

ERENET PROFILE

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Published by:

ERENET NETWORK
Small Business Development Centre,
Corvinus University of Budapest

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www.erenet.org

© ERENET PROFIL, 2010
ISSN 1789-624X

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WINTER MESSAGE OF THE SCIENTIFIC DIRECTOR

Dear Readers, Distinguished Friends,

During Christmas 2009 we faced the evidence of drastic climate-change in Central Europe. One day there was 20-30 centimeter of thick snow with temperatures at - 21°C, a few days later it was 22 °C near Békéscsaba. With the New Year we have sunshine and springlike weather with a noon temperature of 13 °C.

The reality of what we are all experiencing on the ground makes it all the more difficult to understand the recent 15th United Nations Climate Change Conference (COP15) held in Copenhagen. It is notable that Connie Hedegaard, President of the COP15 made the following cogent remarks: "If the whole world comes to Copenhagen and leaves without making the needed political agreement, then I think it's a failure that is not just about climate. Then it's the whole global democratic system not being able to deliver results in one of the defining challenges of our century." Her sever criticism is the reality of the next twelve months.

On New Year's Day, January 1st 2010 which marks the 43rd World Day for Peace, Pope Benedict XVI made an appeal for investment in education. He based his remarks on respect for the human being and, in turn, for the protection of the environment and peace in the world. In light of humanity's "defencelessness," said Benedict XVI, all justifications for war and violence cease to be valid. "We should simply convert ourselves to projects of peace, put down weapons of all types and work together to build a world worthy of man." The Pontiff called for renewed respect for "human ecology," due to the close relationship between respect for man and the preservation of creation. "If man is degraded, the environment in which he lives is also degraded," he stated.

There is a Latin adage *Si vis pacem, para bellum* translated as, "If you wish for peace, prepare for war". This idea of insuring peace by deterring war-like powers through stockpiling armaments has appalling consequences the 20th century, but it is the reasoning behind the war again Iraq and Afghanistan. The Nobel price for Peace awarded to the current American President carries a question mark. So far it is hard to say if it is well deserved given the American presence in the two mentioned above, nor for the continued disquieting news from the Middle East. If we wish for peace, there is a need for cooperation, and for putting aside the greed and profit hunger expressed by distortions in market capitalism which affect us all particularly as a result of globalisation enhanced by information technology.

ERENET will celebrate its „half-decade Jubilee” in 2010. With its 140 members from 40 countries from 3 continents and its remarkable ERENET PROFILE quarterly publication it has become a strong international initiative contributing to strengthening the cooperation, friendship and mutual understanding amongst its members and contributing to the development of entrepreneurship not only in CEE and the EU countries but also in world wide.

I wish you all our Members and Readers a peaceful and successful New Year.



Silver Tree with Seasons Greeting in the Main Street of Debrecen

Photo by Dr. Antal Szabó ©

Dr. Antal Szabó
Scientific Director of ERENET

Emeric Solymossy, Ph.D.

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Fulbright –Hall Distinguished Chair in Entrepreneurship for Central Europe: 2008-2009

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TEACHING ENTREPRENEURSHIP

I was invited to provide an example of an entrepreneurship syllabus, as my teaching has been Entrepreneurially centered, and I have been very successful internationally in helping students to understand the various concepts associated with this phenomenon. I am honored to be asked, and excited to share what my knowledge and experience. At the same time, I do have some concerns. Therefore, I would like to write a few paragraphs about the process of teaching entrepreneurship.

First, which group of students do we seek to influence? We can place the students into one of three categories: The highly motivated, the de-motivated, and unmotivated. The highly motivated do not need us as instructors. Because they are highly motivated, they may seek us as mentors, but they will learn what they need with or without us. They recognize the need for specific knowledge, see the benefit of developing application skills, and have already developed the ability to discover, discern, and to learn. We can, and do help this group, but in reality, have very little meaningful impact on their success as entrepreneurs.

The difference between the de-motivated, and the unmotivated is that the de-motivated are actively disengaged. Their interests lie elsewhere, and they actively work at avoiding learning. They show little, if any, effort or initiative in the learning process. The de-motivated will most likely not be influenced by us as educators, and will most likely not be successful as entrepreneurs.

The unmotivated, on the other hand, may not be engaged, but it may be from fear or a lack of awareness. This group (in my experience, this is the largest group) can be stimulated to become motivated. This is the group that we can have an impact upon. The impact, however, can either be positive (and lead to a successful entrepreneurial mindset and career), or it can be negative (resulting in either destructive entrepreneurship or avoidance of any entrepreneurial initiative).

Second, what is it that we are teaching? If we teach mathematics, history, geography, chemistry, or most other academic subjects, we rely on tested and proven textbooks. Memorization and recitation are emphasized, as are accepted models and formulas. What we have memorized, we tend to forget. As I frequently remind students, we all had to learn the Pythagorean Theorem, but how many of us remember it? Entrepreneurship is not about formulas mixtures or boundaries. While there are a great variety of very good textbooks available, most do not stimulate critical thinking or creativity. If the instructor himself or herself is not entrepreneurial, they will seek to teach the subject of entrepreneurship as if it was Algebra, Chemistry, or Geography, and the instruction will not be effective. Ideally, education provides a substitute for experience within a shortened time period. Effective entrepreneurship education must expose students to the issues and problems faced daily by entrepreneurs.

The syllabus at the end of this submission was developed for teaching students at Corvinus University during the Spring Semester of 2009, while I was the Fulbright-Hall Distinguished Chair in Entrepreneurship for Central Europe. Rather than a comprehensive text, I chose to use the short primer that I authored (for teaching students in Eastern Europe), supplemented with an Internet-based computerized business simulation, and frequent mini-cases. I have used the “Entrepreneur” simulation, but have moved to the “Small Business” version (both are created by the firm “Media-Sparks.”) The simulation exposes students to the practical issues of starting and running a business. It requires administrative processes (permits, bookkeeping, setting schedules), inventory management, human resource management, and marketing strategy. I also like mini-cases. These are short (generally one page), and allow focused discussions on the topic. For example, one of the case studies that I use is Al’s Soup Kitchen (originally found in Jim and Joanne Carland’s book “Small Business Management). I use this case to explore the feasibility and viability of a business idea. As a courtesy, I have also attached my teaching notes for this case.

I will gladly correspond with those interested in teaching entrepreneurship, and have demonstrated my willingness to collaborate. At the same time, I know that providing materials is not enough; the recipient (instructor) must have certain skills and abilities to be able to make proper use of the materials. Being in possession of a Steinway Grand Piano or a Stradivarius Violin does not make one a musician. One must be

entrepreneurial to teach entrepreneurship. There are many global forums for exchanging teaching techniques and materials, and there are many entrepreneurship scholars willing to collaborate. At the same time (and I am an experienced cowboy – or horseman, I would not put a “new” rider onto a young, untrained horse, nor would I allow a new rider onto my best horse without some training.

----- **Al's Kitchen Case Study Part I** -----
(Use Part One to discuss opportunity recognition, feasibility and viability)

From: Jim and Joann Carland, 1998, “Small Business Management: Tools for Success,” 2nd Ed., Dame Publications, pg. 187-189, reproduced with permission

Al Kitchen was excited. He was going to own his own business just as SOOD as he got all the paperwork squared away. He was young and enthusiastic and had his whole life ahead of him. Just a few short weeks ago, he had said good bye to Uncle Sam and when he couldn't find a job immediately that appealed to him and for which he was qualified, he decided why not start his own business and be his own boss.

He had always enjoyed cooking and his grandmother had passed down several recipes which were out of this world. That's what gave him the idea one day when he came home early from job hunting and had some delicious home cooking waiting for him to ease his troubled spirits. And it had! it had given Al this wonderful idea about what to do with his future. The job hunting was not going well and he had to do something soon because he needed to support his wife and little boy.

He started making his plans. There was a new mall going up outside of town and all the spaces had not yet been leased. He would go talk to them and see what he could do. After all if he only served soup, it couldn't be too expensive a proposition, could it? And, too, there wasn't any other place like this in town, so it was bound to be successful. He would start small and then grow.

Al decided to make this a family business. His sister and wife would help him out with the cooking and waiting on tables. He could also cut down on expenses by using paper and plastic products rather than dishes that had to be washed. If things went really well, he would expand to sandwiches and hire someone to take over for his wife from time to time,

Al had already contacted the mall officials to inquire about leasing possibilities and had learned that the only site he could afford was the one that leased for \$ 10 per square foot and measured 500 square feet in the shape of an ell in an interior corner of the mall. He was to sign the lease quickly if he was to get the space because the mall manager was anxious to have all the floor space assigned within the next few weeks. Al was tempted to go ahead and sign the lease right there on the spot rather than risk losing out to someone else. He had \$5,000 mustering out pay from the service that he had put in the bank when he got home, but his wife had made him promise not to sign anything until they had had time to discuss it more fully.

When Al got home full of visions of grandeur and dreams of making this small area just the beginning, he and his wife sat down and started discussing how much money would be needed in addition to the lease payment. There was kitchen equipment to lease, paper products and supplies to buy, operating expenses, and leasehold improvements and furniture. Since this was a new mall, there had been no other tenants in this space before and he needed to start from scratch.

After a very confident trip to the bank, he was declined the \$20,000 loan he requested. It seemed that the loan officer didn't share his dream of success. The loan officer had asked him some searching questions about things he had never considered. The one that bothered him most was about breakeven analysis. The banker asked how much soup Al had to sell to breakeven. This had him worried. The banker had suggested that he call an assistance agency which gave that kind of advice free. Al called the Small Business Development Center and decided that before he gave up his savings, he would go see those people. He would see whether they thought he could be successful and find out exactly what his breakeven was. Surely, they would see how great his idea was and maybe they would even help him get a loan.

----- **Al's Kitchen Case Study Part 2** -----
(Use Part Two to develop critical analysis of venture viability)

Al received help from the SBDC in developing estimates for the expenses which the business would incur in its operation. They also established forecasts for prices and average ticket levels for the customers. The forecasts are listed below.

Examine the information and prepare a breakeven analysis for the operation. Be sure to calculate breakeven in sales dollars and in number of customers. Also calculate the breakeven in sales and number of customers per day. This will help in determining reasonableness and attainability of the forecast, On the basis of your analysis, do you think the venture is feasible?


Average Ticket per Customer	\$	2.50	
Fixed Cost Estimates for the First Year:			
Lease (store)	\$	5,000.00	
Lease (kitchen equipment)		2,400.00	
All utilities		2,600.00	
Insurance		1,500.00	
Salaries (wife & sister)		12,000.00	
Owner's Draw		20,000.00	
Fringe benefits (15% of salaries)		4,800.00	
Total Fixed Costs			\$ 48,300.00
Variable Cost Estimates for the First Year:			
Food (industry average)		60% of sales	
Paper & utensils		\$. 1 0 per customer	
Variable Cost Ratio		$$.10/\$2.50 = 4\%$	
Total Variable Costs		64% of sales	
Contribution Margin			36%

Al's Kitchen (Part 1) Teaching Notes (Slides from Dr. E.)




Al's Soup Kitchen

- What's the Opportunity?




Al's Soup Kitchen

- Feasibility?
- Viability?




Al's Soup Kitchen

- Which of the business planning issues has Al considered (even casually)
 - The People
 - Individual.
 - The Opportunity
 - The Business
 - The Context
 - The Industry and approach to the customer
 - Risk and Reward
 - The customer's motivation and market




Al's Soup Kitchen

- Which Steps should he consider more carefully?
- What has he not considered?



Al's Soup Projections?




What Do you Think? Why?

Al's Kitchen (Part 2) Teaching Notes (Slides from Dr. E.)

Al's Estimates

Average Ticket per Customer	\$ 2.50	
Fixed Cost Estimates for the First Year:		
Lease (store)	\$ 5000.00	
Lease (kitchen equipment)	2400.00	
All utilities	2600.00	
Insurance	1500.00	
Salaries (wife & sister)	12000.00	
Owner's Draw	20000.00	
Fringe benefits (15% of salaries)	4800.00	
Total Fixed Costs		\$ 48300.00
Variable Cost Estimates for the First Year:		
Food (industry average)	60% of sales	
Paper & utensils	\$.10 per customer	
Variable Cost Ratio	\$.10/\$2.50 = 4%	
Total Variable Costs	64% of sales	
Contribution Margin		36%

Al's Soup Analysis



Analyzing Al Kitchen case

- What are the assumptions?
 - Total dependence on foot traffic
- Break Even = \$134,167 [$\$48,300 / .36$]
 - Requires 53,667 sales [$134,167 / \$2.50$]
 - If business serves one meal (lunch) each day [365]
 - Requires 147 customers.
 - If served within a 3 hour period (lunch)
 - Each must be served in 1.2 minutes
 - Highly unlikely!

Al Kitchen Financial Analysis

(look at info in case)

- What would be his "start-up" costs?

Lease Deposit	\$ 500
- Utility Deposit(s)	\$ 400
- Kitchen Equipment	\$ 1,000
- Insurance	\$ 750
- Food Inventory	\$ 250
- Production supplies	\$ 500
	\$ 3,400

What Items are "missing" ?

	Estimated monthly costs ¹	Multiplier	Start-up Cash Needed	
Recurring Expenses				
Salary of Owner / Manager		2-3	_____	
All other salaries / wages		3-4	_____	
Rent		3-4	_____	
Advertising		3-4	_____	This is only a representative listing of possible expenses
Supplies		3-4	_____	
Telephone / Fax / Modem		3-4	_____	
Other utilities		3-4	_____	
Insurance		As Req'd (6)	_____	
Taxes (including SS)		4	_____	
Interest		3-4	_____	
Maintenance		3-4	_____	
Legal / Acct., prof. Fees		3-4	_____	
Miscellaneous		3-4	_____	
S.T. of Recurring Costs / Cash Needs				
One-Time Expenses				
Facilities acquisition / improvement			_____	
Fixtures and equipment			_____	
Licenses / Inspections			_____	
Starting inventory			_____	
Utility deposits			_____	
Legal / Prof. Fees			_____	
Advertising / Promotion (initial)			_____	
Total Start-up Cash Required				¹ Based on Saks Level

Al Kitchen Analysis

- Unlisted "pre-start-up" costs?

- Advertising	\$ 500
- Legal, Professional fees	\$ 500
- Licensing / Inspection	\$ 250
	\$ 1,200

35% more than at first glance

And that's not all!!

Entrepreneurship / Small Business Management
Study program (BA and Msc in Business and Management)
Spring Semester, 2009

Course leader:	Dr. Emeric Solymossy, Ph.D. (Fulbright–Hall Distinguished Chair in Entrepreneurship for Central Europe: 2008-2009)
Lecturer(s):	Dr. Emeric Solymossy, Ph.D. (and invited guest speakers as available)
Department:	Western Illinois University – Quad Cities College of Business and Technology, Management Department http://faculty.wiu.edu/E-Solymossy
Office hours:	Tuesdays, 11:10 AM – 12:00 PM Wednesday, 1:30 PM – 2:40 PM
Availability:	Phone number: 06-1-482-7493, 06-30-727-1098 (Mobile) Room: Só Épület, Földszint #20 Email address: E-Solymossy@wiu.edu
Course type:	Bachelor
Prerequisites:	Complimentary introductory courses in management
Credits:	3 / 6
Number of hours per semester	43.5 Hrs. 1 + 1 (One 80 minute class per week, 20 minute break, followed by one 80 minute seminar per week)
Time of class:	Mondays, 2:50 PM – 5:50 PM
Venue:	C-417

Course Description:

Entrepreneurship is a process that involves personal initiative, individuality, and independent action. This is one of the considerations in how this course is designed. Research shows that entrepreneurial success is enhanced by the availability of mentors and role models. As the instructor, I will facilitate and serve as a mentor and coach. The role of small business in the economy has been well documented and is of interest to businesspeople, politicians, university professors and students alike. By studying the material provided and suggested, students will examine the decision process of starting (whether by new venture formation, franchise, or acquisition) and managing a small business. Creating, growing, and managing a business is a task that few individuals are able to accomplish, even though many profess the desire to do so. This course will emphasize understanding and integrating the functional areas of business, applying the tools and analytical techniques of these functional areas to the new venture creation and management process in a domestic and / or international setting. Students will go through the process of preparing a feasibility analysis, as well as gaining an understanding of the specifics of a comprehensive business plan. A business plan requires the writer to integrate skills in the areas of marketing, finance and management in a practical manner. The finished document must allow the reader to visualize every aspect of the business, its operation and its future prospects. Small business management / entrepreneurship is an applied field of study. Teaching it, therefore, requires a very high “applied knowledge” component, evidenced by the evaluation weight assigned to the applied projects, emphasizing the practical application of small business management skills. Students will be required to complete an applied project: a comprehensive, realistic, and workable business plan for a small business based on the computerized simulation that we will use to reinforce concepts.

Objectives:

Beyond my responsibilities as an educator and lecturer, my role is that of a mentor, guide and a coach. I provide direction and assistance. I seek to help students learn as much as possible about small business and managing organizations in an effective and efficient manner. Not every student will become an entrepreneur. Knowing the skills and processes of entrepreneurship makes anyone a more valued employee, as all businesses want to be more entrepreneurial. The primary objective of this course will be

to enhance students' understanding of the challenges in starting, managing, and growing a small business. Specific objectives include:

- Develop an understanding of the nature and economic impact of small business.
- Integrate functional area material as it applies to new venture creation and growth.
- Understand the issues and concerns of small business management.
- Identify attitudes and behavioral characteristics of entrepreneurs evaluate one's own entrepreneurial tendencies.
- Develop an understanding of the importance of the environmental context for entrepreneurship, including the risks associated with technologically based, internationally oriented ventures.
- Know the difference between a feasibility plan and a business plan.
- Develop the ability to prepare a comprehensive and cohesive business plan.
- Become familiar with a variety analytic tools for evaluating ventures.
- Increase awareness of ethical and global issues within the small business environment, including the social, political, legal, regulatory, and environmental responsibilities of the small businessman.
- Improve ability to identify relevant information and to improve oral and written presentation skills in English.

Meet the Instructor:

I am a resident professor of business on the Quad Cities campus of the Western Illinois University. WIU is part of the State of Illinois University System. I chose teaching (following a series of successes with entrepreneurial ventures – and some not so successful) as a way to help others and to fuel my passion for continual learning. I have a lovely bride and two grown children, and I am very thankful for the many blessings I've received, one of the greatest being that I have had extensive international exposure and thrive on the diversity and challenge of interacting with different cultures and peoples. I am passionate about teaching and travel. I have had several distinct careers and a number of businesses prior to entering academia. I had seven "small businesses," four of which were technologically oriented. In addition to owning and operating my ventures, I was on the team for the creation or acquisition of approximately 10 more. I started my first business at the age of 17. It was not my most successful venture, but it was good training. I learned that running a business was much more difficult and demanding than working for someone else. Later (while running multiple businesses) I learned that it was relatively easy to hire people with the technical and functional skills necessary to perform the work. It was extremely difficult to find people, however, who had the knowledge, skills and ability to profitably manage a small business. This became my expertise, which I hope to impart to others.

Instructor Contact Information:

I will be readily available to students – during office hours and also during "off-hours." An important aspect of international education is recognizing the necessity for different forms of interaction, and being receptive to high quality interactions often occurring outside of the classroom.

