would therefore allow member countries to better adjust policymaking.

CLIMATE CHANGE MITIGATION AND ADAPTATION

Climate change mitigation was at the heart of the debates throughout the session given the cross-sectoral dimension of the phenomenon and the importance of investments in green technologies in the stimulus packages approved in various countries all over the world in the last months. The debates highlighted that the twin economic and environmental crises presented a unique opportunity for adopting a new paradigm of sustainable growth. However, the current window of opportunity will not last very long given the need to plan the huge investments which will be necessary over the next 20 years to green the economy.

The Commission stressed the need to promote energy security, an important concern in the region, and policies aiming at reducing energy dependence. UNECE's legal instruments, including the multilateral environment agreements, were seen as important tools in reaching these objectives.

Executive Secretary *Ján Kubiš* emphasized that "the solution to the current difficulties is dependent on increased cooperation amongst member States. The constructive dialogue we have heard during these three days is encouraging and will hopefully be followed up in other political forums in the coming months". ■

Commission documents are available at: http://www.unece.org/commission/2009/63rd_index.htm.



**WORKSHOP
on
“Development of Youth
Entrepreneurship and Start-ups”**

organized by:

**ORGANIZATION OF THE
BLACK SEA ECONOMIC COOPERATION
(BSEC)
and
KONRAD-ADENAUER-STIFTUNG (KAS)**

**1 – 3 April 2009
SWISSOTEL Istanbul/Turkey**



The Workshop on “Development of Youth Entrepreneurship and Start-Ups” was held in Istanbul, the Republic of Turkey, on 1-3 April 2009. It was jointly organized by the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS) and the Representation of the Konrad-Adenauer-Stiftung (Foundation) (KAS) for Turkey, in cooperation with the Turkish Foundation for Small and Medium Business (TOSYÖV).

Welcoming statements were delivered by Ambassador Murat SUNGAR, First Deputy Secretary General of BSEC PERMIS; Mr. Jan SENKYR, Resident Representative of KAS for Turkey; Mr. Mustafa KAPLAN, President of the Small and Medium Industry Development Organization (KOSGEB); and Mr. Hilmi DEVELİ, Chairman of Board of the Turkish Foundation for Small and Medium Business (TOSYÖV).

1. **Ambassador M. SUNGAR** welcomed the participants to the Workshop and mentioned that the issue of youth entrepreneurship has not been addressed within the framework of BSEC. Many of the most innovative and successful business ideas originate from young entrepreneurs. Therefore, it is important to promote youth entrepreneurship and start-ups in the process of supporting sustainable economic development in the region. He called BSEC Member States to revise the impact of the normative acts, regulations and policies aimed at promoting youth entrepreneurship. Finally, he highlighted the importance of the Black Sea Trade and Investment Promotion Programme (BSTIP) launched by BSEC and UNDP at the end of 2007.
2. **Mr. J. SENKYR** welcomed the participants of the Workshop on behalf of KAS. He emphasized the importance of cooperation between KAS and BSEC during the last 13 years. This event is the 38th SME-related meeting. He stated that their aim is strengthening the political dialogue among the BSEC countries and fostering a better understanding between entrepreneurs, the SME sector and the state administration. The current global economic crisis affects SMEs. In all EU countries there are associations dealing with youth entrepreneurs, which created a global YES for Europe. Similar initiative would be useful also for BSEC countries.

3. **Mr. M. KAPLAN** emphasized the importance of SMEs in BSEC countries. Entrepreneurship is a password and received great importance. In the new economic era self employment has increasing importance. KOSGEB is playing a significant role in spreading and disseminating the idea of entrepreneurship. Training and consultancy, training of trainers, business development programs, organizing meetings at universities are the focus of current SME support activities.

4. **Mr. H. DEVELİ** welcomed the participants of the Workshop and mentioned the importance of the Turkish Loan Guarantee Fund in support of entrepreneurship development. The argument of pushing young people toward entrepreneurship is growing in consequence of the current economic crisis.

5. **H.E. Mr. Eyüp Şenol ÖMEROĞLU**, Deputy Undersecretary, Ministry of Industry and Trade of the Republic of Turkey welcomed the participants of the Workshop on behalf of H.E. Mr. Zafer ÇAĞLAYAN, Minister of Industry and Trade of the Republic of Turkey, and emphasized that entrepreneurship is a driving force of the economy. Every start-up is a new seed in the field of economic and an appropriate favorable environment is needed for its growth. Entrepreneurs are the symbols of change and prospect. The existing 2 million entrepreneurs in Turkey create the basis for economic growth. Promotion of young entrepreneurship is part of fighting against the youth unemployment.

FINAL DISCUSSIONS AND CONCLUSIONS

The following points were made in **CONCLUSION**:

1. The rapid transformation of society – especially in the countries in transition - has changed living conditions for the citizens including the youth generation. Radical transformation, within a globalization context has meant new opportunities and challenges for the youth generation within boundary-less nations. Those various changes affect human relationships, process of education and access to the labor market, and are also reflected in the ability for young people to become independent adults.
2. Concerning the BSEC region, certain challenges for youth in the transition economies have highlighted the problems in terms of health, education and employment opportunities. More than half of the unemployed in the transition economies belongs to the young generation (18-24 years).
3. The current economic crisis has great impact on SMEs and negatively affects the situation of the youth.
4. SMEs in practice create more jobs than large enterprises, while they are more flexible and innovative; however, they are also more vulnerable than large enterprises. To revitalize the economy, the BSEC Member States need more people willing to become entrepreneurs.
5. Youth entrepreneurship provide job opportunities, help in bringing unemployed or marginalized youth back to the labor market, and through this assist in alleviation of poverty and social inclusion.
6. Some participants of the Workshop emphasized that entrepreneurship is not equal to self-employment, it is not just something to survive, but rather contribution to the economic growth.

7. Young entrepreneurs have great potential to generate ideas and expand innovation. However, a tendency of “brain drain” has been mentioned in the countries in transition.
8. Many BSEC graduates do not opt for self-entrepreneurship as a career due to lack of education and awareness about the importance of businesses in supporting the economy.
9. The participants underlined the serious problem of misbalance between formal education and real labor market demands.
10. Since the beginning of 1990s the traditional cycle of school-to-work-to-retirement is changing. The increasing globalization and internationalization significantly influenced the pattern of the labor market.

RECOMMENDATIONS

The following recommendations were made:

1. Development of youth entrepreneurship should be placed at the cross-road of national youth policy and entrepreneurship policy.
2. Promotion of youth entrepreneurship would be based on two consecutive steps:
First: Creation of awareness and understanding of entrepreneurship and business, and
Second: Creation of self-employment and/or micro-enterprise.
3. The key objectives of youth entrepreneurship promotion programmes should be the following:
 - Support creation of self-employment and micro-companies;
 - Provide business consultation by mentoring or business service institutions;
 - Secure adequate start-up funds;
 - Help in marketing and finding business partners;
 - Help in increase the rate of survival and success of businesses;
 - Assist in implementation of new business ideas and innovation.
4. The main orientation of a youth entrepreneurship development programme should be built on the following:
 1. Entrepreneurship education;
 2. Promotion of self-employment;
 3. Youth business incubation;
 4. Skill training;
 5. Financing;
 6. Community information centers/telecenters;
 7. Mentoring; and
 8. Youth entrepreneurs’ competition/awards.
5. Based on the key aspects of the European Commission's entrepreneurship action plan it is recommended that the BSEC Member States introduce entrepreneurship into the national curriculum from primary school to university in order to foster entrepreneurial mindsets through school education. Entrepreneurial thinking has to be introduced at early stage as possible, preferably in kindergartens and not just starting at universities.
6. The long-term policy objectives should be to:
 - Introduce entrepreneurship into the national curriculum at all levels of formal education (from primary school to university);

- Promote the methodology on “learning by doing”, for instance by means of project work, virtual firms and mini-companies, etc.;
- Involve authentic entrepreneurs and local companies in the design and running of entrepreneurship courses and activities;
- Increase the teaching of entrepreneurship within higher education and putting emphasis on setting up companies in the curricula of business-type studies through university business incubation, business plan competition and others.

7. Designing a Bachelor Program in Entrepreneurship is very critical for entrepreneurs development point of view. Entrepreneurship should be trained by people in business and not only theoretic oriented university professors. The curricula should contain both knowledge and practical elements and should be interactive with the business community.

8. Entrepreneurship education in universities should be available for students and researchers from all fields, and especially in technical universities. However, the entrepreneurial thinking is obligatory at all disciplines starting from the medical studies up-to the studies of economics including human resource management.

9. The BSEC countries are encouraged to support creation of national young entrepreneurs associations and participate in the activities of the “YES for Europe” or create a similar organization called “YES for BSEC”.

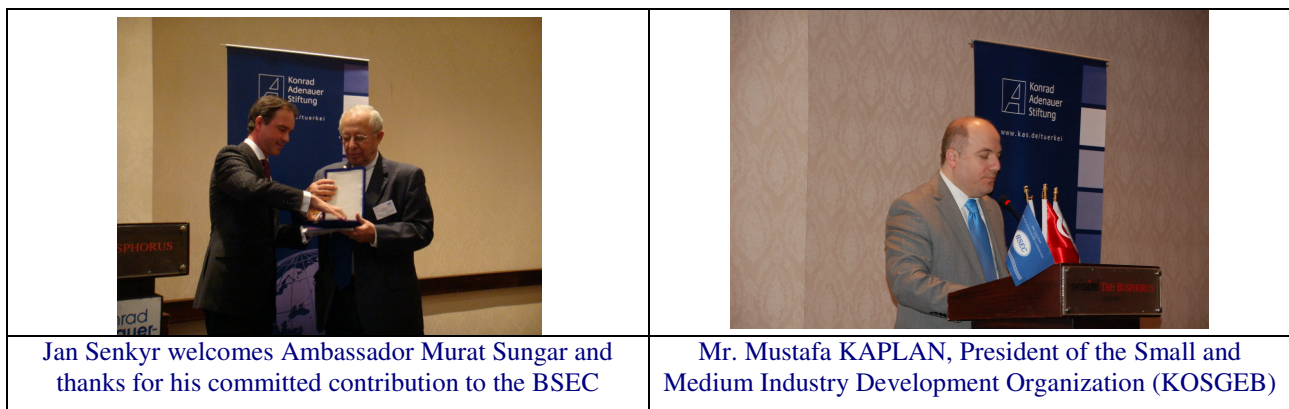
10. Rewarding experience in start-up entrepreneurship might be a useful tool of the national entrepreneurship development program. The BSEC Member States should launch “young entrepreneurs of the year competition and awards” schemes.

11. “Erasmus for Young Entrepreneurs” is a new European exchange programme aimed at helping new entrepreneurs to acquire relevant skills for managing an SME by spending time upto 6 months working in another EU country with an experienced entrepreneur. The new exchange programme financed by the European Union and has been launched recently in all the 27 Member States.

12. It is suggested to organize in the year 2010, a BSEC workshop on reviewing the impact of the economic crisis on SMEs.

Remark: This Information was made based on the Summary Proceeding adopted during the Closing Session of the Workshop

PHOTOS ON THE WORKSHOP



	
<p>Presidency (from left to right): Murat Sungar, Jan Senkyr, Antal Szabó</p>	<p>Total Plan of the Workshop, SWISSOTEL, Neuchatel Room</p>
	
<p>Mariyana Ivanovna, Valentina Veverita, Veronika Putilina and Tetiana Kovalova (from left to right)</p>	<p>Dilek Çentindamar, Gülnara Murtazaoğlu, Dieter Ibielski and Hans-Jürgen Weissbach (from right to left)</p>
	
<p>Workshop Family Photo</p>	<p>Short consultation of Dieter Ibielski and Antal Szabó</p>
	
<p>ERENET Team during the buffet-dinner Dieter Ibielski, Ana Zegarac, Antal Szabó, Hans-Jürgen Weissbach and Valentina Veverita (left to right)</p>	<p>Flower composition at the entrance hall of the SWISSOTEL Bosphorus</p>

INSITUTIONAL PROFILE



TUSIAD-Sabancı University Competitiveness Forum is a research center formed jointly by the Turkish Industrialists' and Businessmen's Association (TUSIAD) and Sabancı University.