Prerequisites:

While a background in the principles of management, marketing and finance will be extremely helpful, Academic standing or background is NOT the most important consideration for student success. Students should have a strong desire to learn about starting and running a small business. They should be willing to supplement their knowledge and comfort level with the functional skills of finance (being able to prepare income statements and cash-flow projections) and marketing, and have a willingness to work hard. Gender and age are not important. Students learn more when they are in an environment with high levels of diversity in gender, age and nationality.

Course Materials:

- (*Bachelor*) Solymossy, Emeric, 2008 *Dr. E's Primer on Entrepreneurship*, 2nd Ed., Infinity Publishing. This will be available to the students in a PDF (Electronic) format.
- Either the "GoVenture", or the "Small Business" computer simulation to be used during the seminar sessions. Students will have the option of gaining personal access to this software through the Internet.

Anticipated Assignments:

Case studies / Exercises:

Case studies / exercises will be used to promote thoughtful application of the issues and concepts. Since the case studies will be for discussions only, they will not have to be typed or submitted.

Applied Project #1 (Due beginning of class, week #3)

Students will be required to analyze their own personalities (using instruments provided for them), and compare this with our discussions about the attributes of successful entrepreneurs.

Applied Project #2 (1 – 3 page paper)

We will discuss examples of business failures (from journal and magazine articles, as well as on-line), looking to answer the question, “What caused the failure?” we will examine and discuss to what extent the failure was caused or aggravated by deficiencies in the feasibility / business planning process. Students will be required to write a short paper comparing our discussions about small business failure and relate this to their social, economic, and political environment (Hungary, or their country of origin). Students should consider operational, cultural, and economic differences in their analysis.

Applied Project #3 (Simulation)

We will use a computerized business simulation that allows for different types of businesses and requires the student to control several business factors. Students must choose the type of business, location, pricing and promotion strategies as well as hire employees. They must actively monitor their personal and business lives, while managing the business through a variety of operational issues. In addition to running this virtual business, students will have to document their “plan” for this business, which will be the foundation for their preparation of a comprehensive, realistic and workable business plan. This project will proceed in phases, spread throughout the semester. Throughout the study, case studies and readings, they will be exposed to a variety of tools that provide information beneficial to the applied project. Students will be responsible for deciding which of these to use. There is not one, single, acceptable "form or format" for a business plan. As they will learn, each business is unique. Each business involves its own plan, and there are many details to plan for and manage if the business is to be successful.

Phase 1: Conceptual Plan for venture initiation

The conceptual business plan articulates students’ business concepts for the simulation, and is the basis of their venture initiation intentions. Beyond forcing them to articulate the opportunity and why they are uniquely qualified to initiate the venture, it will be the starting point from which they will build subsequently build their business plan. The conceptual plan is a 3 to 5 page document that contains:

- Executive Summary (generally one or two paragraphs)
- Description of the product, service, or business model
- Market Analysis
 - Market size, market potential, customer profile, and market positioning
- Marketing Plan
 - Pricing, promotion, and distribution channels
- Revenue Model
 - How will the business achieve sales and significant profits
- Management Team (analysis of attributes, experiences, abilities)
 - Personal attributes, experience, qualifications of key people
 - Discussion of values and objectives (work to live or live to work?)

Phase 2: Comprehensive Business Plan for simulation venture

The comprehensive business plan is an extension of the conceptual plan, and in addition to providing detailed information to support and explain all of the issues previously identified, must also include discussions about competitive advantage(s), implementation issues, production / operations, as well as risk / contingency plans and exit strategy. The business plan should include enough information to build the reader’s confidence in the managerial ability of the principle(s).

The written business plans must be thorough yet concise. The simulation itself contains a limited (minimal) business plan framework. This will be supplemented with numerous examples.

While there is no specified length, most student authored business plans can be well articulated within 10 - 15 pages (excluding the appendix). We will emphasize the basic principals: focused, realistic, and confidence building rather than question generating. As in the real world, success attracts investment and opportunities, suggesting that successful operation of the simulated business will be reflected in the business plan. The goal is to encourage the reader to continue reading beyond the executive summary.

Peer review / critique (Simulation)

Each student's business plan will be posted (or distributed) so that other students can analyze and evaluate their peers' plans. Each student will be required to prepare and post critical comments on two other plans. At a minimum, the critiques must include evidence of whether or not the business plan addresses the person, personality, experience and abilities of the principle(s), a thorough and well articulated description of the product or service, a comprehensive discussion of the context (industry, market, competition, etc.), the nature of competitive advantage and its sustainability, and financial exhibits arguing for the profitability of the venture (including, as a minimum, income statements and balance sheets for the actual operating time of the simulation, pro-forma income statements, pro-forma balance sheets and pro-forma cash flow statements projected for 3 years).

Quizzes, Tests, Final Examination:

Short quizzes will be offered for each section, *but not graded*. The purpose of the quizzes will be to ensure that the students are familiar with the text material. These quizzes are for "feedback" and self-improvement. Students will be encouraged to ask about any items that are unclear or confusing.

A mid-semester test will be administered during scheduled hours. This test will include a combination of true-false, multiple choice, short-answer essay questions, and possibly a short case study. The final examination will be designed and scheduled according to the policies of Corvinus University.

Grading:

Grades will be based on the outcome of the applied projects, tests, and the final examination. The grading is heavily weighted toward "applied" knowledge – not memorization or test-taking ability. Students' active participation is necessary, so case study and other discussions will be a component of performance evaluation. Final grading processes will be reviewed with, and comply with all requirements and procedures for Corvinus University.

Recommended grading metric

Activities / Grading Components	Points	% of Total	Grading Determination	
Applied Project #1 (Entrepreneurial Personality)	100	10%		
Applied Project #2 (Entrepreneurship Failures paper)	100	10%		
Applied Project #3a (Conceptual Bus Plan)	100	10%	901 or More Points	A
Applied Project #3b (Business Plan)	150	15%	801 thru 900 Points	B
Applied Project #3c (Peer-critique of BP)	50	5%	701 thru 800 Points	C
Test #1	100	10%	601 thru 700 Points	D
Test #3 (Final Examination)	250	25%	600 or Less Points	F
Case Study / Exercises / Instructor's Discretion	150	15%		
Total	1000	100%		

Course Schedule

	Topics to be covered	Assignments / Deliverable
Week 1 Lecture	Introduction Outline of course & expectations What is “Entrepreneurship” What is the role of Entrepreneurship?	Self-introductions <ul style="list-style-type: none"> ○ Business Background ○ Business aspirations ○ Perceptions of “entrepreneurship”
Seminar	Introduction of Computer Simulation Mini-Case Study / Analysis	
Week 2 Lecture	Self-Analysis Entrepreneurial personality, attitude Choosing the product / service “Nuts and Bolts” of a Start-up	Read: Text Book, sections 1, 2 & 3 (pages 1 – 16)
Seminar	Simulation: Personality profile, Business Issues Question and answer session Mini-Case Study / Analysis	Complete: Self-analysis instrument(s)
Week 3 Lecture	Feasibility / Opportunity assessment Testing the business idea	Read: Text Book, sections 3 & 4, (pages 17-29) Applied Project #1 Due
Seminar	Challenge of 5-ideas Simulation: Logistics of business start-up Mini-Case Study / Analysis	
Week 4 Lecture	Identifying and understanding the Customer “Who, What, Where, When, Why, How?”	Read: Text Book, section 5, pages 30-34
Seminar	Customer awareness / knowledge exercise Simulation: Anticipating needs & problems Question and answer session Mini-Case Study / Analysis	
Week 5 Lecture	The <i>Business Plan</i> (overview) <ul style="list-style-type: none"> ○ Environmental analysis ○ The Marketing portion 	Read: Text Book, section 6, pages 35 – 76 Review Business Planning issues (short-form) Complete: Idea testing form
Seminar	Simulation: Start – up issues <ul style="list-style-type: none"> ○ Set operating hours, Hire employees ○ Order inventory Calculating start-up costs (in class) Mini-Case Study / Analysis	
Week 6 Lecture	Respond to student issues / questions The <i>Business Plan</i> (continued) <ul style="list-style-type: none"> ○ The financial portion ○ The production & organizational portions 	Review Text Book, sections 6, pages 35-76 Discuss Business Planning issues (long form) Applied Project #2 Due
Seminar	Mini-Case Study / Analysis Simulation: Operate, review & adjust	
Week 7 Lecture	Respond to student issues / questions The <i>Business Plan</i> (continued) <ul style="list-style-type: none"> ○ The operational & contingency portions 	Relate personal assessment to business plan: “Why You, Why this, Why now?” “What if?” Applied Project #3A (Conceptual Plan) Due
Seminar	Mini-Case Study / Analysis Simulation: Operate, review & adjust	
Week 8 Lecture	Test #1	
Seminar	Review Test Mini-Case Study / Analysis Simulation: Operate, review & adjust	

Week 9 Lecture	Respond to student issues / questions Launching the venture Demands upon the entrepreneur Changing role / changing tasks	Read: Text Book, sections 7 & 8 (pages 77 – 92)
Seminar	Mini-Case Study / Analysis Simulation: Operate, review & adjust	
Week 10 Lecture	Respond to student issues / questions Human Issues in the Venture <ul style="list-style-type: none"> o Management style, leadership o Human resources management 	Complete leadership / management exercises
Seminar	Simulation: Operate, review & adjust Mini-Case Study / Analysis	
Week 11	No Classes: Easter Monday	
Week 12 Lecture	Financial issues in the Venture International opportunities Internet / Web presence	Read: Text Book, section 8 (pages 93 – 122) Applied Project #3 Business Plan Due
Seminar	Simulation: Operate, review & adjust Financial reports	
Week 13 Lecture	Management changes (exit strategy) Review of topics as requested by students	Read: Text Book, section 8 (pages 123 – 126) Peer Critique Due
Seminar	Simulation: Operate, review & adjust Mini-Case Study / Analysis	
Week 14 Lecture	Examination review	Scheduling of final examination
Seminar	Mini-Case Study / Analysis	



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**ENTREPRENEURSHIP: IMPLICATIONS AND LESSONS FROM SMALL FAMILY
BUSINESSES IN MAURITIUS****Part II.****Research methodology**

Owing to a lack of research in the field of family businesses in Mauritius, this study is empirical in nature. The main objective of the study is to explore family businesses on issues of conflict, strategic and succession planning.

To realise the objective of the current research, the research strategy was divided into two main parts, that is, secondary and primary studies. A comprehensive literature search was conducted on main issues relating to family businesses, such as, the components of the family business, the benefits and the problems of family businesses, and the various approaches in managing these problems. For primary research, a convenience sample of 30 respondents, both male and female entrepreneurs owning small family businesses were chosen for this study and were from various sectors. All the thirty respondents were met face to face on appointment. The survey instrument used was a semi-structured questionnaire. This survey instrument was considered appropriate for the current study as it enabled the researchers to obtain both quantitative and qualitative data. In some instances probing questions were used to pick up nuances and complexities. Some questions used in the survey instrument were taken from previous similar studies while others were generated by the authors themselves based on the literature. The semi-structured questions set were quite broad as the authors considered that the information generated would contribute to the limited information available on small family businesses in Mauritius. Because there could be multiple respondents in every family business in the study sample, the authors left it to the members of the family business to decide on who will be the respondent. A pilot test was carried initially and following feedback the research instrument was modified accordingly and then administered to the thirty respondents of the sample. For analysis, SPSS 13.0 as well as qualitative data was used.

Findings and discussions

The findings and discussions are presented in this section.

Demographics

The demographic characteristics of the respondents in the present study are given in Table 1. Male slightly dominate the sample – 18 males to 12 females. Most of the of the family businesses have been in existence for at least 11 years, with 7 being operational for more than 22 years. Half of all the businesses surveyed were inherited either from parents or grandparents and most of the family businesses in the sample had between 2-4 family members, comprising mainly parents and their children. In some cases, extended family was involved. The age group of 41 to more than 60 dominated the sample (21). However, it is to be noted that in most of the family businesses surveyed, there were both young and more mature members involved in the business. It has to be noted though that only one member per business was interviewed. Those

respondents in the younger age bracket (21-30) were children or grandchildren of the business owners. Education wise only two respondents had up to primary education with the rest having a good level of education – at least twelve having completed their O Levels, three were post graduate degree holders who were also found to be among the younger members of the family business. The majority of the respondents were married with children (20) and in most of the cases the children were already members of the business.

Table 1

Demographic Profile of respondents (Total 30)			
Age	n	No. of years in existence	n
< 21	-	< 5	3
21-30	5	5 – 10	5
31-40	4	11 – 16	11
41-50	9	17 – 22	4
51-60	7	22 +	7
≥ 60	5		
Gender		Inheritance	
Male	18	Yes	15
Female	12	No	15
Education		Sector of business	
		Food and Beverages	6
Primary	2	Wood products and furniture	5
Secondary O'Levels	12	Textile	6
Secondary A'Levels	11	Cosmetics	4
Graduate	2	Jewellery	2
Post graduate	3	Ceramic and potteries	1
		Services	3
		More than one sector	3
Marital Status		No. of family members in business	
Single	6	2	8
Married with children	20	3	3
Married without children	1	4	10
Widowed with children	3	5	8
Widowed without children	-	> 5	1
Divorced	-		

Founder of the business

From Table 2, it is noted that the majority of the business is of first generation with only four of third generation, normally founded by grandparents. At least 5 respondents of first generation mentioned that their parents or grandparents had a business before but unfortunately they had to close down. Upon probing, these respondents shared the following reasons for failure “conflicts between siblings on who would take over the business”, “conflicts on decision making issues”, “founder not prepared to adapt to changes”, “personality clashes” and “divorce of parents”.

Who started the business?

Table 2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid grandparent/s	4	13.3	13.3	13.3
father/mother	7	23.3	23.3	36.7
self	12	40.0	40.0	76.7
spouse	5	16.7	16.7	93.3
in-laws	1	3.3	3.3	96.7
other	1	3.3	3.3	100.0
Total	30	100.0	100.0	

The nature of conflicts

The nature of conflicts most common among the respondents was with regards to decision making and management style. Table 3 shows that the mean score for decision making is 4.17 and 4.00 for management style. Other reported frequent sources of conflicts were on 'goals and objectives' and 'rivalry'. However, it is noted that conflicts with regards to 'salary', 'division of profits' and 'financial' matters were not that significant compared to other areas. The interviews revealed that conflicts with regards to 'salary' were not that common. Also, the majority did not consider themselves as salaried workers who expected a fixed income at the end of the month. They indicated that they considered the financial situation at the end of each month before deciding on the salary that each one will draw and this was normally done in consultation with all the members involved. It is also to be noted that some respondents, especially those in the food and cosmetics sectors such as restaurants and beauty parlours, seldom took any salary at the end of the month because it depended on the earnings received. This was also true in businesses run by spouses only. The low level of conflict concerning salary matters may also be explained by the Mauritian culture where families are very close knit. Today still, after getting married, it is common for the son and his wife to continue living with his parents and probably grand-parents too, and disagreements on money matters are not seen as 'decent' in the community and there is the fear that status will diminish in the family and business if others come to know and talk about such conflicts. Thus, there are seldom conflicts of monetary issues between parents, siblings, children etcetera. It is interesting to note though, that disagreements occur on decision making and management styles. It was found from the interview that conflicts in these areas occurred because of personality clashes. These clashes stemmed from various factors, such as, the generation gap, education level and exposure to other cultures, especially for members who have been educated, lived or worked abroad. The survey also indicated that these clashes do not last for very long as family members were quick to compromise realising that this would have severe consequences for the business and the family at large.

When asked about how conflicts are resolved, more than half the sample (17) agreed that normally a compromise is reached, in cases where there are shared responsibilities. Usually when the founder member is in disagreement with other members, very often it is them who accept the decision taken. A few respondents indicated that sometimes members preferred to give in to others simply to avoid degeneration. At least 5 respondents reported that when conflicts arise between members, one party is made to see reason by being asked to collaborate for the betterment of the business. Thus, with regards to conflicts, it can be concluded that these are managed by compromise, accommodation and collaboration.

Areas of conflicts

Table 3

	N	Mean	Std. Deviation
Salary	30	2.17	1.262
Division of profits	30	2.27	1.230
Financial matters	30	2.53	1.306
Training	30	3.10	1.029
Recruitment/selection/firing	30	3.17	1.053
Products and services	30	3.30	1.055
Delegation	30	3.40	1.037
Marketing	30	3.50	1.042
Goals/objectives	30	3.60	1.133
Rivalry	30	3.63	1.033
Management style	30	4.00	1.050
Decision making	30	4.17	.950
Valid N (listwise)	30		

Contributions of the family business

Respondents acknowledged that their family businesses have made significant contributions to their lives. >From Table 4, it is seen that the mean score for 'bond' (4.80) is higher than the other factors cited as contributions. Most of the respondents agreed that their businesses have created a powerful bond that can hold the family together. Common terms often cited by the respondents included "solidarity", "loyalty" and "team spirit" amongst others. Although, there is now a tendency in the Mauritian culture to move away from the extended to the nuclear family, nonetheless, it is quite common place to find many extended families, especially among some ethnic groups in Mauritius, for instance, the Hindus, Chinese and Muslims. However, the reasons vary with regards to creating this powerful bond. Reasons put forward were "the image and social reputation of my family is the goodwill of my business, and this business helps in keeping the family as one, irrespective of differences or conflicts that may occur outside the business" another respondent answered "I hear so many bad things happening to youngsters nowadays. They become drug addicts, alcoholic etc and many are unemployed despite having good education. By involving my children and brothers in the business my wife and I are reassured that our family is safe and with us that we have secured a good future for them."

The respondents also cited that their family businesses would help them to carry on their names after they are gone. Quite a few of them felt proud about their respective businesses and believed "that at least I know that the business I have founded with my husband after going through so many problems and difficulties will still be in existence even after we die and that my children and probably grandchildren and great grandchildren will still be running it and hopefully make it a reference in the industry."

All respondents (30) agreed that their family businesses have contributed to increase their standard of living and that of their families who are not necessarily involved in the family business. As one respondent puts it "although my wife and children are not involved in the family business which was founded by my brother, sister-in law and myself, I can say that I am able to satisfy most, if not all, the needs and wants of my wife and children and this makes all of us proud and happy."

Contributions of the family business

Table 4

	N	Mean	Std. Deviation
heritage	30	4.77	.430
career	30	4.77	.430
independence	30	4.70	.466
bond	30	4.80	.407
stability	30	4.47	.900
happiness	30	4.77	.430
standard of living	30	4.77	.430
Valid N (listwise)	0		

Strategic and succession planning

Strategic planning

Table 5 shows that the majority of the respondents (twenty-three) and most of them who are elder members of the business revealed that they did not have or are not sure they have a strategic plan for their business. Many of them believe that strategic plans are rather for large organisations. Some of them simply do not see the reason why they should have a strategic plan since their businesses are successful. For instance, a respondent in the food and beverages sector stated "ever since I started my business I have never had the need for a strategic plan and my business has been successful so far so I don't think I need to have one now. Besides, my business is small and limited in resources and I cannot afford to pay someone to draw up a plan for me." Other respondents believed that the business plan was similar to the strategic plan.

Only seven respondents agreed that their businesses do prepare strategic plans and stated that although these plans have taken some time to be prepared they have nonetheless contributed to the success of their businesses by enabling them to take the right decisions, to meet their targets and also in assigning and delegating responsibilities. The strategic plans have also ensured the commitment of family as well as non-family members of the business.