Its mission is; to help improve the competitiveness of the Turkish private sector in international markets by conducting and supporting research on competitiveness, innovation and technology management, and benchmarking. Its activities can be grouped in three categories;

- 1. Research activities**
- 2. Dissemination of knowledge**
- 3. Collaboration**

MESSAGE OF THE DIRECTOR



Dear Associates,

It is my great pleasure to introduce you to the web pages of REF, the Competitiveness Forum.

REF was formed by TUSIAD and Sabancı University in 2003. As REF is hosted by Sabancı University, it draws mainly upon the expertise of colleagues from the three Faculties: Management, Art and Social Sciences, and Engineering and Natural Sciences. REF's research is also enhanced by our collaborative work with many national and international scholars and organizations such as World Economic Forum.

One of the main objectives of REF's research is to cast new light on processes of competition and the role that innovation plays in this area. Competitiveness could be defined as a combination of two major capabilities:

1. to innovate and develop novel technologies and products, and
2. to deploy and improve the operational processes that efficiently produce and deliver these goods and services to the customer.

REF chooses the first capability as its main core competence that requires leading-edge research at the intersection of technology and management. With its team, REF is particularly concerned to explore this theme in the context of new technologies, innovation management, entrepreneurship, and regional and national innovation systems.

In terms of products and services, REF has a lot to offer.

Databases:

REF collects the Turkish data for international competitiveness index since 2006.

REF collects the Turkish data for Manufacturing Innovation Index since 2004.

REF has the trade statistics since 1996.

Publications (Reports and academic papers):

National competitiveness report

Report on manufacturing innovation performance of Turkish companies

Report series on Competitiveness Strategies

Competitiveness Post

Academic papers

Events (Congress, seminar, conference, etc.):

Competitiveness Congress

Country-based conferences

Seminars organized around the themes of Reports

Customized seminars

Training programs:

One or two day customized training programs

Here are some of the reasons why you should collaborate with REF and use its products and services.

For company managers:

- Data means efficient and effective inputs for decision making.
- REF reports might give good ideas and strong data support in order to build strategies.
- Events broaden the knowledge on competition and introduce various new management tools.
- Events help to build networks with other company managers and academicians.

For company engineers:

- Reports and databases introduce new sets of ideas and tools to be used in daily operations.
- Engineers could draw databases and make their individual customized company benchmarking studies vis-a-vis the general averages of Turkish companies. This is a critical input into improvement and renewal projects.

For government agencies:

- Data collected at REF helps to grasp the actual situation in industries and regions.
- Data and reports could be used to develop national level policy measures.
- Reports and events help to increase awareness on the complex dimensions of competitiveness that further helps government agencies in their effort of increasing public support for policies.

For academic institutions, students, academicians:

- REF databases could be used to write academic articles.

- REF reports might be used as an input/reference for different studies.
- REF conferences will broaden knowledge base of academicians in various topics.

As the REF team, we invite you to collaborate and join our efforts to develop competitiveness of Turkish firms in a dynamic form based on innovation and technology.

**Kind Regards,
Assoc. Prof. Dilek Çetindamar
Director**

Source: <http://www.ref.sabanciuniv.edu/>

The Editorial Board of the ERENET PROFILE congratulate **Prof. Dilek Çetindamar**, Member of the ERENET on her appointment as Director of the Competitiveness Forum established at the SABANCI University in Istanbul.



European Centre for Higher Education
Centre européen pour l'enseignement supérieur

BRIEF HISTORY

based on <http://www.cepes.ro/cepes/history.htm>

UNESCO-CEPES was officially opened in Bucharest, Romania, at its present location in the Kretzulescu Palace, 39 Știrbei Vodă Street, on 21 September 1972.

The origins of the Centre lie in the context of UNESCO actions in favour of international co-operation in higher education going back, in the case of Europe, at least to the First Conference of Ministers of Education of the European Member States of the organization (MINEDEUROPE I) that was held in Vienna, from 20 to 25 November, 1967. This conference gave rise to a set of recommendations that have been viewed as the inspiration for the setting up of the European Center for Higher Education.

Two and a half years later, the specific idea of founding a centre for international co-operation in higher education was put forth at a conference of European rectors, sponsored by UNESCO, that was held in Bucharest in April 1970. During the preceding period (from 1967 to 1970), higher education decision-makers and academics in Western and Eastern Europe had been made aware of certain common problems despite the political and ideological divide. The propitious conditions for pan-European co-operation started to emerge.

The UNESCO Executive Board, at its Eighty-Fourth Session (May-June 1970), recommended the establishment of a “European Centre of Higher Education”. At its meeting in October 1970, the Higher Education and Research Committee of the Cultural Co-operation Council of the Council of Europe endorsed the recommendation adding that it should be a European Centre “...for information on the mobility of researchers, teachers, and students”.

The creation of such a centre was recommended at the Sixteenth Session of the General Conference of UNESCO which was held in the autumn of 1970. Specifically, in November of that year, the Government of Romania officially invited UNESCO to set up the Centre in Bucharest. The Director-General accepted the offer in principle, pending the outcome of negotiations relative to the legal basis and the conditions under which the Centre would be housed and would operate. These conditions were spelled out in an *Accord de siège* signed on 12 June 1972 and in an Annex to this *Accord* signed on 21 September 1972.

The UNESCO documents, “Information Note on the Project of Creating a European Centre for Higher Education” of 15 March 1971 sums up, in two points, the future activity of the Centre³:

- i. The Centre is called upon to collect and to analyze a detailed documentation, to diffuse information, and to stimulate research on the essential aspects of the work and the structures of higher education establishments in Europe.

- ii. The Centre will endeavour to encourage exchanges of students, instructional staff, and researchers within the European area and to promote by all means at its disposal university international co-operation in Europe.

The geographical scope of action set for the Centre, however, reflects the UNESCO definition of the Europe region that includes North America (*i.e.*, the United States of America and Canada), and Israel. It is this relatively large coverage which played a significant role in making the Centre a meeting place and focus of discussions and exchange along the East/West axis.

The very location of UNESCO-CEPES made it natural that a substantial number of its activities would deal with higher education in Central and Eastern Europe.

In order to respond to the need for topical actions in support of the processes of reform and development of higher education in Central and Eastern Europe, including South East Europe, specifically in view of the follow-up to the [UNESCO World Conference on Higher Education \(Paris, 1998\)](#) and the Bologna Process, UNESCO-CEPES has focused its current activities on the following issues:

- elaboration and implementation of higher education policy;
- legislative reforms in higher education;
- new approaches to governance and institutional management in higher education;
- university autonomy and academic freedom;
- quality assurance and accreditation;
- recognition of periods of study and academic and professional qualifications;
- the status of teachers and their training;
- university-industry relations; and
- use of the new information technologies (NITs), particularly in regard to virtual universities and transnational education (TNE).

In 1984, UNESCO-CEPES became the Secretariat of the UNESCO Regional Committee for the Application of the Convention on the Recognition of Studies, Diplomas, and Degrees Concerning Higher Education in the States Belonging to the Europe Region. This responsibility led the Centre into such varied areas as the diversification of higher education; assessment, evaluation, and accreditation; creation of the ENICs (**E**uropean **N**etwork of **N**ational **I**nformation **C**entres); the reform of higher education; higher education governance; responsibility for the European follow-up to the [UNESCO World Conference on Higher Education](#); and the undertaking of activities to assist higher education in Central and Eastern Europe integrate itself into the [Bologna Process](#) that foresees the progressive harmonization of European higher education leading, by 2010, to the creation of the European Higher Education Area.

In September 2003, the Conference of Ministers responsible for Higher Education (Berlin, 18-19 September 2003) entrusted the overall steering of the Bologna Process to a Follow-Up Group, which is composed of the representatives of all the Member Countries of the Bologna Process as well as a representative of the European Commission, with the Council of Europe, the European University Association (EUA), European Association of Institutions in Higher Education (EURASHE), the National Unions of Students in Europe (ESIB), and UNESCO-CEPES as consultative members.

A specific set of activities intended to offer assistance to the countries and the higher education institutions of South East Europe in formally becoming part of the Bologna Process was the setting up of the Regional University Network on Governance and Management of Higher Education in South East Europe. The project as a whole, that ran from 2001 to 2003, was a joint European Commission-UNESCO-CEPES project. Its programme was originally presented through Table One “Democracy and Governance” of the [Stability Pact for South East Europe](#) as part of its “quick-start package”. It was developed through the Task Force on Education and Youth, Enhanced Graz Process, a coordinating mechanism for educational co-operation with South East Europe. The project gave rise to a number of conferences, publications, pilot projects, and follow-up activities.

In 2002, the Centre celebrated its 30th Anniversary, the culminating event of which was the organization, under the joint patronage of Ion Iliescu, President of Romania, and Koïchiro Matsuura, the Director-General of UNESCO, of a [Jubilee International Conference on Higher Education in the Twenty-First Century: Its Role and contribution to Our Common Advancement](#). This conference brought together high-level governmental officials in charge of higher education and top-level leaders of international and national academic institutions and organizations.

Up until now, the Centre has had seven Directors (including the current Director) and five interim-directors. Their names and dates of service appear below in the table that concludes this account. Indeed, this short account barely does justice to the past activities and multiple accomplishments of the Centre over its more than thirty-one years of existence. Numbers of distinguished personalities, academics and researchers on higher education have participated in various ways and degrees in the projects and activities undertaken by the Centre. Among them, special mention should be made of Philip Altbach, Howard Bowen, Virgiliu Constantinescu, Sir John Daniel, Vladimir Filippov, Ditrich Goldschmidt, Eduardo Marcal Grilo, Bruce D. Johnstone, Clark Kerr, Jan Kluczyński, Gottfried Leibbrandt, Jean Lemerle, Mircea Malitza, Federico Mayor, James Parkins, Felix Peregudov, Hanna Jabłońska-Skinder, Ulrich Teichler, Justin Thorens, Jean Übersfeld, Gareth Williams and Jerzy Woźnicki.

Suffice it to say that UNESCO-CEPES has successfully met the challenges of the new Europe and has adapted its basic mission to new situations and opportunities. Its unique coverage of the Europe Region and its particular experience in Central and Eastern Europe represent important aspects of its history and also provide a “competitive advantage” for its future.



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SMEs have the chance to **benchmark** their own Innovation Management performance against other companies of their sector and size. This serves as a basis for a well directed Innovation Management consulting follow-up and leads to a solid and sustainable company development at eye level of best practice.

Consultancies and Intermediaries have the opportunity to get in touch with prospective clients, to establish a network with the participants and to expand their expertise in Innovation Management.

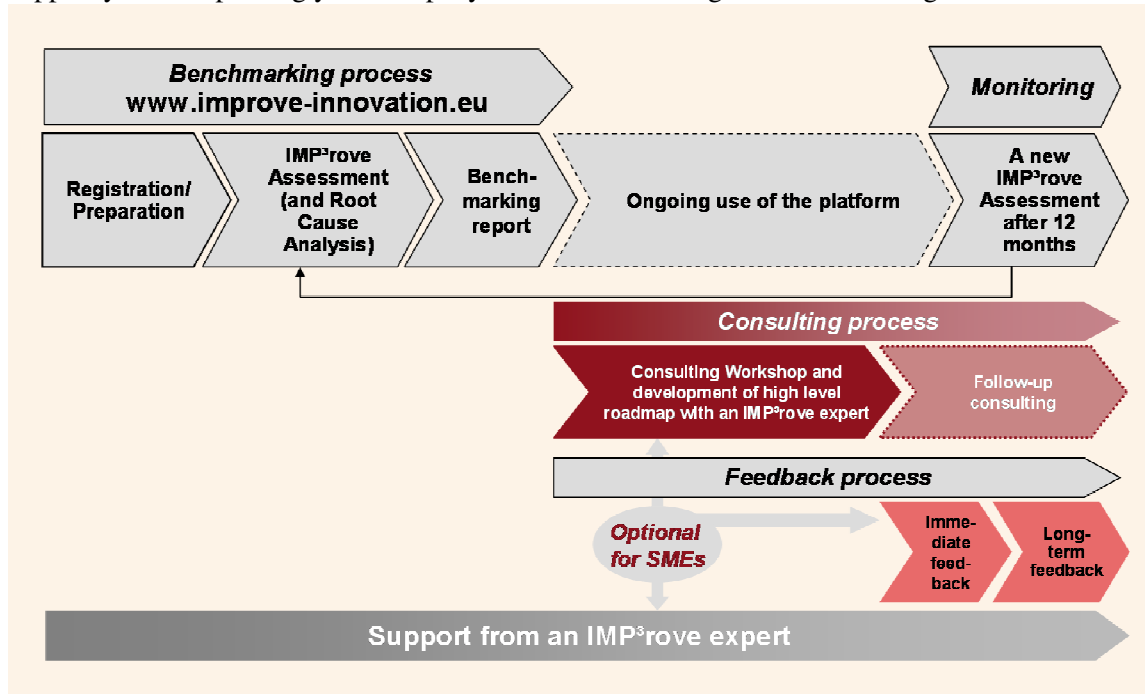
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competitors have in place. Receive a comprehensive check-up. Combine it optionally with a workshop or service to discuss how you can improve your Innovation Management performance. Beat the crowd and start with a “fitness test” to assess your Innovation Management performance based on the **IMP³rove Assessment**.