The findings suggest that strategic planning is not a priority for small family businesses in Mauritius and is similar to the findings reported in the Nation's Business report (1998) where it is stated that only 31

percent of family firms in the US had a written strategic plan. It is seen from the findings above, that there are many sources of conflicts, mainly on decision making, management styles and goals and objectives. In these cases, strategic planning could have helped to minimise conflicts if not eliminate them altogether. A strategic plan would also have helped to some extent in balancing the family and business needs to everyone's advantage. Strategic planning which centres around both business and family goals, is vital to successful family businesses (Bowman-Upton, 1991) and helps in smooth succession and achievement of goals while minimising conflicts among members in the family business.

Succession

Similar to strategic planning, most of the respondents did not think about succession or did not have a succession plan. From Table 5, it is seen that at least twenty-seven respondents stated that to their knowledge, there have never been any discussions on who will take over the business when the founders decide to step down. One of the respondents, even though that he was in the 51-60 age group, had not thought about succession yet and when asked why the answer was "I have not thought about who will take over yet as I'm still in good health and think that I have some more years to live. Besides my children have joined the business only about 3 years back and it will take them some time to know how to handle the business on their own." Other respondents were of more or less the same view that is this subject was not on their agenda yet. Some respondents who have taken over the family business from their parents mentioned that it was either after the death or the person had become incapacitated that there has been succession. They also added that there was never any succession plan as such but just a family meeting to decide on who will take over. In two cases it was revealed that the respondents were not given a choice but had to take over the business. One of them mentioned "When I was young I was never interested in the furniture making business of my parents and it was my younger brother who took over the family business. But sadly he had a fatal accident and in some way I was forced to take over and leave my job as a tourist guide." Sometimes it is the wish of the parents which make children take over the business. This is seen to be often the case with organisations which have been in existence for a long period of time, and it is the wish of the founders to continue the heritage.

The findings suggest that succession is not a planned process and family business owners do not attach a great importance to it although they feel that it is important for the success of businesses in general. This finding concurs with findings of Venter *et al.*, (2003) and Chin and Chan (2004) who found that relatively few family firms in South Africa and Singapore respectively have succession plans. Possible explanations could be that founders may think that preparing succession plans can raise unpleasant and difficult questions and issues. This may also create conflicts and tensions amongst family members which should be avoided at all costs because of image in society. Other reasons for not preparing the succession could be due to lack of skills and resources. The literature also cites that small family businesses have almost no choice in the selection of the successors and so leave it till very late (Dash 2004) as successors are selected on the basis of blood relationship rather than on competence. Because of these reasons that many small family firms do not go beyond the first or second generation (Bjuggren and Sund, 2001)

Table 5 Strategic and succession planning

	Frequency	Frequency	Frequency	Frequency	
	Have a Strategic plan	Have a Succession plan	All family members involved in planning	Frequency Planning considered as important	
Valid	strongly disagree	3	13	3	5
	disagree	16	14	13	12
	not sure	4	1	11	3
	agree	7	2	3	10
	Total	30	30	30	30

Limitations

Our study contributes to the knowledge about family businesses in Mauritius and helps to shed some light and contribute to the knowledge and literature about family businesses in Mauritius. However, there are

several limitations this study. First, the sample size is only limited to thirty small family small businesses and therefore, the findings cannot be assumed as representative of all the family businesses in Mauritius and thus any attempt to generalise the findings should be undertaken with absolute care although we took adequate precautions to minimise this lacuna by making special efforts to generate quality and comprehensive data. Second, each respondent interprets the concept of family members within the business subjectively. Since only one member of each of the thirty small family businesses was surveyed, the authors felt that other members of the same businesses might have provided different answers for the same questions. These differences would have mainly occurred because of differences in personality, age, gender, and education, etc. Third, the authors noted that there was a degree of reticence from a few respondents, especially the younger respondents concerning questions such as 'sources of conflicts' and how the conflicts were normally resolved. The authors assume that these respondents might have "feared" the reactions of other more senior members of the business. Fourth, some respondents were discrete on the subject of succession planning and the authors assumed that they did not attach much importance to it. However, it is not known whether the assumption was right or whether the discretion was because the respondents did not want to cause tension among family members in the business.

Conclusion

This study has indicated that it is common to see the extended family in small businesses. It was also revealed that conflicts exist to a large extent in the family businesses but only on some issues. The main sources of conflicts include mainly decision-making, management style and to some extent, rivalry and goals and objectives. These conflicts were certainly apparent in cases where there were significant differences in age and level of education between members of the family business. Conflicts over salary and division of profits were extremely low. Conflicts of various natures arise in small family businesses in Mauritius. It was also found that solutions for conflicts are always found for the betterment of the business and the family. Conflicts are often resolved by compromise, accommodation and collaboration.

The contributions of family businesses are many. As in the Mauritian culture, family members tend to be very close and in many cases even today the extended family lives under one roof or in the same area, it is not surprising that many respondents have cited that their businesses have created a powerful bond that can hold the family together and contribute to their happiness. As already mentioned, Mauritians are proud about their achievements and a successful business contributes to creating a heritage for the family. In the present economic situation with many people losing their jobs, family firms help in providing a career, financial safety, better standard of living and independence. Family businesses also help non-relative employees in keeping their jobs and therefore enjoy a good image in the society.

The findings on strategic planning suggests that it is not considered as important for the business since the majority of the business did not have one. It is also believed by some that planning is exclusively for large firms. With regards to succession planning, this was also not considered as important and succession was mainly done at the last minute, that is when the founder dies or cannot carry on for some reasons. The study also revealed that members who take over the family business sometimes have no choice but to accept the wish of their parents.

Small businesses, in which family businesses form a major part, are seen by the government as contributing to the economic and social development of the country. Thus, policy makers may use these findings in devising policies to encourage, support and diminish failure rates in the number of family businesses in Mauritius.

Future research

Although the importance of entrepreneurship and family business is well documented in the literature, research on family businesses in Mauritius is almost non-existent. The aim of our study is to make a small contribution to the field of small family businesses in the local context, but more research needs to be conducted with larger samples on various areas. One interesting topic would be to compare family business ownership with sole proprietorship and/or joint ventures in the way they conduct and manage their businesses. Research could also be undertaken on the contributions of small family businesses in the economy and society. This would help authorities in developing appropriate policies to encourage and nurture family businesses for the well being of the economy and society.

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POSITION OF SMALL AND MEDIUM – SIZED ENTERPRISES IN THE EUROPEAN UNION: CASE STUDY OF SLOVAKIA

Summary

In the Slovak Republic, the changes in business environment also had an impact on the producer's structure. Privatization, restitution and transformation of the business entities and agri-food cooperatives were the base for the foundation of small and medium enterprises (SMEs) from the viewpoint of entrepreneurship in selected branches on the level of national economy. Their entrepreneurship is affected by political, economical and cultural environment in Slovakia. More entrepreneurship means more skilful businessmen and above all the more business spirit. It is important to enhance the communication between the individual government departments and the representatives of entrepreneurs, especially via most important partners, the Entrepreneurs Association of Slovakia and the Slovak Union of Crafts. There is a growing need for better tools in order to support cooperation, communication and knowledge shared within the selected strategy of their development. The main attention of this paper is devoted to the evaluation of the activities of the small and medium sized enterprises and family companies in connection with an entrepreneurship in industry and agri-food complex.¹

Key words: European Union, entrepreneurship, small and medium sized enterprises, industry, agri-food complex

1. Introduction

Small and medium – sized enterprises comprise a significant part of the Slovak economy. As in other countries, they are a stabilizing force in the economic system and the sector with the greatest potential for growth. At the same time however, owners of small and medium sized enterprises are to an increased extent sensitive to the quality of the business environment. Therefore, the overriding task of the Government should be systematically improve the environment for doing business, which would be subsequently reflected in improved competitiveness in both the domestic and European market.

When 2005 is assessed, continued growth in the SME sector, gradual improvement in SME indicators and partial improvement in the business environment can be seen. The experience of our enterprises operating within the European Single Market demonstrates that a further increase in competitiveness and expanded utilization of advantages within the Single Market are a necessary prerequisite integration into the European economic system.²

National economies differ from country to country. They are distinguishable by the different quantity and quality of their production resources. Almost all national economies are open economies. Small countries (in terms of area, population, national market, shortage of raw materials and production materials) rely on international economic relations for their survival. Compared to the other countries, they are relatively more integrated into the international division of labor and are more open to the other national economies and global economy [Samson 2006, pp.7-9].

SMEs firms are now central to the economy and provide an essential part of the dynamism and diversity which make the economy work. The role of SME is of paramount importance, despite the fact that some authorities and policy makers who define the development strategies for their countries underestimate their significance. The important role small firms play in the economy is well documented and includes their ability to provide competition for large firms and to combat monopoly. The role of small and medium – sized

¹ Supported by the Scientific Grant Agency (VEGA) of the Ministry of Education of the Slovak Republic and the Slovak Academy of Sciences (Grant No. 1/0230/09 „Competitiveness of the Slovak agri-food enterprises on the European food market“)

² Small and Medium Enterprises in the Slovak Republic 2005. Retrieved April 2, 2009 from http://www.nadsme.sk/mediafiles//Publikace/EN/stavMSP_05_en.pdf

firms is the same in all countries all over the world [Czaja 2004, pp.109-117]. The success of small and medium sized enterprises is influenced by the set of selected external and internal factors. According to Bielík and Rajčániová [2007, pp.123-144], the European market represents a very hard competitive environment. The innovation plays an extremely important role in our ability to respond effectively to the challenges and opportunities on European and international market [Daňková 1997, pp.276-283]. The economic integration in Europe has been a challenge for the already existing privately owned companies, and other companies of SME sector. They need to learn how to compete on the enlarged integrated market and what is equally important all companies need to take globalization and integration processes into consideration (e.g. Elo 2005, 250 p.; Hambalková, Šajbidorová 2008, pp.18-22; Targalski, Zacca 2004, pp.175-183; Surdej, Wach 2007, pp.9-13; Ubrežiová et al. 2009, pp.1-19, etc.) as well as the results of SMEs conditions in Slovakia because small and medium – sized enterprises include the category so call „family enterprise“ (e.g. Mihalčová, Pružinský 2006, p.241; Mura, Mižičková 2006, pp.901-906; Ubrežiová et al. 2008, pp.358-366, etc.).

2. Material and Methods

The main attention of this article is to explain the position of small and medium enterprises in the European Union from the viewpoint of Slovakia. To reach the goal of the paper we had to study the academic literature in search for the theoretical background and we have conducted the analyses of state statistical data. The information is from the Statistical Office of the SR, National Agency for Development of Small and Medium Enterprises. This Agency supports the development and growth of small and medium – sized enterprises (SMEs) in Slovakia while respecting stae, structural, industrial, technological, regional and social politics³. NADSME co – ordinates and implements suport activities focused on the sector of SMEs in Slovakia based on the mandate from the Ministry of Economy of the SR.

The time period of examination includes the years from 2001 to 2007. To process the information, we used logical methods, e. g. analysis, synthesis, comparison, induction and deduction.

3. Results and Discussion

Small and medium – sized enterprises comprise a significant part of the Slovak economy. As in other countries, they are a stabilizing force in the economic system and the sector with the greatest potential for growth. At the sam etime however, owners of small and medium – sized enterprises are to an increased extent sensitive to the quality of the business environment. When 2005 is assessed, continued growth in the SME sector, gradual improvement in SME indicators and partial improvement in the business environment can be seen. The experience of our enterprises operating within the European Single Market demonstrates that a futher increase in competitiveness and expanded utilization of advantages within the single Market are a necessary prerequisite for successful integration into the European economic system.

Small and medium-enterprises are different considered in particular countries. In the Member States of the European Union starting on January 1, 2005 there is a new definition of SMEs in force (table 1). The definition uses three quantitative measures, that is number of employees, annual net turnover and assets (the last two are changeable, which means turnover or assets).

Table 1. Definition of SME sector in the Member States of the European Union

Enterprise size	micro	Small	Medium	Large
Employement	< 10	< 50	< 250	≥ 250
Annual Turnover	< 2 mln EUR	< 10 mln EUR	< 50 mln EUR	≥ 50 mln EUR
Assets	< 2 mln EUR	< 10 mln EUR	< 43 mln EUR	≥ 43 mln EUR
Independance	Three types of independence: autonomous enterprises, partner enteroprises and link enterprises.			not important

Source: own study based on *Commission Recommendation 2003/361/EC* of 6 May 2003, O.J. L 124 of 20.5.2003, pp.36-41.

³ http://www.nadsme.sk/mediafiles//Vyrocnespravy/ARO7_en.pdf. Retrieved April 2, 2009.

In Slovakia the size of small and medium-sized enterprise has been defined by *Act No. 100/1995 on the State Support for Development of Small and Medium-sized Enterprises*. In 1999 Act No. 100/1995 was substituted for *Act No. 231/1999 of State Support* and “small and medium-sized enterprise” is defined in accordance with the European Union definition. In Slovakia there does not exist an official definition of “a micro-enterprise”. This group is presented as “a sub-group - tradesman” of small enterprise. The period of the Slovak accession into the European Union was very important from the viewpoint of finding a permanent state on the common market for small and medium enterprises, adapting them to the new social and economic conditions and reducing successfully the difference in the economic area.

At the end of 2007 in Slovakia there were over 0.48 million of SMEs, which accounts for 99.8% of all registered firms (table 2). Micro-enterprises amounted to 79.3%, small to 19.8%, medium to 0.67% and large enterprises to 0.17% of all registered enterprises in Slovakia.

At the beginning of the year 2000, the development of small and medium-sized enterprises was affected by the entrance of foreign investors into food-processing industry and car industry. From the viewpoint of food-processing (mainly milk processing industry), the enterprises with Italian (17.5 %) and German (15.3 %) capital have the biggest share of purchased raw milk. Two French companies have the share of 15 % or they process 6.8 % of raw milk. In connection with the development of car industry, the cluster policy for the development of small and medium-sized enterprises has been applied in PSA Peugeot Citroen in Trnava, Volkswagen in Bratislava, Samsung in Galanta as well as Kia Motors in Žilina. These enterprises are prepared for innovation and education activities apart from their own research and development.

Table 2. Number of registered enterprises in Slovakia in the years 2001 – 2007

Years	Total	Micro-enterprise	Small enterprise	Medium enterprise	SMEs	Large Enterprise
2001	342 464	279 597	59 452	2 825	341874	590
2002	334 148	274 630	56 162	2 768	333 560	588
2003	370 776	306 356	61 102	2 735	370 193	583
2004	410 833	336 640	70 423	3 117	410 180	653
2005	428 580	344 870	80 159	2 930	427 959	621
2006	485 007	384 713	96 221	3 252	484 186	821
2007	488 344	386 815	97 325	3 361	487 501	843

Source: own study based on data of SURR

Note: Micro-enterprises: 0-9 employees; small enterprises: 10-49 employees (0-24 in 1993-1998); medium enterprises: 50-249 employees (25-499 in 1993-1998); large enterprises: 250 employees and more (500 employees and more in 1993-1998).

Enhancing the communication between individual government departments and representatives of entrepreneurs, especially via our most important partners, Entrepreneurs Association of Slovakia and Slovak Union of Crafts, will certainly remain the most important issue to be addressed by NADSME. At the same time, we will continue in our big and small activities for SMEs that were started up in the past or during the year 2006. Worth mentioning are especially the launch of the venture capital system including a series of educational seminars “Investment forum”, reconstruction of a web page for SMEs as well as e-business portal, start of the production of a monthly “entrepreneurship” in the electronic form and many others. From the beginning 2007, we continue in our activities as an intersection agency since small and medium entrepreneurship is a cross-sectional industry of the whole national economy. We are awaiting several challenges such as new operational programmes under the Structural Funds, a completion of the venture capital system and education of entrepreneurs in this area, but above all, the delivery of high quality services for the SMEs sector.

The development of the SME sector in line with the goals of the Lisbon Strategy requires significant acceleration of innovation activities and their support. One of the most significant barriers is the access to

funds for their implementation and use. The offer of loans from the commercial banks is now sufficient, however the structure of financial tools is not suitable for the innovation project funding, due to the fact that they are considered as risky investments by banks. On the other hand, each innovation requires different funding in terms of its size, risk or time scope. The goal of the project “Design of venture capital system for SMEs” financed by the British Government from the Global Opportunities Fund is to create a draft of a risk capital system for starting innovative SMEs in Slovakia.

In 2007 a new programme for the support of entrepreneurs – incubated companies via business and technological incubators was approved for the period of 2007 –2013. It concerns the financial support of incubators in such a way so that they could provide starting entrepreneurs with suitable starting conditions for the operation of their companies for the minimum period of 3 years, the aim being the increased survival rate and improvement of SMEs competitiveness. Finally, 9 incubators drew financial funds, 2 did not draw since their business operation was profitable which does not correspond with the programme conditions.

An important factor of investments into the development of the incubators’ network is its impact on employment at the regional scale. In direct connection to the operation and activities of incubators, 1,230 jobs were created in 269 incubated companies, out of which 646 jobs were created by 157 companies in 9 supported incubators. NADSME dealt also with information and communication support of incubators. As to 31 December 2007, 16 business and technological incubators were in operation in Slovakia.

In Slovakia private entrepreneurship can be conducted in various legal forms of businesses, divided into two types, which are natural (physical) persons and juridical entities (legal persons). The private entrepreneurship units of natural persons are divided into three subgroups:

- Tradesmen - that is individuals conducting business according to *The Trade Licensing Act* last amended in 2007. The physical persons can carry out business in handicraft industry and regulated trade⁴.
- Professional freelancers can carry out irregulated trade without trade license. Some areas of entrepreneurship are excluded from typical tradesmen, there are activities, which are performed among others by doctors, dentists, translators or lawyers.
- Self-employed farmers - who perform the primary agricultural production (crop production and livestock production).

Entrepreneurial activities can be also conducted in the form of juridical persons. These enterprises are made up of business capital companies including joint stock companies and limited liability companies.

As far as legal forms of enterprises are concerned, in 2006 in Slovakia there were 17.9% of companies – legal persons (including 1.0% of joint stock companies and 16.9% of limited liabilities companies), 81.8% of entrepreneurs as natural persons (including 0.37% registered in Business Register) as well as 0.31% of cooperatives. Self-employed persons in Slovakia plays a very important role in the economy. In 1989 only 2,000 sole proprietors existed in Slovakia but by the end of 1994 the figure increased to around 280,000. So called physical or natural persons as entrepreneurs (in contrast to juridical or legal persons) account for 73.6% of all entities that is 80.6% of all enterprises operating in Slovakia in 2006. From the entrepreneurial point of view the most important group of entities is the subgroup of tradesmen. In the period of 1993-2006 the share of individual entrepreneurs - tradesmen (figure 1) as well as self-employed farmers decreased by 15.2%, while the share of other forms, those more complex, increased (figure 2). The observed trend is very positive.

⁴ Tradesmen are registered in local commune offices but when tradesmen use the double-entry accounting, they must be registered in the Business Register similarly to juridical entities.