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IMP³rove offers more than just an online questionnaire. The platform supports the entire IMP³rove process including the benchmarking, the consulting and feedback process. (see figure below). Each phase will support you in improving your company's Innovation Management and leverage it for sustainable growth.



Source: IMP³rove , 2008

The IMP³rove process offers flexibility and allows you to adapt it towards your needs. Each phase will support you in improving your company's Innovation Management and leverage it for sustainable growth. You can take advantage in the following way:

- **Benchmarking process**
 - Registering your company;
 - The assessment;
 - Benchmarking Report.
- **Consulting process**
- **Feedback process**
- **Monitoring and continuous improvement**
- **Receive personal support from our IMP³rove expert network**



Spring Flowering
Photos by Dr. Antal Szabó ©

YouNoodle Predicts the Future of Early-Stage Startups with New Valuation and Ratings Technology



Startup Predictor™ Forecasts Growth and Manages Risk for Early-Stage Companies

SAN FRANCISCO, Ca. - August 07, 2008 - YouNoodle, the online platform for the global entrepreneurial community, today introduced Startup Predictor™, the first technology that analyzes data on early-stage startups and generates a scientific prediction of the companies' future outcomes, as well as the first standardized score for pre-funded startups.

The first version of Startup Predictor has been made publicly-available and is a free Web-based service that allows entrepreneurs, investors and other startup supporters to enter information about early-stage companies through an online test. Users receive an estimate of the startup company's valuation in three years, as well as a "YouNoodle Score" — a number similar to a credit rating, based on a 1,000-point scale, that gauges the feasibility and promise of the company's future.

After taking the free online test, users will also be matched with other YouNoodle members determined by the YouNoodle search engine to be of value to that particular startup company — potential employees, advisors, journalists, service providers, business partners and more.

"This is the first time technology has been used to help manage risk and predict growth for early-stage companies," says Bob Goodson, CEO and co-founder of YouNoodle. "For more established companies, quantitative, systematic decision-making for investors is standard - using technology-driven credit rating services such as Moody's and Standard & Poor's. But until now, no similar system has existed for companies in their earliest stages."

Startup Predictor uses a sophisticated and patent-pending algorithm that evaluates a number of variables, including backgrounds of the founders and advisors, business concept and team dynamics. Users must input details about key team members or advisors, relationships between team members, current or future products, patentable technology, and any capital invested by the founding team.

To determine the information needed to generate an accurate and reliable score, YouNoodle's development team studied thousands of current and past startups, using both publicly available and proprietary data, to determine patterns of predictive factors for early-stage companies' success.

"We learned that a company's DNA — the fundamental things that can strongly influence its future success — is generally formed in the very first days that the company is in business," says Kirill Makharinsky, co-founder of YouNoodle, who led the development of the mathematical algorithm behind Startup Predictor. "Our technology analyzes data based on those early days — going back to the pure concept and the bones of the business built by the founders. Our research has proven that the patterns in the data we measure from those days can be surprisingly prophetic about how a company will perform in the future."

Calibrated specifically for companies that were founded recently and have not yet received capital investments in its first version, Startup Predictor is the first in a series of decision-making tools YouNoodle plans to introduce for the startup industry, including predictive tools for later-stage companies.

"Recent scientific findings in the field of social network analysis have allowed us to accurately measure and quantify the social network of a team and its individual team members," says Rebeca Hwang, a Ph.D. candidate from Stanford in Social Network Theory, and Director of Network Strategy and Development at YouNoodle. "The precise composition and position of the startup founding team within the social graph have both been shown to offer significant insights on the startup's potential for success."

After taking the Startup Predictor test, users can print an official certificate to prove the startup's predicted valuation and YouNoodle Score.

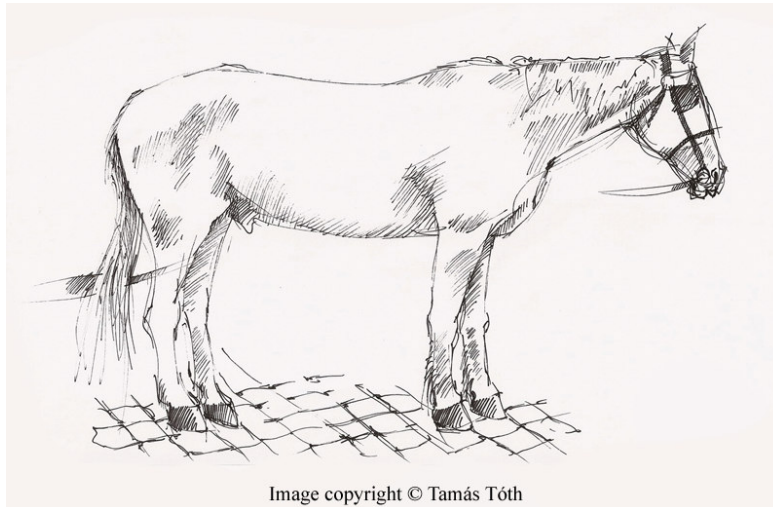
"As entrepreneurs seek seed and early-stage investments in their startup companies, we believe Startup Predictor's results and YouNoodle Score will become a core part of the pitch," says Goodson. "In 2007, VCs and angels invested more than \$67 billion in cash in startups in the United States alone — decisions made subjectively, without any kind of standardization to the process. Our sophisticated technology will provide a baseline, based on powerful data, to change the way those decisions are made."

YouNoodle members can take the online Startup Predictor test at www.younoodle.com. YouNoodle site registration and the first version of Startup Predictor are both free.