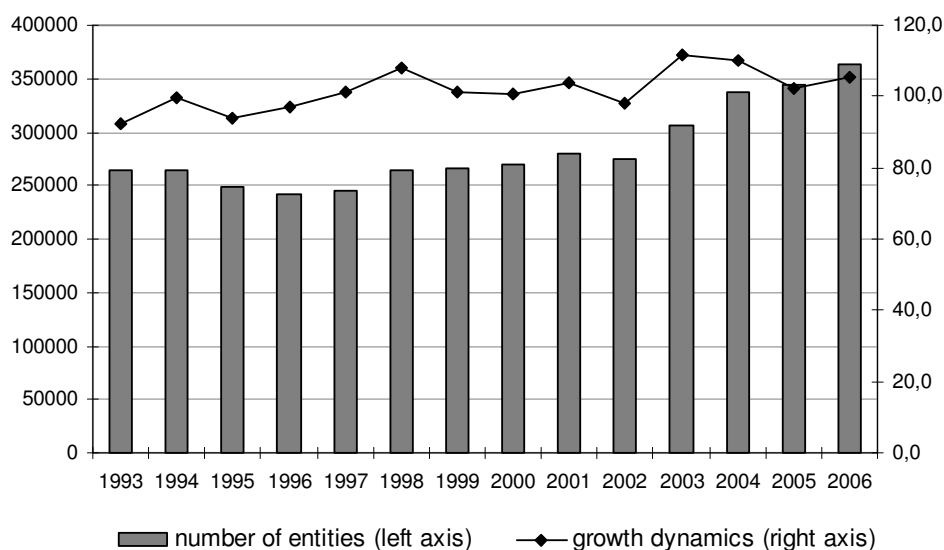


Figure 1. Number of self-employed tradesmen in Slovakia in years 1993-2006

Source: own study based on data of NARMSP.

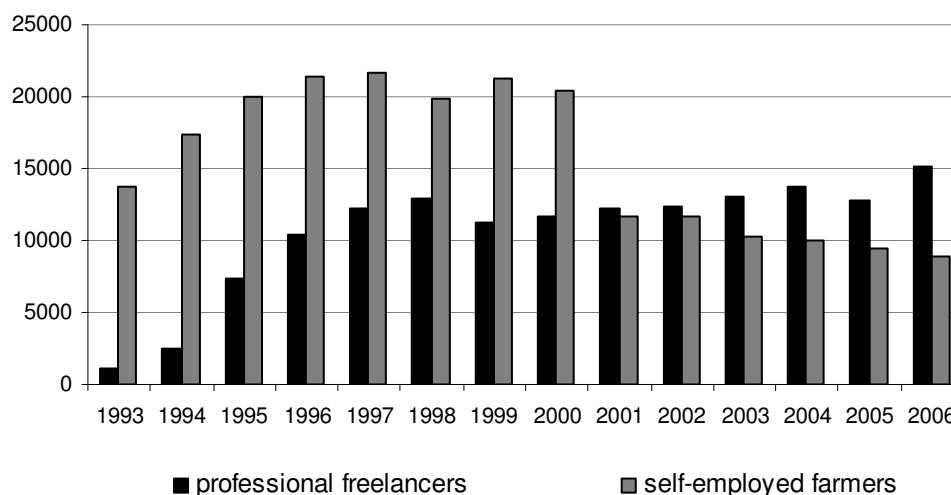


Figure 2. Number of other self-employed persons in Slovakia in years 1993-2006

Source: own study based on data of NARMSP and SURS.

According to data from the Slovak republic Statistical Office, the number of natural persons – entrepreneurs rose 1.9 % from 2004 and at the end of 2005 stood at a total of 367,094. Of this number, 344,870 were small licensees in 2005 but this number increase up to 364,185 small licensees in 2006. The similar situation we can see in number of entrepreneurs – freelancers. The number of freelancers in 2005 was 12,752. In 2006 the number increased up to 15,147 of freelancers. 8,886 were independent farmers in 2006.

Most small trade licensees were operating in Žilina (13,838), Bratislava V (12,996), Nitra (12,050), Bratislava II (10,810) and Dunajská Streda (9,999) regions. The smallest number of small trade licensees was in the districts of Medzilaborce,(557), Sobrance (782) and Krupina (981).

In the register of organizations maintained by the Statistical Office of the Slovak Republic, at the end of December 2006 there were 139,240 legal entities recorded, of which 93,411 were enterprises and 45,829 non – profit organizations. Small business dominated with with 96.2 % (of which micro – enterprises with 0-9

employees counted for 82.3 %). Medium-sized enterprises comprised 3.1 % and large enterprises 0.7 %. There were 89,874 small private enterprises with up to 49 employees and 2,908 medium – sized enterprises with 50–249 employees. The most small and medium – sized enterprises were operated in trade (32,975), commercial services and the financial sector (21,684), industry (10,387) and construction (6,170).

National projects implementation was part of Measure 1.2 SOP PS “Support of the Construction and Rehabilitation of Infrastructure):

- “Set-up of a craft institute, optimization of a craft network”
- “Modernization and interconnecting of an academic, science and technical libraries with business practice”

Set-up of a craft institute, optimization of a craft network Minister of Economy of the Slovak Republic announced a call for proposal for the national project “Set-up of a craft institute, optimization of a craft network” on 28 October 2004. Slovak Craft Industry Institute from Žilina submitted to the NADSME a project. It was registered to the IT monitoring system. Upon decision of the Minister of Economy of the Slovak Republic from 27 September 2006, the contract was not signed. NADSME announced the final decision to the beneficiary on 10 October 2006 together with its detailed justification.

The penetration of Slovak SMEs into new markets can be achieved only by means of target activities aimed at the development of international co-operation such as presentation of entrepreneurs at exhibitions and contractual fairs, search for new contacts with the use of all modern electronic systems and media, as well as the spread of knowledge on the legislation system of changing commercial scope. Support activities carried out in this sphere enable faster adaptation of SMEs on new conditions in the competitive EU environment as well as out of it. Bigger part of the activities is performed by NADSME via Euro Info Centre (EIC).

As of February 2008, a new initiative of the European Commission **Enterprise Europe Network** provides entrepreneurs with complex and easily accessible counselling as well as support in business, innovation and research. The new network, whose member is also NADSME, builds upon experience of former initiatives of support services and integrates former networks of Euro Info Centres, Innovation Relay Centres and support services for SMEs participating at 7FP. The advantage of Enterprise Europe Network is that all services are delivered at one place, which eliminates bureaucracy and chaos originating when one does not know which institution to address with a specific issue. The aim of Enterprise Europe Network is to help SMEs unlock their innovative potential and improve their knowledge on the policies of the European Commission. The new initiative is close to entrepreneurs - one stop shops assist them when searching for advice as well as while using the wide range of easily accessible services aimed at business support⁵. Starting up, small entrepreneurs often lack necessary resources for monitoring different types of aid that EU programmes offer. Moreover, such companies are not always able to fully assess innovative and market potential of their products or identify business opportunities, especially in the areas they are not familiar with. Enterprise Europe Network fills up this gap. It is the biggest network in Europe in the field of professional counselling and business services, comprising more than 500 contact points and almost 4,000 experienced professionals. The main goals of the network:

- to strengthen the synergy between network partners by means of the provision of integrated services,
- to maintain and constantly improve access, closeness, quality and professionalism of integrated services delivered by the network,
- to spread awareness, especially among SMEs, in terms of EU policies and network services, including the Cohesion and Structural Funds,
- to consult enterprises and get feedback on the future direction of EU policies,
- to secure the complementarity between the network and other relevant service providers,
- to cut down on administrative burden for all parties.

An example of internationalization process of SMEs in Slovakia: The Slovak milk processing industry

In this time, from the viewpoint of concentration of the Slovak food enterprises with regard to the joint ventures or alliances, the Slovak milk processing industry had more advanced according to international evaluation. The multinational companies belong to the international companies with flexible response to

⁵ NADSME: Enterprise Europe Network (PDF format – p.1) from <http://www.nadsme.sk/> Retrieved 17 June 2009

changes of the external environment. The companies have to adapt to the competitive environment. Increasing competition in the Slovak agricultural and food complex is the preparation for the open market with food products after the accession of Slovakia into the EU.

The time period to 2005 is very important for the milk sector from the viewpoint of the restoration in the European market conditions. At the present time, the process of globalization, internationalization as well as concentration is expressed by the group of strong firms which operate in the international environment and they are the competition for the domestic entrepreneurs. Foreign investments are helpful at solving new technological or managerial projects. The selected Slovak milk processing entities reached the biggest volume of foreign capital in year 2000. The Fromageries Bell became the owner of Zempmilk, joint stock company, Michalovce. Bongrain Europe SAS has the majority in the Liptovská mliekareň, joint stock company, Liptovský Mikuláš and I. Wittmann & son in Zvolen. One of the important foreign acquisition is the purchase of 94% shares from the Prievidzká mliekareň, joint stock company, Prievidza, by the Austrian holding Artax AG in the Slovak milk market in year 2001. The number of milk processing capacities will depend on the demographic composition, the structure of settlement and accessibility to production sources. The population changes have influenced the sale of milk products. In 2005 in comparison with 2004, the production of consumable cow milk and butter was decreased by 15.7 % and 23.6 %. On the other side, the production was increased by: cheeses produced from all sorts of milk 17.9 %, milk powder 11.3 %, creams 10.7 % and fermented dairy products 3.9 %. In 2005, in comparison with 2004, the difference – trade margin between processor's prices and consumer prices was not change very significantly.

The business entities with production of milk and milk products have to turn attention to the changes on the international markets. The Liptovská mliekareň, joint stock company, Liptovský Mikuláš, belongs to the best producers of cheese with long production tradition, high quality and fulfillment of international hygienic demands on the production. Liptov's cheeses are also known in the countries of the pretentious consumers, such as the Netherlands, Germany, Austria, the U.S.A. and Denmark. Important are the markets of Croatia, Russia and the Czech Republic. Tatranská mliekareň, joint stock company, Kežmarok exported about 34% of cheese production on the Czech market in 2003. Top managers want to broaden the volume of export on foreign markets and to place the milk products in new business network such as Poland and Hungary.

The development of milk products will lead to specialization and processing entities are oriented the production on production of cheeses and specialities from cheese (Liptovská mliekareň, a.s., Liptovský Mikuláš; Syráreň Bel Slovensko, a.s., Michalovce; Levické mliekárne, a.s., Levice), production of yoghurt and acid milk drinks (Danone, s.r.o, Modranka pri Trnave; Rajo, a.s., Bratislava; Friesland Slovakia, s.r.o, Nitra) as well as production of traditional milk products – special creams, curd, milk cakes.

The Slovak Republic has the biggest chance to penetrate the market with its specific products like sheep cheese, bryndza, mouldy cheeses and other. Putting specific products on the saturated European market means that it has been enriched by products, which are demanded by consumers of other states. These products form approximately one fifth of all cheese production on the world level. The advisable way how to launch the Slovak specific product into foreign markets is by means of distribution channel or network of channels of a big investor, who is increasing not only the quality of products but also the volume of processing materials

Firms develop *network identities* which are based on the relations between firms. *Network identity* means to capture the perceived attractiveness of a firm as an exchange partner due to its unique set of connected relations with other firms. Foreign investors are seeking the Slovak enterprises for more reasons – there are more factors which make the Slovak business environment attractive: besides specific milk products assortment, cheaper labour force, advisable tax condition, cheaper resources in general and energy as well. In present a lot of dairies operate with foreign capital in Slovakia.

The global development of milk production and milk products depends on the milk sale and production of the milk products in this industrial branches. The Slovak milk products are in the regional market are competitive, mainly yoghurt (Rajo 24.6 %, Danone 12.7 %, Jogobela 7.8 %, Vitalinea 5.9 % and Sabi 5.3 %) and cheeses (Eidam 64.4 %, Karička 56.1 %, Syrokrém 47.5 %, Lunex 40.4 %). One of the specific Slovak milk products is sheep cheese, which is known as “bryndza” in the Slovak language. To make bryndza, it is necessary to observe hygienic principles which are demanded by the EU, then to introduce sophisticated machines of milking and thermal processing of the sheep-milk. Many countries are trying to keep their first

position in production of bryndza: not only Poland and Romania but also Hungary, Bulgaria as well. The truth is that bryndza is the Slovak specific product.

The period of 2002–2003 is characterized for the Slovak milk processing entities by the entrance of foreign investors. The biggest share of purchased raw milk has international companies with Italian (17.5 %) and German capital (15.3 %). Two French companies have 15 % or work up 6.8 % of raw milk. The Slovak Republic belongs, from the viewpoint of size and number of inhabitants, to the average states among new members in the European Union. The Czech Republic and Poland are bigger than Slovakia.

Based on the obtained results from the recent situation, we take into consideration the fact that the economic stabilization of agricultural and food complex as well as the Slovak economy in total is not possible without the enterprise restoration in connection with production conditions.

It shows that multinational companies have created 52 % of total number of big milk processing entities. The internationalization process is in connection with the access of the foreign investors to these companies which production is aimed to the production of consumer milk and milk products.

The Slovak Republic has to adapt to the new EU conditions from the viewpoint of cow raw milk. The Direction of Council EU No.92/46 about hygienic order for production of milk and milk products, the Direction EU No.93/43 of food hygiene as well as other supplements belong to the basic orders for the Slovak legislation.

The growth of a firm as well as its international operations has been intensively studied, but the impact of the *business network* on a *firm's development* is to a large extent ignored, especially in the agri-food sector. In the case study the term *business network* refer to the overall loose configuration of interconnected companies around a firm, whereas a business net is a clearly defined group of companies having a perceptible connection with each other. There is no doubt a single agri-food company comprises a set of resources, activities and knowledge that is linked with its suppliers and customers and often a set of partners, subcontractors and other actors. Distribution channel could be used as a very simple example of such interaction and customer-supplier relationships *Vicen (2000)*.

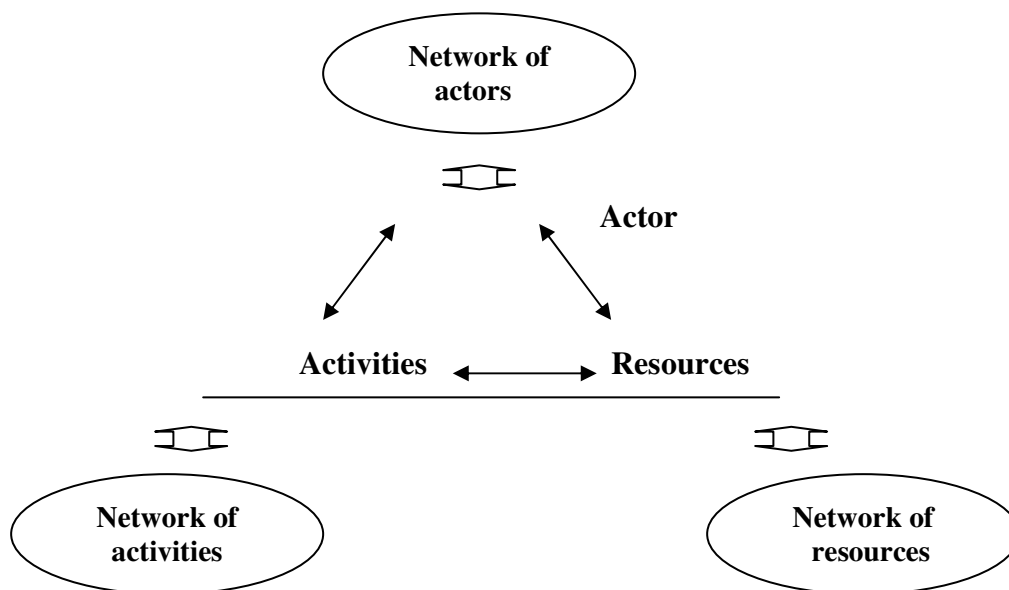


Figure 3. Basic structure of the basic model

Source: FORSSSTRÖM, B. (2005): *Value Co-Creation in Industrial Buyer-Seller Partnerships – Creating and Exploiting Interdependencies – An Empirical Case Study*, Abo Akademi University Press, Turku, 2005, 179 p.

Previous business contacts could stimulate the trade within certain local or regional market *Horská and Bielík (2004)*. This is of great importance in case of stimulating the trade between trade blocks in the process of regional integrations (EU as a group of countries, V4, Central and Eastern Europe, EU and the world, China and Australia and other relationships). The interest in understanding the development and configurations of business networks has grown rapidly and the nature of contemporary business relationships requires more research. The interesting question is: who actually stimulates the development – a firm as an entity, its connections and personnel or the overall business environment?

Relationships and networks are of a great importance in the processes of internationalization. Industrial buyer – seller relationships in international business networks represent one key interest area for research when looking at any development processes, whether from the supplier's or from the buyer's perspective. We introduce the basic structure which helps us to create the business network of SENOBLE in the international environment (see figure 3).

An independent family - owned company created by Sophie SENOBLE in 1921, introduces another example how to create business network in international environment:

- 1921 – in Jouy, Sophie Senoble created a small scale, homemade, cheese – making business at her 30 hectares family farm. She was embarking on a wonderful family saga, where 80 years later SENOBLE would become the third largest dairy producer in France and synonymous with Ultra – Fresh products.
- 1940 – with the passing of Sophie, her son Andre took control of the cheese – making company. Under Andre the small “dairy farm” became a verable cheese producer, with a range of Brie and camemberts.

It means the domestic growth period and a production of milk products was oriented to the regional as well as domestic market.

- 1960 – there was a new generation of consumers who wanted to discover and try new dairy products beyond just milk and cheese. The company was turning to more gourmet and innovative products that would lead them down the road to the Ultra – Fresh dairy business.

From the viewpoint of the creation of the theory of business networks, the company grew and created a domestic net of subsidiaries and partners in the production chain for a number of product line.

- 1980 – this is the year when the production of cheese was terminated, and the factory in Jouy was reconverted to the production of fresh dairy products. During this fruitful decade, there were two new arrivals: Marc Senoble, at his father's side, and a diversification towards the production of desserts. The company shows a dazzling growth with the private label brands in France and abroad.

It comes from the development into a group of firm that early international activities and export developed as an additional activity to the existing business. It means for international business activities a new form of its development.

- 1990 – 2002 – since 1998 SENOBLE has become a respected retail partner and the point of reference for lovers of gourmet desserts. However, it is in the “low – fat” aisle that SENOBLE has expanded its reputation for innovation when it launched no fewer than 10 new recipes under the Weight Watchers R licence. *It is necessary to understand that the outcome of this evolution was the creation of two inter – related groups of companies. Both are complex, partially overlapping business nets coexisting and co – operating according to the specific activity.*

- 2004 – following a large financial investment of 25 % of the value of the business by the capital investment company, the Senoble family will retain the remaining 75 % of the company. This financial input into the business releases the capital continue the investment and growth of the company into the future. *SENOBLE firm creates the business network with competitors as well as it influences the way firms act and it is therefore the network that shape the internationalization process.*

- 2005 – SENOBLE acquires a manufacturing unit in Slovakia and undertakes the construction of a centralized warehouse in Villerory within a few kilometer of the head office.

The international company has branches mainly in the Europe. The newest affiliation is the former Slovak milk processing company I. Wittman & Son, Ltd. (IWS) in Zvolen, Slovakia. This one is aimed mainly to produce the yoghurt for SENOBLE company as well as for the European market where this company has branches. The net's position of firms differs from role in the net i.e.: co – suppliers, users and complementers. Each company has a specific network horizon that varies according to the type of business, activities and resources. There is an explanation of relationships on the international competitive environment. Within the international market environment there is a special

attention devoted to the analysis of the relationships at local market of the Slovakia of the newest affiliation evidence at this local market.