About YouNoodle

YouNoodle develops innovative ways to bring together the information, people and technology that help startups succeed. The company provides an online networking platform for entrepreneurs, investors, journalists, service providers, technologists and others devoted to the startup ecosystem. Recognizing that some of the world's most groundbreaking startups came from university communities (where all of YouNoodle's founders began their careers), YouNoodle also serves as a platform for so far 50 of the world's top university entrepreneurship clubs and competitions, encompassing 40,000 members and 1,700 startups. Additionally, YouNoodle develops decision-making technology software and tools for the startup community. www.younoodle.com

file: http://younoodle.com/static/press/Startup_Predictor_Launch_August_7_2008



CALLS – EVENTS – NEWS



BACKGROUND OF THE WORKSHOP

The application of the science of “entrepreneurship” can be used to achieve success in any field. Entrepreneurship refers to an individual’s ability to turn ideas into action. It includes creativity, innovation and risk taking, as well as the ability to plan, manage and control actions and projects in order to achieve the set aims and objectives.

In the framework of Bologna process, Europe still not unique concerning entrepreneurship university development. However, European policymakers already agree, that **the scope of entrepreneurship education** is much wider than training on how to start a business, as it includes the development of personal attributes and horizontal skills like creativity, initiative, self-confidence, among many others.

In the process of education development there is an important task to increase skills by development and redefining of training courses and methodologies. Introducing basic entrepreneurship learning into schools and universities is an important part of the European strategy of sustainable development. Entrepreneurship education should not be confused with general business and economic studies: its goal is to promote self-employment, creativity and innovation. Universities should integrate entrepreneurship as an important element of the curricula. The Commissions calls its Member States to review their educational and training policies to make them more responsive to current challenges and anticipated changes in the labour market.

The Round Table on „Entrepreneurship Education” held within the framework of the 3rd International Conference on Economics, Law and Management (4-7 June 2008, Tirgu-Mures, Romania) ascertained, that at time being there are only a few teaching staff on entrepreneurship in Romania. There are also little incentives to motivate teachers for getting involved in entrepreneurial teaching and interaction with students. At time being it is not recognized that it is important to build a career in entrepreneurship in addition to research as main promotion criteria. It is also recommended to develop a Bachelor and Master Entrepreneurship Program to be launched at the Petru Maior University in Tirgu Mures.

AIM OF THE WORKSHOP

1. Review the best practice in entrepreneurship education for Bachelor – BSc - and Master – MSc - Programmes in selected EU member and candidate EU countries, as well as in North America (Canada and USA);
2. Discuss the relationship between sustainable development and entrepreneurship;
3. Determine the curricula for a possible BSc and MSc programmes on Entrepreneurship for the Petru Maior University;
4. Discuss the possibilities and requirements for creation and operation of a Chair on Entrepreneurship.

Detailed Programme see at http://eja.upm.ro/univentedu/background_aim.html



**1st INTERNATIONAL WOMEN ENTREPRENEURSHIP AND
LEADERSHIP SUMMIT**
4-5 JUNE 2009
ISTANBUL

See file: <http://www.kglzirve.org/en-EN/Default.aspx>



Guided by the vision of "creating a world in which women will play an active role in all decision-making processes through production and free self-expression",

KAGIDER is holding the inaugural "**Women Entrepreneurship and Leadership Summit**" on **June 4-5, 2009** at The Marmara Hotel in Istanbul with the main sponsorship of Garanti Bank and support of the American Turkish Friendship Council (ATFC).

"This Summit" will encourage women entrepreneurs to discover, participate and play a more significant role in the global arena.

During the Summit, you can **explore** new business opportunities ... **engage** in building relationships ... and **enhance** your ability to succeed in a globalized market.

THE PURPOSE AND THE SCOPE OF THE SUMMIT

Guided by the vision of "creating a world in which women will play an active role in all decision-making processes through production and free self-expression", **KAGIDER** is holding the "**1st Women Entrepreneurship and Leadership Summit**" on **June 4-5, 2009** at The Marmara Hotel in Istanbul with the main sponsorship of Garanti Bank and support of the American Turkish Friendship Council (ATFC).

"1st Women Entrepreneurship and Leadership Summit" encourages women entrepreneurs to discover, participate and play a more significant role in the global arena.

KAGIDER's Women Entrepreneurship and Leadership Summit aims to bring 300 women leaders and entrepreneurs from Turkey, Europe, the United States, the Middle East and North Africa to strengthen women's economic and social position in society and to support women through highlighting their leadership qualities. The participants will be global, regional and political leaders, entrepreneurs, businesswomen, academics, and members of the media. The summit will explore the different facets of women's entrepreneurship and leadership, engage participants in stimulating conversations and build a platform for creative partnerships. Following the July 4-5, 2009 Summit, which will be the first of its kind, KAGIDER will seek to create platforms for interdisciplinary working groups and international partnerships, which will lead to the 2nd Women Entrepreneurship and Leadership Summit to take place in June 2010. KAGIDER anticipates the Women Entrepreneurship and Leadership Summit to become one of Istanbul's long-established annual international summits with the help of its stakeholders and partners. Future summits will continue to be held in the month of June.



**THE DYNAMISM OF SMALL BUSINESS:
THEORY, PRACTICE AND POLICY
21-24 June 2009, Seoul, Korea**

Under the theme of ‘The Dynamism of Small Business: Theory, Practice, and Policy’, the conference aims to provide an arena for active learning and discussion, bringing together distinguished scholars, consultants, professionals, corporate and business leaders, and leading government officials from around the world to develop multidisciplinary strategies related to small business and entrepreneurship.

High profile personalities will be speaking at the conference to highlight the significance of SMEs in the global economy and the growing need to strengthen SMEs in strategic areas. The Organizing Committee has put together an excellent and well-rounded program incorporating a range of subjects, such as globalization, innovation, entrepreneurship, financing, restructuring, and the like.

The World Conference in 2009 will surely be a golden opportunity for you to explore Korea, a vibrant innovation-led economy with a strong and modern infrastructure, highly skilled workforce, and exceptional educational resources ideally placed to compete globally.

I am confident that the upcoming 2009 ICSB World Conference will craft the roadmap for SMEs to make more significant contributions to nation’s economy. Come and join us for this exciting event which promises to be the most successful and productive gathering.

Sub Theme of the Conference

1. Women, Ethnic Minority & Immigrant Entrepreneurship
2. Small Business in Developing & Transition Economies
3. Entrepreneurship and Public Policy
4. Entrepreneurship and Economic Development
5. Technology and Knowledge Intensive Entrepreneurship
6. Innovation in SMEs
7. International Entrepreneurship 8. Social Entrepreneurship
9. Relationships between large and small firms
10. New venture creation and SME growth
11. Financing SMEs
12. Networking, Alliance and Outsourcing
13. Restructuring and Revitalization
14. Other SME related Issues

Detailed information see at <http://www.icsb2009.org/html/sub11.html>

The 2nd International Entrepreneurship Educators Programme (IEEP)

Developing Leaders in Entrepreneurial Education and Learning

This is your opportunity to join the International Entrepreneurship Educators Programme for 2009. Supported by the Ewing Marion Kauffman Foundation (US) and the Higher Education Academy (UK), and run jointly by the NCGE and Enterprise Educators UK, the programme brings together leading experts in the field and provides a focused way of sharing best practice in this emerging cross-disciplinary area.

Register your interest in this unique programme by filling in the web form at <http://ieep.ncge.com/register/>

IEEP 2009 is:

- Aimed at staff providing enterprise and entrepreneurship education and learning opportunities;
- Will deliver six modules each over three days across 12 months, commencing in 2009 in different UK locations;
- Provides an International Summer School to learn from global experience – for example in the USA or China.

The Conference venue is [The Britannia International Hotel](#), Canary Wharf, East London. Accommodation will be provided in the hotel on the Monday and Tuesday nights for delegates who book the Monday evening package. The Hotel is located along the water's edge in the centre of the internationally renowned Dockland area of London City and is convenient for accessing the City of London and London's West End.



Fashion jewellery vendors at the Antique Market in Greenwich/London
Photo by Antal Szabó ©



1st INTERNATIONAL ENTERPRISE PROMOTION CONVENTION

NEWS RELEASE – Draft 1

A major new international convention on enterprise promotion will be staged in the Harrogate International Centre on 15-17 November 2009. The event will showcase best practice in the creation and development of small and medium-sized enterprises world-wide.

The current economic crisis has highlighted the importance of creating many more small businesses with a sound financial foundation, proper management controls and strong support services. This Convention will bring together the many organisations in the UK and overseas that specialise in helping individuals to start their own business and then guiding them through the initial development phase to a secure trading position in their own Country and onward into the global marketplace.

The Convention will be sponsored by the Government's UK Trade & Investment organisation and supported by The Queen's Awards Office and recent recipients of The Queen's Award for Enterprise Promotion. Several of the UK's leading organisations in the small business support sector are expected to take key roles in the presentation of case studies and examples of best practice, including for example:

Business Link

EEUK – Enterprise Educators UK

IBC – Institute for Business Consulting

Make your Mark – Global Entrepreneurship Week

NFEA – National Federation of Enterprise Agencies

PROWESS - network supporting the growth of women's business ownership

SFEDI – Small Firms Enterprise Development Initiative

Shell *LiveWIRE* - encouraging young people to start and develop their own business.

+ WASME – World Association for Small and Medium Enterprises

The Convention is being organised by Perlex Associates, headed by its Principal Partner Brian Dunsby, a recipient of The Queen's Award for Enterprise Promotion in 2008. Perlex have been organising national and international Conferences on small business and entrepreneurship since 1991. Their most recent event in Belfast attracted almost 1,000 delegates from over 70 countries for the International Small Business Congress in conjunction with the Institute for Small Business & Entrepreneurship Annual Conference. For further details see www.isbc2008.org and www.isbe2008.org

This new Convention will also be an opportunity for many overseas delegates to exchange views and learn about best practice in enterprise promotion. Leading international figures are expected from enterprise education and training, from business support agencies and from government SME policy-makers.

WHO SHOULD ATTEND?

This Convention is being organised on a low-cost not-for-profit basis so that as many SME specialists as possible can attend from both the UK and overseas – for example:–

Business Advisers, Consultants & Mentors; Entrepreneurship Educators & Trainers; Financiers & Venture Capitalists; Government Policy Makers; SME Bodies; Strategic Analysts; Support Organisations; Trade Associations & Chambers, etc.

WHY ATTEND?

- Interact with leading practitioners, policy-makers, entrepreneurs & academics
- Hear case histories from many successful enterprise promotion programmes
- Share best practice in enterprise creation and support services world-wide
- Exchange experience in entrepreneurship education and training
- Debate approaches to small business management and development
- Consider applications and policy implications of latest SME research
- Develop existing networks and establish new working relationships

PROPOSED TRACKS: (provisional – dependent on the interests of participants)

A - Advancing entrepreneurship education and training

B - Business birth-rate strategy - stimulating & supporting start-ups

C - Community, ethnic, minority, rural and social enterprises

D - Developing SMEs in emerging and transition economies

E - E-business, e-learning, e-mailing and website marketing

I - Innovation, incubation, networks and knowledge transfer

M - Management, skills development and global growth issues

S - Supporting small business development world-wide

V - Venture capital, business angels, finance, regulation & taxation

W - Women's enterprise and family business development

Y - Youth enterprise support programmes world-wide

FOR FURTHER INFORMATION:– Tel: +44(0)1423 879208 Fax: +44(0)1423 870025

Write to: Enterprise Convention Secretariat, PO Box 288, Dept NH911, Harrogate HG1 9AX, UK

E-mail: info@enterprisepromotion.org Web site: www.enterprisepromotion.org

JOURNAL OF WOMEN'S ENTREPRENEURSHIP AND EDUCATION

JWEE is the first peer Journal of Women's Entrepreneurship and Education which has international character. Founder and editor in chief of Journal, "Women's Entrepreneurship and Education" is **Prof. Dr Mirjana Radović Marković**.

Mission statement

Journal of Women's Entrepreneurship and Education (JWE) is committed to balancing a supportive environment for prospective authors. JWE emphasizes research that is current and relevant, contributing to the body of legal knowledge in the fields of entrepreneurship and business through publication of a high quality and professional periodical. JWE contributes to the field through a unique, interdisciplinary approach, applicable to a broad audience. Readership includes policy-makers, researchers, students, teachers, and practitioners in women's entrepreneurship and education. JWE views that small businesses owned by women are the backbone of the economies of many nations worldwide.