To become a competitive in such environment it is of great importance to search for a new market opportunity, new local markets or innovative products and attract the customers. From local viewpoint there is important to create reliable and strong relationships with suppliers of primary product – milk. It comes from the analysis that these relationships have an essential role in understanding *the internationalization process* and *business net* development concerning the selected market. The selected focal dyad is mapped in the business network as it develops and its evolution is followed through actor bonds.

4. Conclusion

Growing role of small and medium-sized enterprises in national economies of Western European countries became the phenomenon of economic growth at the end of 20th century. Since 1989, the East European countries have undertaken a process of economic transformation, whose core is the formation of the private sector as well as the development of entrepreneurship and the creation of small and medium – sized enterprises (SMEs). The same situation was in the Slovak Republic. Small and medium – sized enterprises have a huge impact on the economy of each country. In Slovakia, more than 90 % of all business entities there are small and medium – sized enterprises. The SME sector is one of the factors that contribute to economic growth in every country on the national and regional level, and it holds true to Slovakia. Although this sector grew most rapidly during the beginning transition period, it still retains its significant role in the economic growth in Slovakia. Analyzing the provided statistical data and material allows us to draw the following conclusions:

- The share of SME sector in all registered enterprises in Slovakia is convergent with that for the whole EU average and it amounts to 99.8%.
- In Slovakia the share of microenterprises amounts to 79.3% which is the lowest feature in the EU-25. It means that the situation in Slovakia seems to be better for the economy, as the microenterprises do not provide huge impact on national employment and GDP.
- In Slovakia the share of SMEs in total employment is crucial and amounts to 61.2%.
- Share of SMEs in GDP as well as value added generated by enterprises Slovakia is also very important and it amounts to 41.3% and 48.9% respectively.
- A present-day share of SME sector in both export and import volumes is more than 1/3 of the total volume of foreign trade of Slovakia.
- Slovak entrepreneurs are usually satisfied with the proposed offer and help provided by the supporting system for private entrepreneurship in Slovakia.

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“THE EVOLUTION OF ENTREPRENEURSHIP: IS THERE ANY DEPARTURE FROM SCHUMPETER’S VISION?”

Abstract

Study of entrepreneurship consists of many different research topics, which hardly can be synthesized into a coherent theory. As the time passes by, researchers keep on producing wide spectrum of theories concerning definition, origins, determinants and measures of entrepreneurship, as well as diverse explanations about its possible impact on economic development. Most of them usually agreed upon just a few things: a) entrepreneurial activity varies both across the countries and over time; b) neither individual (entrepreneurial efforts) nor environmental factors (supportiveness in environment) can solely determine the outcome of entrepreneurial activities.

The purpose of this paper is to deal with evolution of very concept of entrepreneurship in order to analyze: 1) do the changes in the concept represent departure (and in what direction) from Schumpeter’s vision of entrepreneur (as innovator); 2) don’t those changes confirm actual predominance of environmental over individual factors affecting entrepreneurial activities.

Key words: entrepreneurship, innovation

INSTEAD OF ORDINARY INTRODUCTION

“We are standing on the shoulders of the giants who came before us – that is why we can see the horizon and look towards the sun”.⁶

At the moment when I conceptualized the key ideas intended to be analyzed in this paper, they seemed so provoking and inspiring, that I was very proud of my being able to think them out. And although some perplexities crossed my mind, I did not bother why other researchers disregard and /or miss at least similar points. Simply, I was deceiving myself for couple of days that I revealed some unnoticed facts. Probably I secretly hoped my approach to be labeled as a sort of entrepreneurial one. Of course, it turned out that I was misled. And it reminded me to the “old” truth: whenever one believes to find out something new and rare, it usually reflects the fact that he (she) either has not read appropriate literature enough or has not studied it properly. Becoming finally aware of potential as well as actual limits of my knowing the subject, I decided to moderate an overoptimistic enthusiasm which dominated in the abstract.

Being constrained by time and space, this analysis is far from being detailed evolution of entrepreneurship. It is rather a rough sketch of it, which reminds the audience of just a few well known approaches in the field. Also, it covers some (to my opinion) important elements of Schumpeter’s work, as well as dissonant contemporary interpretations of his ideas about entrepreneurship. Still, the main point remains unchanged: considering entrepreneurship, some important pieces of this “puzzle” are already contained in Schumpeter’s writings.

HIDDEN HINTS IN SCHUMPETER’S ANALYSIS

Before I try to explain the claim that so-called departure from Schumpeter’s vision of entrepreneurship dominates contemporary analysis of this phenomenon, preliminary useful step is to be taken – to recall what Schumpeter really meant by entrepreneur and how he has described the role and actions of the entrepreneur.

⁶ In spite of my not being able to recall either where I heard of this statement or who its author was, I consider the quoted (or paraphrased) words appropriate for one of paper’s purposes – to express respect and admiration to Schumpeter’s theory of entrepreneurship.

In the first edition of “*Theorie*”, an entrepreneur was understood as “new and independent *agens* in the economy” (Schumpeter 2002, p. 406), insightful and energetic man of action, who used his personality to force himself on others and demonstrated both *willingness* and *capability* to create “something new and destroy the old thing” (Schumpeter 2002, p. 409).

Judging by this explanation, Schumpeter (although quite unaware of it) made a proper distinction between so-called nascent and real entrepreneurs. He did not connect meaning of the term to mere desire to try one’s predisposition to act in an entrepreneurial way (which can be qualified as nascent entrepreneurship), but rather to capability to disrupt previous practice and accommodate to new circumstances (real entrepreneurship).⁷

In fact, by bringing something qualitatively new, entrepreneurs were the ones “responsible” for development and they significantly differed from those who were only ready to adapt themselves by doing things to be familiar with. According to Schumpeter, only entrepreneurs were capable of carrying out innovative reallocation of economic resources, as well as transformation of organizational forms. Contrary to managers who were occupied with usual, routine activities, entrepreneurs were initiative individuals, possessing some exceptional and rare qualities such as readiness for exercise leadership by bringing about essential changes in organization. Actually, they were understood as “sociologically distinct individuals” (McDaniel, 2005), thanks to their impressive natural abilities necessary for making different “path-breaking” changes in the economic system.

This description corresponds to the claims of propensity model of entrepreneurship: individuals are predisposed to become entrepreneurs regardless of characteristics of particular institutional system they operated in. In other words, an entrepreneur was supposed to be the leader whose decisions were much more intuitively based (Swedberg, 2007) than founded on practical training or other kinds of support from surroundings. At the same time, he (she) was not expected to be inventive and creative person, but the one among the others who was able to recognize and exploit already present possibilities.⁸

Schumpeter emphasized that the main intention of that ambitious (let me say) freelancer was to “shake things up”, that is to make the change bringing something new to be realized. In spite of the fact that such innovativeness was not explicitly connected to other aspects of entrepreneurship, capability of doing the above-mentioned type of activities necessary included much more than Schumpeter might be aware of and/or was willing to stress. Actually, the very decision to exploit the recognized opportunity reflected entrepreneur’s readiness to *bear* some *risk* by *taking the proper action* so that things would be *organized* and carried out in the appropriate way. And these are entrepreneurial functions which were (more or less in a similar way) mentioned and analyzed (later or sooner) by Knight, Kirzner and Say, respectively.

Besides above-mentioned innovativeness, there was another essential characteristic of the entrepreneur at the time. He (or she) was not initially motivated by profit stimuli, but rather driven by other motives. Such type of behavior seemed to be idealist and in that sense quite similar to so-called romantic entrepreneurs (Bird and Mitshuhashi, 2003, p. 137). Being driven by motivational forces which were not by origin profit ones, these individuals seemed to be similar to Kirzner’s (1973) pure entrepreneurs: “deprived” of ownership and having some prosperous ideas in their minds, they *primarily* brought about changes in goods, methods of production, markets, organizational forms and so on, whereas a reward for their efforts was somehow pushed into the background. Of course, this did not mean that Schumpeter believed an entrepreneur could live on changes instead on profits; it was just quite natural to expect that at such level of economic development (in the beginning of the twentieth century) impulses for generating something new prevailed.

Later on (during further development of capitalism), initiative and creativity of “heroic” individual have undergone dramatic changes. Entrepreneur was firstly transformed from one who “shook thing up” to another “getting things done” (Schumpeter 1950, p. 132). And in the next phase the exclusivity of individual entrepreneur was replaced by depersonalized innovative activities being done by large firms (Schumpeter

⁷ Only those capable for putting into practice already existing and noticed opportunities may belong to the latter category.

⁸ “...the new thought is taken up by a powerful personality and is implemented by his influence. This personality does not have to be the creator of the thought, just as the entrepreneur need not have invented the new production method he is introducing. What characterizes the leader - here like everywhere else - is the energy of action and not energy of thought” (Schumpeter 2002, p. 429).

1950, p. 133).⁹ In other words, so-called *Man of action* was somehow swallowed up by dynamism of capitalist engine. For this reason Schumpeter was accused to abandon his entrepreneur-centered theory (Witt, 2002, p. 8). And probably that is why some authors (Freeman, 1982, p. 213-214)¹⁰ saw the difference between Schumpeter I (insisting on individual as the entrepreneur) and Schumpeter II (ascribing entrepreneurship to corporations).

This has been known as obsolescence thesis and it represents an obvious example that contemporary researches overlook and/or neglect historical perspective contained in Schumpeter's writings. The main reason for this may be the very nature of the phenomenon: being defined vaguely and /or imprecisely, entrepreneurship neither could be identified as the factor of production (like capital, labor or land), nor has it be treated as an argument in production function. That is why entrepreneurial activities (in contrast to adaptive managerial ones) can hardly be identified and predicted in advance. From the other side, this dynamic and innovative connotation of the term was recognized by Schumpeter. He emphasized the role a heroic individual (as "driving power") played in the process of "creative destruction", this way inducing changes which exceeded a firm level and extended to whole economy. Under rapidly changing circumstances no wonder that the role of above-mentioned individual transformed as well. Socioeconomic environment conditioned further emergence of Schumpeterian entrepreneur. That is why he concluded that activities originally ascribed to individual entrepreneur were absorbed and/or vanished when big companies became to dominate. In other words, Schumpeter really predicted (in a roundabout way) that individual qualities would be less important in subsequent flow of events. In that sense the claim that innovative individual was no longer crucial for later capitalism (as it had been in earlier one) refers more to the distinction between different stages of capitalism development than to existing of two "Schumpeter" (Langlois, 2002).

Still, for small, start-up business the role of innovative individual remained important. Schumpeter himself emphasized that different sides of the novelty could be represented by the most typical one – that is "the founding of a new enterprise" (Schumpeter 2002, p. 410). Having in mind dominance of neoclassical theory (and its ignoring the relevance of hardly identifiable role of entrepreneurs) since that time, no wonder that researchers being interested in studying of entrepreneurship naturally stuck to what they really had at their disposal, in order to overcome impossibility of connecting an entrepreneur with any of production factors.¹¹ So, I suppose that analysis of entrepreneurship considered as start-up business was the idea which they inherited from Schumpeter.¹²

Although the literature suggested that an entrepreneur could not necessary be regarded as identical to an owner, further researches in this area of interest have almost taken for granted that these two persons were alike in many ways. This naturally led to more often use of the terms business ownership and entrepreneurship interchangeably (Grilo and Thurik, 2004; Henriquez et al. 2001). Besides, among different ways of measuring entrepreneurial activity, the number of business owners became the most popular indicator of entrepreneurship. In other words, when someone's wish to start up a business has begun to come true (materialize), it was treated as the signal of entrepreneurial activity. There is one obvious reason why it has been treated this way: establishing an enterprise represents concrete, tangible form and *an outcome* of entrepreneurship (Bird and Mitshuhashi, 2003, p. 128) which can easily be tracked. What message left by Schumpeter these analyses forgot? If one organizes his activities in a similar way as his predecessors, he hardly can be identified as an innovator, rather as a mere reproducer and improvisers. Unfortunately, such kind of entrepreneurs is nowadays dominant. Still, competitive advantage is located on the side of those making efforts to initiate competence-destroying innovations. And Schumpeter exactly drove at pure, real, innovative entrepreneurs when spoke about those individuals which role remained important for economic development.

⁹ In that sense Becker and Knudsen tried to remind us about the differences between first and second German edition of Schumpeter's *Theorie*; during those fifteen years the entrepreneur was converted from energetic leader causing economic changes into "a much weaker individual" (Becker and Knudsen 2002, p. 391, 393-4). And later (from second edition onward) "de-personification of the entrepreneurial function" (Becker and Knudsen 2002, p. 394) came to the scene.

¹⁰ And George Ritzer mentioned Carayannis, Ziemnowicz and Spillan in that context (Ritzer, n.d.)

¹¹ As Swedberg noticed, even Schumpeter himself was "more sensitive to what mainstream economics was doing" at the time when second edition of *Theorie* was translated to English (Swedberg, 2007).

¹² Changes in economic science (resulting in neoclassical dominance) might also have caused slightly revision of Schumpeter's standpoint about entrepreneurship (Becker and Knudsen 2002, p.392).

Is there another point where Schumpeter was right? Considering human wish for self-actualization and recognition, nothing dramatically changed since his time.¹³ Although primary motives lying behind entrepreneurial decision were changing as the time passed by, most of contemporary researchers still considered self-actualization and independency aspirations to be the main motives for running a business.¹⁴

From the other side, nowadays an entrepreneur is supposed to be much more than some self-made individual having just a few essential merits which allow him to be different than others. Apart from willingness to take a risk and at least intuition about something new, he (she) is expected to be well educated and experienced.¹⁵ Keeping in mind that there are many available ways to acquire skills and knowledge necessary for creating proper base for one interested in becoming an entrepreneur, it seems quite possible to learn to be an entrepreneur even if someone originally hasn't possessed such qualities. This reflects another important change in the concept of entrepreneurship: it previously was defined as non-routine activity, whereas nowadays it becomes more or less regulated one (Henriquez et al. 2001) and alike to managerial activity. At the same time, converting such beginner into real (Schumpeterian) entrepreneur is not that easy. In spite of all the efforts made in such direction, there is no guarantee that "achieved" and "desired" outcomes will necessarily correspond to each other.

Exactly in this point all factors being beyond individual's control became actual and important ones. That is the point where contemporary analysis of entrepreneurship departs from Schumpeter's vision: it is much more focused on the context and outcomes instead on features of individual entrepreneur. Although Schumpeter mentioned "the reaction of the social environment" in the sense of some legal, political or general difficulties surrounding entrepreneurs (Schumpeter 1934, p. 87), he either not considered them much important for being especially stressed, or they actually were not such troubling as nowadays. Probably that is why his explanation omitted to be more devoted to environmental factors.

INDIVIDUAL VERSUS ENVIRONMENTAL FACTORS OF ENTREPRENEURSHIP

Being simultaneously economic and social phenomenon, entrepreneurship is truly inspired subject of interest, which has attracted attention of researchers from diverse disciplines.¹⁶ That is why its meaningful analysis is supposed to include many different elements, covering variations and sequence of variations at individual as well as institutional level which might influence the process of entrepreneurial decision-making. What modern approaches offer in that regard?

Thanks to the Global Entrepreneurship Monitor (GEM) as international research program annually dealing with national level of entrepreneurial activities, we are able to analyze development of entrepreneurship over time and compare current state of these activities across the countries. Also, there is eclectic approach which tries to sublimate standpoints about the topic, regardless of the fact they stream from diverse perspectives and even different disciplines (Grilo and Thurik, 2004).

However, on theoretical level there have been and still are many problems regarding entrepreneurship. In spite of revitalized interest in this phenomenon, some authors (Gartner, 1990; Gartner, 2001; Wadhvani and Jones, 2006) kept warning that increasing number of researches undertaken in this field during last two decades has not produced less confusion and better understanding of the problem. What are the main reasons for such state of affairs? First of all, as it was mentioned in previous chapter, main contributions of Schumpeter were somehow put aside regardless of the fact that some of them (as being complemented to several contemporary insights) could be very useful for (so far relatively modest) theoretical progress in the theory of entrepreneurship (Swedberg, 2007). Second, different disciplines have a tendency to offer their own, unique and particular standpoint. In doing so, they usually ignored other perspectives,

¹³ Individual motivation seems to be "more enduring and less mutable than capabilities" (Bird and Mitshuhashi, 2003, p. 155) - that is being an entrepreneur by nature is still rare feature.

¹⁴ What Schumpeter had not noticed, and some other researchers did is the fact that these driving forces could be initialized not only by recognizing an opportunity, but also by necessity.

¹⁵ The latter represents a solid base for further upgrading of specific abilities: to be open-minded in any occasion, to think in non-linear way and to be able to face with challenges and not to hesitate if feels a premonition of danger.

¹⁶ In fact, analysis of entrepreneurship represents one of rare areas within economics where such approach is understood as even desirable.

illuminating some part of entrepreneurial “puzzle” and, as a result, there is no coherent, multidimensional approach.¹⁷

Frankly speaking, as the mainstream (neoclassical economic theory) mostly ignored the subject, entrepreneurship was either analyzed under the wing of organizational and managerial studies or outside economic science (with the exception of heterodox economy). And although multi-dimensional approach is certainly welcomed, insisting to cover many aspects of the problem by integration of factors into those shaping either demand or supply of entrepreneurship has always been difficult for several reasons. First of all, focus of analysis determines which (out of so many) definition of entrepreneurship is supported; second, a chosen definition itself significantly influences what indicators will be used to measure level of entrepreneurship across the countries and/or over different time periods; third, keeping in mind that indicators may refer to quite different aspects of entrepreneurship, their result are not comparable, that is we can't make a proper analysis of countries' achievements in that regard; fourth, empirical researches are usually founded on survey data, which hardly can be treated as reliable means for deriving valid conclusion about entrepreneurial activities.

All the above-mentioned “shortcomings” seem to be present in every trial to measure one or another dimension of entrepreneurship. However, there is one, but key difference between GEM model and eclectic framework. The former is focused on opportunities an individual is faced with, as well as his (her) capabilities to make decisions and act in an entrepreneurial way; the latter does the same plus enriches the analysis by interconnecting more determinants of entrepreneurship, particularly those streaming from environmental influence (Grilo and Thurik, 2004).

Keeping in mind that some researchers prefer to analyze individuals and opportunities, whereas the others favor environmental context, it seems that further deepening of confusion can not be avoided. For example, insisting on precisely defined theoretical perspective (Gartner, 2001, p. 30) represents a trial of returning entrepreneurship under “economics’ wing”, which is praiseworthy idea. At the same time it narrows the field of entrepreneurship by focusing exclusively to individual's ability to discover and exploit opportunities. Also, it may be true that trying to cover so many different topics prevented researchers to direct properly their affinities and pushed entrepreneurship phenomenon into another extreme: hyper-production of papers in which identity of the entrepreneur can't be recognized. However, the claim that spreading of the analysis beyond individual level weakens theory of entrepreneurship is certainly questionable. Besides, focusing on the personality of entrepreneur, these behavioral and cognitive approaches totally ignored the broader (environmental) context in favor of individual (and firm level) analysis, which is (particularly nowadays) almost inadmissible mistake.