The Journal of Women's Entrepreneurship and Education provides an incentive for students to write papers, empowering them to share their knowledge with others. The call for papers spans the globe and will generate submissions from the most prestigious academic institutions in America and Europe.

Original materials are invited which discuss, in a robust academic and practically relevant way, **the following issues:**

- CROSS-CULTURAL ASPECTS OF WOMEN'S ENTREPRENEURSHIP
- FEMALE CONTRIBUTIONS TO THE GLOBAL MARKET
- BARRIERS FACED BY WOMEN DOING INTERNATIONAL BUSINESS
- FACTORS AFFECTING PERFORMANCE OF WOMEN ENTREPRENEURS
- THE EFFECT OF PERSONALITY CHARACTERISTICS AND THE CULTURAL CONTEXT ON FEMALE ENTREPRENEURIAL ACTIVITY
- WHAT SKILLS DO WOMEN AS ENTREPRENEURS NEED TO LEARN?
- HISTORY IN FEMALE ENTREPRENEURSHIP EDUCATION
- TEACHING ENTREPRENEURIAL CONCEPTS
- FEMALE ENTREPRENEURSHIP PROMOTION AT EDUCATIONAL INSTITUTIONS
- ROLE OF ENTREPRENEURSHIP EDUCATION IN FIGHTING POVERTY AND UNEMPLOYMENT AMONG WOMEN
- ENTREPRENEURIAL LEARNING AT THE WORK PLACE AND ACTION LEARNING RESEARCH
- HOW TO BOOST FEMALE ENTREPRENEURSHIP
- WOMEN'S BUSINESS ASSOCIATIONS
- CASE STUDIES & ENTREPRENEURIAL PRACTICE.



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Prof. Dr Mirjana Radović Marković, president of Scientific Board and Head of Center for Economic Researches of Institute of Economic Sciences, Belgrade, Serbia. In addition, she is Editor-in-Chief of Economic Analysis, IES. She has taught in many Universities including Akamai University, Fairleigh Dickinson University (GVF), CalCampus, Pebble Hills University (all in US) and Tehnical Faculty, University of Kragujevac, Serbia. She has Lectured "Women as Entrepreneurs", "Global Challenge", "Human Resource Management", "E-business", "Principles of Management", "Entrepreneurship" and "Organizational Behaviour".

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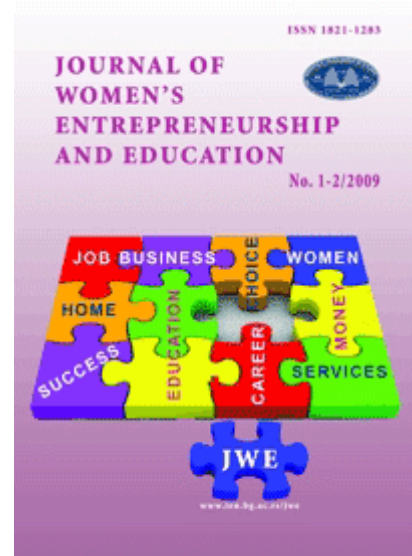
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file: http://www.iem.bg.ac.yu/jwe/text/jwe_editorial_board.pdf





file: <http://www.sba.gov/50plusentrepreneur/>

Did you know Americans aged 55 to 64 start small businesses at a higher rate than any other age group?

According to the Kauffman Foundation, Americans aged 55 to 64 form small businesses at the highest rate of any age group -- 28% higher than the adult average.

For many Americans born between 1946 and 1964, retirement has a very different meaning than it did a generation ago. According to a recent [USA Today/Gallup poll](#), 63% of non-retired adults in the United States plan to work in retirement; two-thirds say enjoyment of work is the key reason.

And why not? With years of valuable work experience, maturity, and plenty of energy, today's older workers are increasingly finding financial and personal fulfillment in running their own small businesses.

Indeed, there are as many reasons for starting a small business as there are Americans reaching retirement age: corporate layoffs, the need to supplement income, a desire for a more flexible lifestyle, advanced technology that is leveling the playing field for small businesses, the chance to realize a personal ambition to be the boss and reap the rewards.

In mid October 2008, the U.S. Small Business Administration launched a new Web site geared to the **50-plus entrepreneur**, providing useful information, links and resources vital to starting, growing and expanding a small business. It is a new

Online Resource for the Baby Boomer Generation of Entrepreneurs

The new Web site at www.sba.gov/50plusentrepreneur features interactive information and links to help 50-plus entrepreneurs consider the benefits and rewards of business ownership, and to help them make informed choices about business ownership.

"The SBA is working hard to increase opportunities for small businesses of the baby boomer generation at every stage of their business development through better technology tools and effective services through the agency's district offices and resource partners," SBA Acting Administrator Sandy K. Baruah said. "We believe 50-plus entrepreneurs will drive significant new business growth in the coming years."

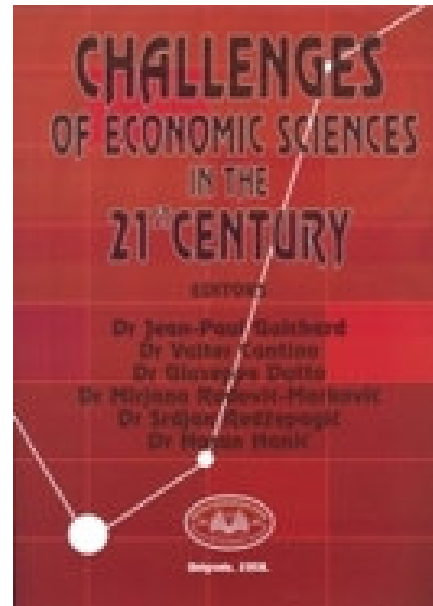
CHALLENGES OF ECONOMIC SCIENCES IN THE 21st CENTURY

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Belgrade, 2008.

For publisher

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The whole document see at

http://www.iien.bg.ac.rs/knjige/challenges_ec_sci.pdf

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Photos from the 35th National Conference of FSB (Federation of Small Business) held in South Wales



Opening Ceremonie



**Prof. Erić & Mr David Dexter, Secretary
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