What are the arguments supporting predominant significance of environmental factors? Entrepreneurial “spirit” consists of different ingredients and that is why it is very difficult to clarify which of them may be the prime “mover” or further catalyst of that spirit. It is no longer matter of pure innovativeness whether any proposed project would be acceptable for society out of, at least, two reasons. First of all, even being innovative is dependent on different features of national culture (Hofstede 1991). In that sense, the countries being more inclined to individualism and less to uncertainty avoidance than others seem, almost by definition, to be preferable environment for innovative-oriented individual. These countries are well “equipped” for creation of entrepreneurial opportunities (i.e. they are able to foster entrepreneurship). Of course, it doesn't mean that such type of entrepreneurial feature can not exist somewhere else. It certainly appears, but overall conditions necessary for its flourishing are not favorable. Second, although we can leave a natural tendency of an individual to behave in a particular way apart, the importance of other kind of environmental influence can't be neglected. In other words, even if we assume that individuals can be predisposed to become entrepreneurs regardless of their surrounding, the possibility of applying innovative ideas into the practice is still dependent on other factors.¹⁸ For example, the web of informal relationships an individual is capable to establish (social network) seems to be more significant for his (her) success; also, development of entrepreneurship can be determined by influence (either stimulating or inhibiting) of

¹⁷ Failure of numerous attempts to integrate different points of view seemed to be quite similar to famous story about blind men and elephant (Gartner, 2001, pp. 28-37)

¹⁸ Having essential characteristics required for an entrepreneur is still different from the ability of proper using and transferring those features into concrete and positive outcomes.

government policy and institutions; and change of norms, rules and beliefs (that is institutions) can also condition and shape behavior and choice of entrepreneurs.

Actually, taking into consideration social context (Low and Macmillan, 1988, p. 142-3) which could stimulate or prevent an entrepreneur to develop his efforts in carrying out activities (processes) necessary for achieving adequate (and expected) outcome is not only welcomed, but necessary for completing study of entrepreneurship. Although entrepreneurial activity may be logical outcome of complex interaction between individual and environmental factors, the latter shape, affect and most importantly dominate the former, this way preventing nascent entrepreneurs from becoming real ones.

CONCLUDING REMARKS

The concept of entrepreneurship has undergone a lot of changes since Schumpeter's time. There were many *ad hoc* as well as permanent contributions to development of this area either at theoretical or at practical level. Also, although a relevance of an individual was not totally ignored in the meantime, interpretation of entrepreneur relying (almost exclusively) on its innovativeness became more or less obsolete. Was this trend expected? Yes, if we just glance, not to mention carefully observe and analyze, in which direction analysis of the subject has been going. What is more important is the fact that Schumpeter and his followers (and/or opponents) were expecting such sequence of events.

Yet, most of recent analyses dealing with entrepreneurial issues demonstrate some kind of departure from Schumpeter. Regardless of their usual assuming that both the presence of entrepreneurial spirit and the supportiveness of entrepreneurial environment almost equally influence the level of entrepreneurship, current studies are much more than Schumpeter's ones focused on stimulus and constraints caused by environmental influence. This type of "departure" is expected and natural tendency.

However, there is another, less visible and more serious, departure concerning the attention paid to what Schumpeter had done in the regard of entrepreneurship. What usually do Schumpeter's contemporary interpreters? Some of them are inclining to point out an inconsistency they revealed in his writings and usually ascribe it to Schumpeter's unsatisfactory understanding of a particular problem. The others, no matter how much being fascinated with some of his ideas, only try to fit them in their texts in order to prove "imagined" statement(s). Still, there are few, willing to remind us about either already mentioned or forgotten claims which are contained in his books. And even those insisting on inconsistency in his standpoints (like Ritzer) believe that Schumpeter's work represents a solid (and certainly provocative) base for creating further inspirational researches.

In that sense it is necessary for economic analysis and policy makers to re-read Schumpeter's books in order to discover some of (very often "hidden") indications they contained. And I warmly suggest so, like some other researchers do (Swedberg, 2007; Thanawala, 1994). This is the only way to find out that he, at least, had a strong feeling what might have happened with analysis of entrepreneurship if he had taken it up regardless of change in circumstances. And it certainly will be helpful for understanding the advantages of his approach to issue of entrepreneurship.¹⁹ Even if it were not for other things, out of this reason he simply deserves an upsurge of popularity!

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¹⁹ This means nothing less but to become a new leader instead of bare follower, i.e. to "embrace the contradictions inherent in the intellectual structure of one's own times, and channel them to produce a new synthesis of one's own" (Mehrling, 1999, p. 238).

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MEASURING COUNTRY-LEVEL COMPETITIVENESS USING BUSINESS LEVEL DATA**Abstract**

The importance of the SMEs in the modern economies increased in the past decades, and the SME sector and the family businesses, as usual, are investigated in several ways. While the link between economic growth and competitiveness is well-known present competitiveness measures lack the microeconomic foundation. In this paper I present a competitiveness measurement technique that links directly the micro- or firm-level and the macro- or regional/country-level factors of competitiveness. I use business-level data from the Global Entrepreneurship Monitor (GEM) database that are combined and weighted with institutional variables derived from various large international institutions. By applying the interaction variable method in a unique way the competitiveness of the individual businesses can individually be calculated. The country level rank of competitiveness is the result of the aggregation of the individual business competitiveness. The final rank is relevant and has strong correlation with other existing well-known competitiveness rankings.

INTRODUCTION

The importance of the small and medium size businesses (SMEs) in the modern economies increased several ways in the past decades (Gumpert 1982, Piore 1990, Feldman et al. 2005, Autio et al. 2005, Hellmann 2007). Although their many drawbacks (small size, lacking managerial capabilities, missing resources, undercapitalization etc.), these firms employ the majority of the workforce, while concerning other macroeconomic data (e.g. export, profitability etc.), large multinational companies have decisive leverage. Moreover, SMEs are the major sources of breakthrough innovations. While the SME sector can be generally viewed as a whole it constitutes very diverse businesses. A general finding in this literature is that with respect to the entrepreneurs' gender (DeTienne and Chandler 2007; Langowitz and Minniti 2007), the differences are minor contrary to the family background (Hundley 2006) where the differences are conspicuous. The same results are published about the role of the environment both in the developed (Le 1999) and the emerging countries (Manolova et al. 2008). Finally, the positive relationship between the entrepreneurial activity of this sector and the economic growth is evident nowadays (Audretsch and Thurik 2001, Wong et al. 2005, Salgado-Banda 2007). Additionally, in the deepening economic crisis the most important question addresses that who will survive until the economy recovers. These are the reasons why the competitiveness of SMEs should be investigated in details.

The analysis of competition as the fight for scarce resources is in the centre of researches from the 1980s. however, it is relatively new phenomenon by defining competitiveness as the ability to achieve dominance and steadiness in the competition (Botos 2000). The theoretical and practical researches have primarily been focused on Michael Porter's model system (Porter 1998) and its critique (Krugman 1994). Various measures of competition can be found in the standard economic theory (Samuelson and Nordhaus 2002). The measurement of competitiveness is not without challenges because first we have to declare at which level we want to measure competitiveness. We can speak about at least two levels of competitiveness: the micro- or firm-level and the macro- or regional/country-level. Although Krugman's often cited critique denies the existence of macro-level competitiveness, I would like to argue about the superpose and interdependence of it: large numbers of local competitive firms can provide positive externalities (Varga and Schalk 2004) that support and accelerate regional development which will found macro-level competitiveness (Czakó 2000). Despite existing theoretical debates, there are several widely accepted macro competitiveness ranking lists such as Global Competitiveness Report and World Competitiveness Yearbook. All of them focus mainly on the macro level competitiveness using no or only some micro level data. Contrary, micro-level competitiveness measures are published only in the past few years (Chikán et al. 2006, Márkus 2008).

My purpose is to present a measurement method where enterprise-level data are weighted and aggregated to measure both the micro and macro level of competitiveness. My researches and results are based upon another pioneering research project (Szerb and Acs 2009), and the results are comparable.

The paper is structured as follows: in the first section I present the database, then the competitiveness model is introduced. In the third section I discuss the results and finally, I draw the conclusions.

1. THE DATABASE

As mentioned previously, there are several macro- and some micro-level competitiveness indexes. Although it could be trivial, these indexes give no evidence for the transition between the two levels. The micro-level indexes care about a given country's firms relative competitiveness and do not care about the country-level competitiveness, and vice versa. My purpose is to show an example how to fill this gap by presenting a model where company-level data are weighted and aggregated to country-level measures resulting an alternative solution to connect the two levels. All variables, the core methodology and the theoretical assumptions are the same as in another pioneering research project which aims to publish the Global Entrepreneurship Index (GEI) (Acs and Szerb 2009). However, there are two notable differences: (1) Acs and Szerb (2009) apply individual data aggregated on the country level while I use the original individual data calculate the competitiveness index value of a firm then aggregate them on the country level; (2) I use existing (business is older than 42 months) while Acs and Szerb (2009) use early-phase (nascent and baby) business data.

The business-level data are from the Global Entrepreneurship Monitor (GEM) Adult Population Survey database. The 2005 and 2006 data set is merged together. I use only the responses from. The used country-level distributions of established businesses (businesses older than 3.5 years) are the following:

Table 1. The number of examined business on the country level

Country	Frequency	Percent	Country	Frequency	Percent
Argentina	265	1,5	Latvia	197	1,1
Australia	459	2,6	Malaysia	159	0,9
Austria	123	0,7	Mexico	90*	0,5
Belgium	276	1,5	Netherlands	369	2,1
Brazil	441	2,5	New Zealand	87*	0,5
Canada	468	2,6	Norway	245	1,4
Chile	216	1,2	Peru	220	1,2
China	415	2,3	Philippines	440	2,4
Colombia	204	1,1	Russia	23*	0,1
Croatia	156	0,9	Scotland	63*	0,4
Czech Republic	95*	0,5	Singapore	332	1,8
Denmark	623	3,5	Slovenia	317	1,8
Finland	321	1,8	South Africa	85*	0,5
France	53*	0,3	Spain	3251	18,1
Germany	586	3,3	Sweden	219	1,2
Greece	390	2,2	Switzerland	546	3,0
Hungary	214	1,2	Thailand	654	3,6
Iceland	319	1,8	Turkey	284	1,6
India	127	0,7	United Arab Emirates	27*	0,2
Indonesia	359	2,0	United Kingdom	2348	13,1
Ireland	302	1,7	United States	303	1,7
Italy	187	1,0	Uruguay	125	0,7
Jamaica	631	3,5	Venezuela	171	1,0
Japan	197	1,1	Total	17982	100

*Since the frequency in these countries is less than 100, in what follows, their scores are calculated but not presented.

About the owner structure see the table below:

Table 2: Owner structure

The respondent is...	Frequency	Percent
single owner	11510	64
partly owner	6133	34.1
not owner	22	0.1
<i>Total valid</i>	<i>17665</i>	<i>98.2</i>
Missing	317	1.8
Total	17982	100

64% of the respondents said that (s)he owns the surveyed enterprise alone which means that they can be considered as family businesses. Additionally – although there is no detailed information – it can be assumed that at least some of the rest are owned by married couples or relatives, so about 2/3 of the database represent family businesses.

2. The description of the methodology and the applied variables

To link business and country level competitiveness I selected 12 business level variables and 12 related country level institutional variables as follows. All of the institutional variables are well-known, widely accepted and freely accessible at large international institutions and research centers. Because entrepreneurship depends on the mutual interplay of the individual level and institutional variables (Busenitz and Spencer 2000) I multiplied the business level variables by institutional variables to demonstrate their conditional effect on the competitiveness. This interaction variable method is popular in econometrics (Acs and Varga 2005) where the combined and not the individual effects are the subject of investigation. To calculate the Micro (business level) Competitiveness Index, I numerated the sum-product of the indicators:

$$MCI_{ij} = \sum_k ci_{ijk} \times iv_{jk} \quad (1)$$

where:

MCI_{ij} is the micro (business) level competitiveness index of the business i in country j ,

ci_{ijk} is the k th competitiveness variable of business i in country j ,

iv_{jk} is the k th institutional variable of country j .

The first two business level competitiveness variables are about the innovation activities (Szerb 2000, Pitti 2005) namely the *product and technology innovation*. The chosen institutional variables are *R&D percentage of GDP* and the *Innovation index points* from Global Competitiveness Index suggesting that innovation in developed countries is a more systematic activity than in developing countries that tend to buy or copy existing products and technologies. The third indicator is the *Export* (Luostarinen 1994) weighted with the *KOF's Index of Globalization* of the given country. The fourth indicator is *Foundation motivation* (Bygrave et al. 2003) multiplied by World Bank's *Doing Business Index* reflecting the easiness of startup. *Level of competition* is also included (Solow 1956, Meyer 1995) and it is weighted by the level of *Freedom of the economy* from Heritage Foundation indicating the freedom to start, operate and close businesses in the investigated country. *Education level* of the entrepreneur is one of the necessary success factor (Laki 1998) weighted by the *Human Development Index* of the United Nations which measures the life expectancy, educational attainment and income in the given country. The seventh business level variable is the *Business opportunities* (Bedó et al. 2006) multiplied by *Market size* from Global Competitiveness Index which emphasize that larger countries with higher purchasing power provide better opportunities than smaller and poorer countries. The *Personal skills* (Autio 2005) of founding and operating the business has to be considered and it is weighted by the *Percentage of population enrolled in post-secondary education* which capture the effect of education on startup skills. One of the hindering effects is *Fear of failure* (Wong et al. 2005), the chosen institutional variable is *Country Risk Rate* from Coface expressing the general financial macroeconomic and business climate of the business in a given country. Also necessary, the adequate personal *Connections* (Hundley 2006) and the reliable infrastructure measured by *Internet*

users per 100 inhabitants. The local supportive culture (Mueller and Thomas 2001) is measured by the *Career choices* and it is weighted by the *Corruption Perceptions Index*. Finally high-*Growth* businesses are the most competitive businesses (Birch 1981, Autio 2005 and 2007) and it is weighted by *Business Strategy Sophistication Index* from Global Competitiveness Index expressing the ability of companies to pursue distinctive strategies.

After getting the MCI (from equation 1) with the help of the competitiveness indicators described previously, I built the world rank of these businesses and split it to 10 equal competitiveness groups (from 1 to 10, where the higher is the better). Then, I computed the Aggregated Country Competitiveness Index by averaging the domestic business scores as follows.

$$ACCI_j = \frac{\sum_i MCI_{ij}}{i} \quad (2)$$

where:

$ACCI_j$ is the macro (country) level competitiveness index of country j ,

MCI_{ij} is the micro (business) level competitiveness index of the company i in country j (getting from equation 1).

Table 3. The applied competitiveness and institutional variables

Business level competitiveness variables			Country level institutional variables	
Indicator	Question	Possible values	Institutional variable	Source
Product innovation	Do all, some, or none of your potential customers consider this product or service new and unfamiliar?	All Some None	GERD (R&D percentage of GDP)	OECD
Technology innovation	Have the technologies or procedures required for this product or service been available for less than a year, or between one to five years, or longer than five years?	Less than a year Between 1-5 years More than 5 years	Innovation index points from Global Competitiveness Index (GCI)	World Economic Forum (GCI)
Export	What proportion of your customers normally live outside your country?	Less than 10% More than 10%	Index of Globalization	KOF Swiss Economic Institute
Foundation motivation	Are you involved in this firm to take advantage of a business opportunity or because you have no better choices for work?	Necessity Opportunity Mixed	Doing Business Index	World Bank
Level of competition	Right now, are there many, few, or no other businesses offering the same products or services to your potential customers?	No competitors Some competitors Many competitors	Freedom of the economy	Heritage Foundation
Education	Educational Attainment	post secondary degree no post secondary degree	Human Development Index	United Nations
Business opportunities	In the next six months there will be good opportunities for starting a business in the area where you live	Yes No	Market size from Global Competitiveness Index (GCI)	World Economic Forum (GCI)
Personal skills	You have the knowledge, skill and experience required to start a new business	Yes No	Percentage of population enrolled in post-secondary education	World Bank
Fear of failure	Fear of failure would prevent you from starting a business	Yes No	Country Risk Rate	Coface
Connections	You know someone personally who started a business in the past 2 years	Yes No	Internet users per 100 inhabitants	International Telecommunication Union

Business level competitiveness variables			Country level institutional variables	
Indicator	Question	Possible values	Institutional variable	Source
Career choices	In your country, most people consider starting a new business a desirable career choice	Yes No	Corruption Perceptions Index	Transparency International
Growth	Right now and five years from now how many people, not counting the owners but including exclusive subcontractors, are working for this business?	Employing 10 plus persons and over 50% growth or not.	Business Strategy Sophistication Index from Global Competitiveness Index (GCI)	World Economic Forum (GCI)

3. The results

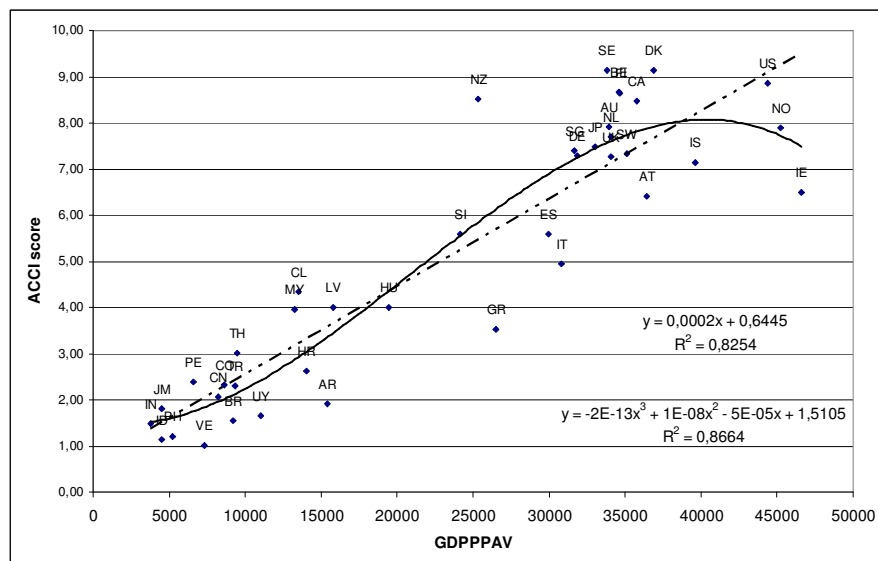
After calculating the business (MCI) then the country level (ACCI) index scores finally, I got the Aggregated Country-level Competitiveness Rank list as follows:

Table 4. Aggregated Country-level Competitiveness Rank

Rank	Country	ACCI score	Rank	Country	ACCI score
1	Denmark (DK)	9.15	21	Italy (IT)	4.95
2	Sweden (SE)	9.14	22	Chile (CL)	4.34
3	United States (US)	8.86	23	Hungary (HU)	4.01
4	Belgium (BE)	8.66	24	Latvia (LV)	3.99
5	Finland (FI)	8.64	25	Malaysia (MY)	3.96
6	New Zealand (NZ)	8.51	26	Greece (GR)	3.52
7	Canada (CA)	8.48	27	Thailand (TH)	3.02
8	Australia (AU)	7.92	28	Croatia (HR)	2.62
9	Norway (NO)	7.89	29	Peru (PE)	2.38
10	Netherlands (NL)	7.70	30	Colombia (CO)	2.33
11	Japan (JP)	7.49	31	Turkey (TR)	2.30
12	Singapore (SG)	7.40	32	China (CN)	2.06
13	Switzerland (SW)	7.34	33	Argentina (AR)	1.92
14	Germany (DE)	7.30	34	Jamaica (JM)	1.81
15	United Kingdom (UK)	7.27	35	Uruguay (UY)	1.66
16	Iceland (IS)	7.15	36	Brazil (BR)	1.55
17	Ireland (IE)	6.50	37	India (IN)	1.49
18	Austria (AT)	6.41	38	Philippines (PH)	1.20
19	Slovenia (SI)	5.58	39	Indonesia (ID)	1.15
20	Spain (ES)	5.58	40	Venezuela (VE)	1.01

Comparing country scores to per capita GDP averages in PPP (GDPPAV, 2006-2007, World Bank) the correlation coefficient is 0.9085. Estimating the linear and exponential trends I got the following results:

Illustration 1. Curve estimation



As it is seen, the cubic polynomial trend has the best fit, explaining 86.64% of the variance of GDPPPAV. Finally, I compared my results to two existing competitiveness researches: the Global Competitiveness Index and the World Competitiveness Yearbook:

Table 5. Spearman correlation coefficients of competitiveness ranks

	GCI	WCY	ACCI
Global Competitiveness Index	1	0.901*	0.856*
World Competitiveness Yearbook	0.901*	1	0.804*
Aggregated Country Competitiveness Index	0.856*	0.804*	1

*Significant at 1% significance level.

As indicated in the table, there is a strong significant correlation between ACCI and the two main competitiveness rankings, showing that the results are relevant in comparison of the existing indexes.

SUMMARY

In this paper I presented a measurement method of competitiveness, combining the micro- or firm-level and the macro- or regional/country-level measurements. The main contribution of my work is that this measurement use business level database and aggregates it to a country-level score. The core theoretical assumption was the superpose in the micro and macro level, that large numbers of local competitive firms can provide positive externalities that support and accelerate regional development which is the basis of macro-level competitiveness. The business-level data are from the Global Entrepreneurship Monitor (GEM) 2005-2006 aggregated database for established businesses (businesses older than 3.5 years) for 40 countries, where about 2/3 of them represents family businesses. I choose 8 business-level competitiveness indicators and 8 institutional variables for weights from external databases, and aggregated them to get the Aggregated Country Competitiveness Index.

By investigating the scoring, I found that the cubic polynomial ("S") trend line was best fitted to per capita GDP averages in PPP, while the rank correlations with two main macro level competitiveness ranks were over 0.8.

The limitations concerning my work are mainly due to the pioneering methodology of the combination of the individual and institutional variables and the relative low number of the investigated countries. In spite of the theoretical intuitions, the business-level competitiveness indicators should be investigated deeply and the institutional variables either. Another interesting question is that how robust the model and the ranking order are to newer and newer data.

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ENTREPRENEUR PROFILE AND POLICY IN SERBIA

Abstract

To identify entrepreneur profile, the level and the type of entrepreneurship activity in Serbia and to compare with neighboring countries it is used data collected in 2007 from GEM Project, where Serbia participates for the first time.

The paper shows that relative high overall entrepreneurial activity rate and early-stage entrepreneurial rate (start-up rate) in Serbia are quite normal for its phase of economic development, but not reflect in higher rate of economic growth and wellbeing, because of the prevalence of necessity type in relate to opportunity type entrepreneurs among adult population. High proportion of entrepreneurs out of necessity (the highest among 42 countries in project) is clearly better then they be unemployed, but they neither grow, create new jobs, innovate, or conquering new markets.

The Serbian process of association to EU imposed additional liability, liability of increasing of entrepreneurial effectiveness i.e. entrepreneurial capacity or proportion of entrepreneurs with potential of growth. So Serbia has soon to deal with trade-off, choice between quantity and quality of entrepreneurial activity. Then, it is obvious, that the Serbian campaigns to encourage more people to become entrepreneurs are only half correct. Even though the campaigns to seduce unemployed persons to start new business and providing little help for everyone, may service valuable social policy goals, all this may not be compatible and effective in terms of fostering economic growth.

The insights from this research suggest that management of public subsidies for entrepreneurs have to be more cautious and continuous evaluation of effectiveness of different programs have to introduce in order to take full advantage of the Serbian entrepreneurial potential.

Key words: entrepreneurship, entrepreneurs out of necessity, growth, policy

INTRODUCTION

Even though many influential economists, for long time, maintained that entrepreneurship is one of the most important dynamic forces shaping the economies of nations, the causes and effects of entrepreneurship are still only poorly understood. Consequently, policy makers often have lack the means to design effective and appropriate policies to nurture this phenomenon for national economic benefit.

In 2007, Serbia was for the first time participated in the Global Entrepreneurship Monitor (GEM) project, the biggest world's research of entrepreneurial activity. GEM reports have been published every year since 1999 aimed to improve our better understanding of the relationship between perceptions of entrepreneurship, level and type of entrepreneurial activity and national economic growth. In the last project, 42 countries were participating. As in previous GEM reports, a distinction is made between the high-income countries and middle and low income countries. The second group is further refined by separating Europe and Asia from Latin America and the Caribbean. Serbia was included in middle and low income countries of Europe and Asia, along with China, Croatia, Hungary, India, Kazakhstan, Latvia, Romania, Russia, Thailand and Turkey.

In this paper, the focus is on the level and type of entrepreneurial activity in Serbia in 2007 and its international comparison using a unique GEM conceptual framework and unique indicators, i.e. horizontal comparison that provide every country some rank and opportunity to choose an adequate benchmark, composition of entrepreneurial actors (nascent entrepreneur, owner-manager of a new business and owner-manager of an established business), transitional rate of maturity of business, age and gender structure of entrepreneurs, growth and job creation expectations of entrepreneurs. Particular attention will be devote to indicators of motivation for entrepreneurial activity in Serbia (opportunity and necessity), characteristics of entrepreneurial activity, perceptions of entrepreneurs, evaluation of domestic entrepreneurial conditions and

suggestions for economic policy that derive from position of Serbia in this world's picture of entrepreneurship.

GEM project has developed a very comprehensive approach that views national economic growth and aggregate level of economic activity in a country as being associated with newer and smaller firms as well as established firms. Its focus, however, lies in exploration of early stage entrepreneurial activity (nascent entrepreneurs and owners of new firm). By considering the complementary nature of economic activity among different groups of firms, established and new smaller firms it assumes that established business activity at the national level depends on general national framework conditions (GNFCs), while new entrepreneurial activities vary with entrepreneurial framework conditions (EFCs). This model implies that if GNFCs is given then the governments that ensure better EFCs should expect higher rates of entrepreneurial activity and, maybe, higher rates of economic growth. In essence, model follows the Austrian tradition of entrepreneurship (Schumpeter, 1934) and Kirzner (1997), as others economists who recognize role of entrepreneurship in economic development, Leibenstein (1968), Baumol (2002), Acs (2007), Levie and Autio (2008).

Unlike, others studies that measure newer and smaller firms GEM puts the focus on the behavior of individuals with respect to starting and managing a business; it views entrepreneurship as a process and considers the individuals in entrepreneurial activity in different phases from the very early phase when businesses are in gestation to the established phase and possibly discontinuation of the business.

Although, all adult population is source for entrepreneurs, only one part of them can take as potential entrepreneurs. From them, again, only one part will be really involved in starting a business. They are nascent entrepreneurs. If they succeed in getting the business start, then the same become owner-manager of a new business. Thus, there is distinction between owner of a new, young firm (businesses that have paid salaries and wages for more than three months and not more than 42 months) and owner-manager of an established firm (more than 42 months old). This difference is important in analyzing entrepreneurial activity that leads to business turbulence. Prevalence rate of nascent entrepreneurs and new business owner taken together may be viewed as indicator of early-stage entrepreneurial activity in a country (TEA).

ENTREPRENEURIAL ACTIVITY IN SERBIA AND NEIGHBORING COUNTRIES

In 2007 the prevalence rate of overall entrepreneurial activity went from 4.3% in Russia to 47.7% in Thailand. In Serbia it was 13.7% which put it into 20th place among 42 countries, and 5th in its group. High rates in Europe had Iceland (19.8%), Greece (18.7%) and Ireland (16.8%). In neighboring countries this rate was lower: in Croatia 11.1%, Romania 6.5%, Hungary (9.3%) and Slovenia (11.7%).

Concerning TEA, Serbia was ranked on relatively satisfactory 16th place; in its group it was ranked on fourth place. In Serbia, 8.6% of adults were nascent entrepreneurs or new business owners; in Slovenia 4.8%, Croatia 7.3%, Hungary 6.9%, Romania 4.9% and Russia 2.7%.

Positioning of Serbia in 2007 on upper more successful half of scale concerning overall entrepreneurial activity and TEA can be source of satisfaction and also good sign of efficiency of different activities designed for strengthening the EFCs - in which individuals and institutions are active, although there are no detailed mechanisms for monitoring and evaluation the effects of some interventions.

Following entrepreneurial activity in different phases (nascent entrepreneur, new and established entrepreneur) reveals next important dimension of entrepreneurial capacity in Serbia which has to be important for policies and programs focused on strengthening EFCs. When it looks at prevalence rate of established entrepreneurs, Serbia was badly placed: with rate of 5.3% it was on 29th place. This means that starting up business is necessary condition for building entrepreneurial capacity of a country, but it is not sufficient on its own. It is very important to ensure that business survive and successfully enter the establishment or mature phase. Comparison of established entrepreneurs and start up entrepreneurs gives index of maturity which enables better understanding of entrepreneurial capacity of a country. Index value that higher than 1 shows that dominate established entrepreneur, while index lower than 1 indicates the domination of start up businesses. In 2007 Serbia had index of maturity of value 0.63, Croatia 0.57, Romania 0.62, Slovenia 0.95, Hungary 0.7, Japan 2.0 and Greece 2.3. This index indicates also the rate of survival of firms and as such it involves a numerous factor (motivation, knowledge, skill, quality of business environment, and of course luck). Higher maturity rates of firms normally mean better readiness for entrepreneurial activity of individuals and also institutions. A low rate of entrepreneurial activity in the category of established entrepreneurs in Serbia warns that insufficient attention is paid to the problems of precisely those participants

in the entrepreneurial activity on which for the most part economy's absorptive capacity needed for new employment depends. New employment occurs in growing small enterprises: large enterprises are not more generators of new employment whereas starting businesses enables self employment, and only to small extent new employment.

Above obtained results for Serbia (relatively high overall entrepreneurial activity rate and early stage entrepreneurial activity rate) are very well incorporated in what earlier GEM reports demonstrated for more years: a consistent U-shaped relationship between a country's level of economic development and its level and type of entrepreneurial activity, i.e. in regularity that lower level of per capita incomes are accompanying with higher rates of start uppers, rates decrease with increased income and at last again increase with higher level of incomes.

In this view there are others more rigorous empirical researches given by Wennekers, S. et al. (2005), Carree, M. et al. (2007), Acs, Z. (2006) that confirm that entrepreneurial dynamics depends on the economic development what implies that the level has to take into account when considering whether entrepreneurial dynamics is high or low i.e. percent of start uppers high or low.

Wennekers, Thurik and Reynolds (2005) are inclined to assert that there is some 'natural' rate of entrepreneurship which is in great extent depends on 'laws' concerning to the level of economic development. Van Stell, Carree and Turik (2005), Acs and Varga (2005), and Acs and Szerb (2007), have found that the impact of entrepreneurial dynamics on economic growth is smaller (or even negative) in developing and transition countries than in high developed countries. All of these, once more, assert that there is relatively hard evidence that empirical dynamics has a different economic role in countries differenced to the stage of economic development. From these views relatively high rates of overall entrepreneurial activity and of TEA in Serbia are normal and reasonable respecting its level of development and these rates should not be overestimated and has unreal hope concerning their effects on economic growth and welfare. There is serious concern with entrepreneurial motivations of the Serbian adults.

ENTREPRENEUR PROFILE: MOTIVATIONS, AGE, GENDER, POTENTIALITY AND PERCEPTIONS

The decision for entrepreneurship is always personal one. An individual makes decision to either act as an entrepreneur, or to engage in some other activity. When individuals are pushed into entrepreneurship because they have no other way of making a living, we talk about necessity entrepreneurship. This type of entrepreneurship is prevalent in low income countries and that is reason why these countries exhibit very high rates of adults' involvement in entrepreneurship. On the other hand, when there is no existential reason to become entrepreneurially active, the individual are pulled into entrepreneurship and their decisions are based on the assessment of opportunity costs, which differ from one individual to another, on EFCs which differ from one country to the other, on perceived business opportunities in the environment and on the perceived capabilities as well as on the fear of failure. The later is greatly affected by prevalent culture in each country. According to the GEM data for 2008, the fear of failure was the strongest in Greece where it prevented 62% of adults from setting up a business. Norway exhibited the lowest fear of failure (only 18%), while Serbia ranked 28th among 42 countries, with 31%.

In the group of countries where the share of improvement driven opportunity early stage entrepreneurs is less than 50%, Serbia has the worst position because only 29% adults are driven opportunity. The fact that Serbia ranked relatively high with overall entrepreneurial activity and TEA is a result of radical increase in necessity driven entrepreneurial activity and this is both source of satisfaction and dissatisfaction. It is a good thing that adults decided not to wait for someone to solve their employment problems, but have decided to do something about it on their own, through self employment, starting a business venture. However, the dissatisfaction arises from the fact that there are many more of those necessities driven than those are opportunity driven; for Serbia this ratio is 7:3, Croatia 6:4, Greece 3:7, Slovenia 2:8. Why large proportion of necessity driven entrepreneurs should be a source for dissatisfaction and bad sign for Serbia? Because, by norms, necessity driven entrepreneurs exhibit no high growth ambitions, do not provide more long term jobs and have no a higher level of education compared with opportunity driven entrepreneurs. So, question how many entrepreneurs there are in a country, or which country has the highest rate of entrepreneurial activity is incomplete. High proportion of adults engaged in entrepreneurial activity is not enough for development. TEA of 8.6% is questionable success for Serbia. It still has a long way to go to be

able to transfer this entrepreneurial activity into prosperity of Serbia measured in GDP per capita. What is more important is a motivation or type of entrepreneurial activity of individuals involved in: the survival oriented type of entrepreneurship where all surpluses are spent, no reinvesting of profit in order to grow business, or the development - employment - innovation and export oriented type of entrepreneurship? Only the dominance of TEA opportunity over TEA necessity increases entrepreneurial capacity of a country. Individuals who decided to be entrepreneurs because of business opportunities they saw, are generally more oriented towards business growth than those who become entrepreneurially active because their situation force them into it (they lost their job, could not find a job, etc.). Being aware of this difference in entrepreneurial motivation is of extraordinary importance for those who create government policies and programs, because support mechanisms that can not recognize this differences use public resources inefficiently and do not achieve expected goals.

Trying to answer to the question which type of entrepreneurship is good for development Acs (2006) fitted a polynomial regression line to estimate the relationship between opportunity - necessity entrepreneurship ratio and country's income and found that necessity entrepreneurship has no effect on economic development while opportunity entrepreneurship has a positive and significant effect. This difference between the type of entrepreneurship should be serious take into account in Serbia, because in public there is widespread authorities' boasting of their support programs to setting up a great number of entrepreneurial firms. The fact is that the Serbian economy creates too few conventional wage-earning job opportunities and that the prevalence number of people who lost their jobs, or can not find job, or the poorer enter into entrepreneurship what is consistent with indicator that shows the prevalence of necessity driven entrepreneurs. In these circumstances it might be reasonably to hypothesize that high level of TEA can not reflect in higher welfare.

Among early stage entrepreneurs, the 25-44 ages group has the highest prevalence rate in Serbia, in other GEM countries this is group 25-44 year olds. The ratio of men to women engage in TEA is 2.05 in Serbia, Croatia 1.81 and Slovenia 2.7. When it looks at motivation of women engage in entrepreneurship position of Serbia is the worst comparing to all 42 countries; only 24% are opportunity driven entrepreneurs; higher percent are in Croatia 44%, Slovenia 78% and Greece 79%.

Business activities among entrepreneurial active individuals in Serbia are dominated by wholesale, retail, car and repair, 70%, manufacturing 7%, transport and communications 6%, hotel and restaurants 5% and construction 4% and others 8% (Republic Statistics, 2008). Entrepreneurs in Serbia tend to engage in generic business activities (many activities at once in order to spread risk) and are primarily involved in trade activities. Business partnership is very often the form of activity since they seem more effective in protecting business operations. Also, many entrepreneurs function both in the official and informal economy. It is also noticed that as start up phase moves to established phase, entrepreneurs become increasingly more concerned with human resource (labour) and skill development (training). This may indicate that there is an increased need to develop internal business capabilities to deal with increasing competition as well as business growth such as specific consulting and business training programs.

According to the latest data of Republic Statistical Office of Serbia whole entrepreneurship sector accounts for over 70% of business entities, 20% of the total number of employees, 21% of total turnover, 15% of gross value added and characterizes above average import dependency. More than half of the of total entrepreneurs are on the territories of the following five districts, the city of Belgrade, the South Backa District, Nisava District, Srem District and South Banat District. High regional and sector concentration, with low concentration on high technology sector, the inability to take the initiative in area of innovations and technical and technological progress, boosting productivity and competitiveness of economy reveals its insufficient influence on the alleviation of regional disproportions and change of the Serbian economic structure.

The results of GEM researches have revealed that only small proportional of nascent and new businesses in Serbia and in the world create the majority of new jobs and contribute to higher employment. The overview of the time period between 2000 and 2006 has shown that prevalence rate of the involvement of adults in TEA in all participating countries was 12.3%. Almost half of them do not expect to create any new jobs, while the rest, i.e. 6.3% of them expect to create at least one new job. Only 1.7% of them expect 10 or more new jobs and merely 0.9% of them expect more than 50 new jobs. There is relative small number of high income countries, whose nascent and new entrepreneurs expect to employ at least 20 people in five years' time, or anticipate high growth. GEM researches could not create sufficiently large and reliable sample for this

aspect of entrepreneurship in Serbia, so it is not possible to track it along this indicator. However, it can be intuitively assumed that the percent of entrepreneurs expecting high growth rates are very small, especially because it is registered 71% necessity driven entrepreneurs.

A great number of researchers assert that only high growth expectation early stage entrepreneurial firms or high potential firms are those that generate most new jobs. Autio, E. (2007) found that more than 85% high potential firms are those that are created to exploit new business opportunities, not out of necessity. It can not find out any correlation between index of high potential firms and index of firms out of necessity, suggesting that these firms represent two separate and different aspects in driving entrepreneurship. There are low percent of high potential firms in all worlds' economies, but the champion's minority, labeled gazelles is source of new employment and innovations. These firms represent the strongest links between entrepreneurship capacity of one economy and its economic growth.

From this reasoning it could be concluded that thinking of the Serbian policy makers that on supply side registered high level of unemployment can increase or positive affects formation of entrepreneurial businesses is inconsistent. On one side unemployment may lead to increasing of self-employment, because people have not other option, it can be high rate of TEA necessity. On the other side, high rates of unemployment in fact reflect unfavorable conditions that constrained and discourage enter of new entrepreneurs. Policy aimed to decrease unemployment will be more effective if it focuses on high potential entrepreneurs instead of provide stimulus unemployed to become self-employed.

When we come to perceived opportunities and capabilities it is very interesting that Serbia adults perceive themselves very capable (60% adults believe they have skills and knowledge to start a business; in Slovenia 43%, Croatia 56%, Hungary 39%, Romania 26%, Russia 7%). Relatively high percent (46%) of Serbian adults also perceive good opportunities for entrepreneurship in their environment comparing to 41% in Croatia, 24% Hungary, 9% in Romania. Here it should be asked: if so high percent of population perceive good opportunities for entrepreneurship, why so low proportion of population is driven by opportunity and high proportion of population push in entrepreneurship out of necessity. Also it is noticed that in many middle and low income countries difference between entrepreneurial perceptions and entrepreneurial intentions is relatively small, or even negative (in Serbia it is 0), what suggests low opportunity costs for entrepreneurial activity and higher rates of necessity driven entrepreneurs when no sense to calculate risk.

REGULATIONS FOR NEW BUSINESSES

The last analysis carried out in May 2008 by team of Entrepreneurial Society Development Centre in Serbia showed that following areas were estimated by entrepreneurs as most important for the improvement of the regulatory framework: labor relations and social insurance, accessibility of financing, taxes and public duties, customs procedure and building permits.

Accessibility of sources of finance has been estimated as one of the biggest challenges for the development of the SME and entrepreneurial sector in Serbia. High interests on loans and borrowing conditions are usually insurmountable obstacles to entrepreneurs. Entrepreneurs need support in providing collateral either by means of improving the operation of the Guarantee Fund or by establishing an institution similar to the National Corporation for Housing Loans Insurance.

The poorest citizens without real estate in their ownership or some other lien also have difficult access to capital. They are usually not formally registered which additionally complicates the situation. The only sources of finance for starting business for this group people are micro credit institutions. The operation of micro credit institutions has many flaws; therefore they encounter various problems, such as the inability to access foreign capital. The only 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 belongs 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). The solution to this problem would have very positive direct effects on the alleviation of poverty. Another big problem is that collection of outstanding debts is very slow and that courts are not efficient enough in processing of cases. The enforced collection may seem like very long process which additionally hampers the operation of entrepreneurs, seems they have less funds and resources available, so that opportunity cost that has not been collected yet is much harder for them.

One of the most frequent complaints made by entrepreneurs was associated with lack of flexibility of labor legislation, which is a significant administrative burden to small businesses which spend a lot of time on

the registration of new employees and the termination of employment. This is particularly a huge problem for those businesses which frequently change employees or businesses with seasonal fluctuation of employment. Also, another identified problem is mandatory enforcement of internal by-laws speculated by the Labor Law; for example, mandatory enforcement of the internal by-laws on the systematization for work posts for every business (with more than five employees), and risk assessment at work.

GOVERNMENT'S POLICY

Positioning of Serbia on the upper more successful half of scale concerning overall rate of entrepreneurial activity and TEA seems satisfactory and, of course, it is result of different government's activities carried out to improve overall conditions for entrepreneurship.

Necessary operational measures for support to start up were undertaken over the previous period. Competitions for granting loans for special purposes to business start ups and self-employment have announced for three years in sequence, further subsidies through the National Employment Agency (NEA) were provided, education programs were intensified and programs for the establishment of business incubators were supported. The needs for favorable and faster start up programs as measured by demands of potential entrepreneurs and necessity of solving unemployment require a continuous and effective approach of larger scope and intensity, and of different forms of support.

Since 2007 The Ministry of Economy and Regional Development has announced a competition for start up loans without mortgage and start up loans for legal entities as well as the competition for micro loans for self employment. The target groups of credit line for start ups are younger persons, with the first priority rank given to person up to 24 years of age and the second priority to persons from 25 to 40 years. Pledge on movable objects is recently approved collateral which aroused great interest of potential entrepreneurs. In February 2009, the competition for start up loans without collateral and start up loans for entrepreneurs was announced specifying that RSD 4 billion has been set aside for this purpose. Out of this amount, RSD 3.1 billion was secured from the budget, while the remaining proportion came from previous loans that were repaid. The lowest mortgage - free loans is RSD 500 000 and the highest RSD is 1.3 million, the annual interest rate is 1% and the repayment period 3 to 5 years, with one year grace period. Maximum loan to companies will be RSD 2.5 million and these require collateral which value must be equal to the loan. It was estimated that these loans would provide 9 000 new jobs, while during past two years Serbia received RSD 4 billion of loans which result in 3 783 new firms and 12 365 new jobs.

Micro credit line for self employment is realized under similar borrowing conditions via NEA. Apart from unemployment persons, laid off staff investing into severance pay project is entitled to apply for loans funds as well. Loan approval is conditioned by creating jobs for a certain number of persons who are recorded as unemployment in the records of the NEA. The program of the NEA aimed at granting subsidies for self employment contributes to small business start ups as well. Individual amount of subsidies are rather small ranging from RSD 120 000 to 150 000.

Being recognize that knowledge and skill of entrepreneurs are lagging for behind the needs of creating a competitive, export oriented small and entrepreneurial sector, significant progress was made in preparations for studying entrepreneurship within secondary education and an increased number of post secondary schools and faculties are focused on acquiring entrepreneurial skills. The most important results achieved under project entitled the Reform of Vocational Education and Training - stage 2 (CARDS) are the following: the Strategy for Vocational Education and Training in Republic of Serbia and the Strategy for Adult Education.

In this line Council for Small Medium Enterprises and Entrepreneurship (SMEE) adopted on February 2009 an Action Plan for the implementation of the Strategy for Developing Competitive and Innovative SMEE for 2009. The Action Plan presents the five basic pillars of the SMEE Development Strategy in detail, specifying that they refer to promotion of and support to entrepreneurship in setting up new firms, constant improvement of entrepreneurial education at all levels and financing SMEE business development. The plan also implies better efficiency of the financial and tax system, better SMEE competitiveness in export market, as well as improving the legal framework.

Republic Fund for Development has approved short term loans to registered entrepreneurs for improvement competitiveness and liquidity, as well as long term loans of RSD 500 000 to RSD 2 million. A numerous agencies on the republic and local level have programs of education and training of different level

concerning how to start and manage business (what in institutional sense labeled as development of cognitive environments for entrepreneurs).

Somewhat more intensive activities intended to promote the system of statistical monitoring and researching of the SMEE sector in Serbia. Good established work of monitoring and researching of this sector is not only important to maintain cooperation with EUROSTAT, but also to enable continual researching and provide reliability and validity of analytical instruments for monitoring and assessment of development of this sector in keeping with EU requirements.

Here it should be accentuated some challenges that arise from insight getting from GEM report for Serbia and this is the domination of necessity entrepreneurs. In such circumstances more cautions is required because present subventions to enter the market may bear risks in sense of deadweight and substitution effects and appearance of a new kind of hidden unemployment. In Serbia there is little information on SMEE program effectiveness: (1) SMEE programs often not monitored and evaluated; (2) existing evaluations often can not determine if programs work or they show little impact; (3) does little feed back on how to improve program design and delivery of business support services.

The performance of each government is measured in which extent it can make certain policies consistent in short period (its mandatory period). The Serbian process of association to EU involves additional liability, liability of increasing entrepreneurial efficiency, i.e. entrepreneurial capacity or share of high potential entrepreneurs. Only on this way a higher entrepreneurial activity can transform in new values, i.e. the Serbian prosperity. It must be accentuated once more that it is no meaningfulness why high rate of overall entrepreneurial activity and high percent of start uppers in Serbia reflect in relatively low level of GDP per capita. It is simply because domestic entrepreneurs have not potentiality of growth and are no competitive. Blanchflower, D. (2004) on this theme concluded that 'more does not seem to be better'. In order to evaluate whether there is too much or too little self employment or entrepreneurship, one needs to decompose the aggregate.

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E-mail: Iveta.Korobanicova@tuke.sk**THE EVALUATION OF ORGANISATIONAL STRUCTURE
IN BIG CORPORATION****Abstract**

This paper argues that the organisational structure is in process of an evaluation. It is depended on the macro and micro factors of an environment. A number of writers were discussed about the dependence between the organisational structure and a size, technology, culture and other factors. This study evaluates the competing perspectives on organizational size and change using an empirical approach. This empirical approach compares the evaluation of an organisational structure in big agricultural enterprises in Slovakia and in foreign countries.

IMPORTANCE OF ORGANISATIONAL STRUCTURE

Lot of writers have pointed out the importance of structure of an organisation and the relationship between it and size, strategy, culture, technology and environment of an organisation. Mintzberg (1989) has written extensively on the importance of an organisational structure. Handy (1990, 1993) has discussed the importance of culture in relation to organisational design and structure and the need for new organisational forms. The organisation structure has a key role in the department of an organisation and managing of work.

Sedlák (1997) has described the organisational structure as “a set of data and a relationship between them”. Mullins (1993) and Mabey, Salaman & Storey (2001) describe the structure of an organisation as the pattern of relationship between roles in an organisation and its different parts. They see the purpose of this structure as saving to allocate work and responsibilities in order to direct activities and achieve the goals of an organisation. A structure enables managers to plan, direct, organise and control the activities of the organisation (Mullins, 1993, Mabey, Salaman & Storey (2001)

HYPOTHESIS AND RESEARCH METHODS

The major entity of a research should be big agricultural corporations in Slovakia, e.g. the corporation with more than 250 employees. In this study I would evaluate and mark a relation between the organisational structure and the alterations in a macro environment and micro environment. Data for this study would be obtained from managers by a questionnaire. In the second part of this study, I would show a connection between productivity and the variation of the organisational structure by the obtained data with using a regression analysis.

**EVALUATION OF AN ORGANISATION STRUCTURE IN BIG ENTERPRISES IN SLOVAKIA
AND FOREIGN COUNTRIES**

In the following part we obtained the data from 57 European corporations since 1995. The research was aimed at a manufacturing corporation with more than 500 employees as show the next Tables 1.

The results of this benchmarking say that:

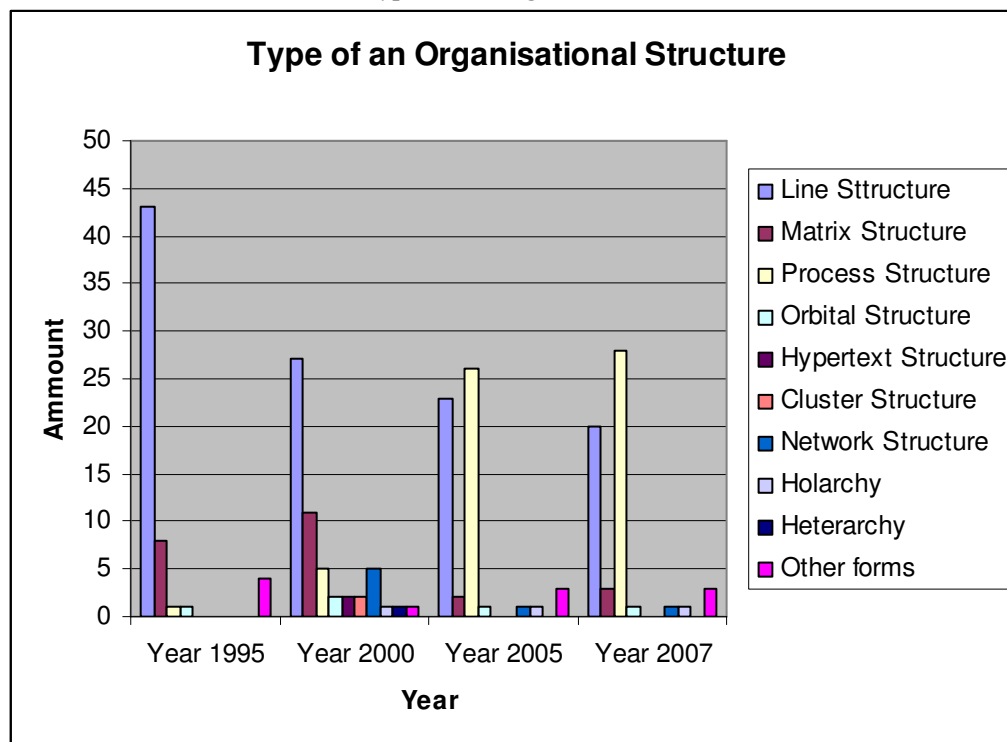
- the trend of a Line Structure was over,
- new trend of an organisational structure is a Process Structure in big corporations.

An evaluation of an organisational structure in European corporations

Management System	Year 1995	Year 2000	Year 2005	Year 2007
Line Structure	43	27	23	20
Matrix Structure	8	11	2	3
Process Structure	1	5	26	28
Orbital Structure	1	2	1	1
Hypertext Structure		2		
Cluster Structure		2		
Network Structure		5	1	1
Holarchy		1	1	1
Heterarchy		1		
Other forms	4	1	3	3

Source: Zdroj; (<http://bpm-tema.blogspot.com/2007/08/organizan-benchmarking.html>)

Chart 1: Type of an Organisational Structure



Another interesting research was in German corporations. Vavrinčik, P. was centred on the relation between effects of a flexible organisation in a corporation process to the competitive of them. This research included 175 of middle managers in Germany.

Conclusion of the results: Approximately 35% of corporations have a traditional line structure or a line staff organisational structure. This structure does not support a flexible and creative employee.

The product organisational structure is applying just in each eight corporation. The corporations were responded on it by the divisional organisational structure. An advantage is the quickly adaptation on a new product, customers and a regional market. A disadvantage of it is a deficit of efficiency.

22% of respondents have introduced a matrix organisational structure and other 22% of respondents have used process organisational structure. The Matrix organisational structure and the process organisational structure are oriented on customers and a competence of team workers.

Table 2

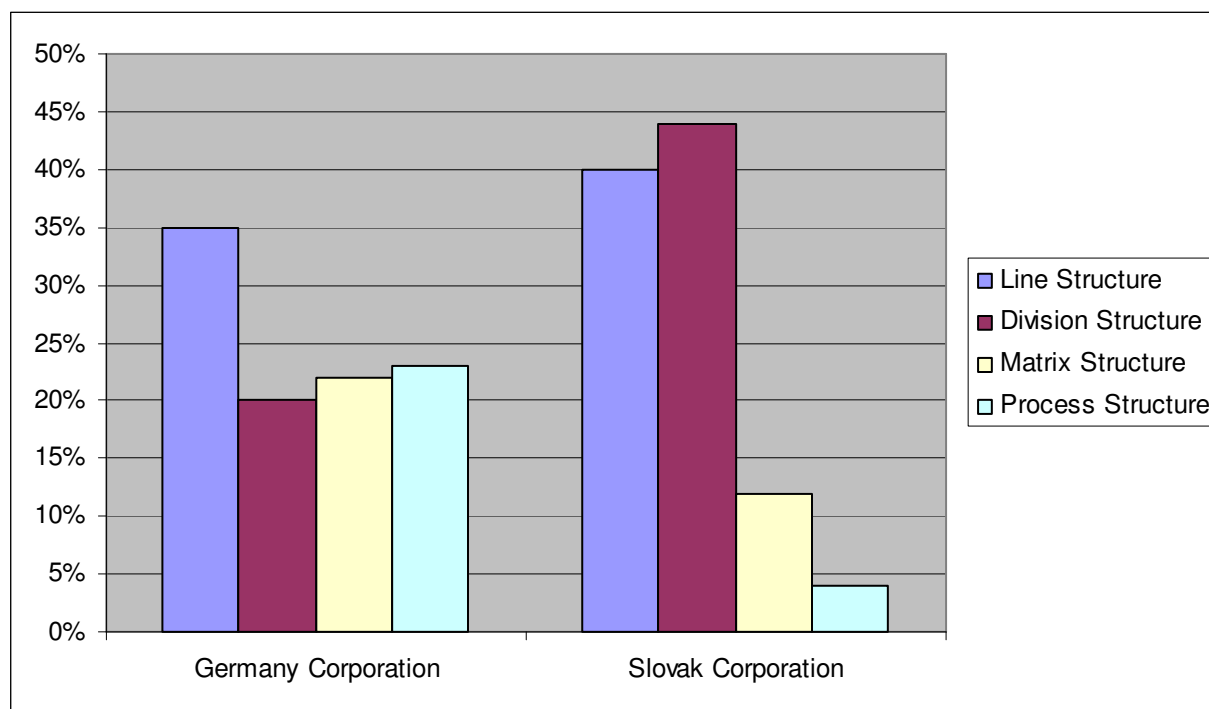
The Organisational Structure in Slovak and Germany corporations

Organisational Structure	Germany Corporation	Slovak Corporation
Line Structure	35 %	40 %
Division Structure	20 %	44 %
Matrix Structure	22 %	12 %
Process Structure	23 %	4 %

Source: Vavrinčík

According to the table and chart we should maintain that management in the Slovak Corporation used more traditional organisational structure than the Germany Corporation. At present time it is necessary to use and apply new form of the organisational structure, if we would be more competitive.

Chart 2 The Organisational Structure in Slovak Corporations and Germany Corporations



Conclusion: A key target of corporation is orientation on customer and the increasing of a customer's satisfaction ratio. This target leads to organisational change in corporation. The other reasons are technology, environment, and global trends. By the research we should certify the 49 per cent of Slovak Corporations have big problems with the application of innovation regarding the macroeconomic barriers, less legislative barriers and political barriers.

EVALUATION OF ORGANISATIONAL STRUCTURE IN AGRICULTURAL CORPORATION IN SLOVAKIA

The organisational structure in agricultural industry in Slovakia was achieved by the historical progress. Before World War II we had more than 40 thousand private agricultural corporations. In year 1950 the amount of them was decreased to 28 600 corporations, in 1955 was just nine thousand and in 1980 there were approximately two thousand corporations.

In year 1989 the structure of the agricultural industry was extended by new 24 state corporations. In year 2000 we had around three thousand subjects in the agricultural industry.

Entrepreneurs in an agricultural complex started to merge organisational resources to achieve their common goals. We should see the cooperation tendency of the agricultural corporation.

The business defection, the limitation of finance resources to the technical progress in a corporation lead to the horizontal integration of the agricultural corporations. We should see a vertical integration in the preserving industry and a milk industry. The integration tendency will be indicated in meat – packing and flour milling industry.

The role of agricultural cooperative lies in enabling the realization of advantages of hierarchical organisation in agriculture, and avoiding the need to incur its transaction costs, which are prohibitively high in this sector.

CONCLUSION

According to these results of research we should see that the organisational structure is depended on lot of factors. At present time we have remarked the increasing number of big enterprises in the agricultural industry. It is necessary because agricultural cooperatives are exposed to increasingly intensifying competition and growing capital requirements to take full advantage of this strength. The most commonly used form of cooperative is a conglomerate, a cartel and holding structure joint ventures.

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**DETERMINANTS OF KEY FAVORABLE ENVIRONMENT FOR
INTRAPRENEURSHIP DEVELOPMENT:
AN EMPIRICAL STUDY OF SOME SELECTED COMPANIES IN CHITTAGONG,
BANGLADESH.**

Abstract

The global economy is creating substantial changes for organizations and industries throughout the world. These changes make it necessary for business firms to carefully examine their purposes and to devote a great deal of attention to selecting strategies. These strategies pursuit of the levels of success that have a high probability of satisfying multiple stakeholders. In response to hyper-globalize changing economic environment, many established companies have restructured their operations in meaningful ways. This research gap induces the authors to undertake the present study. For primary data some companies have been selected randomly in Chittagong, Bangladesh with the sample size of forty. We used sophisticated statistical model *Principal Component Analysis* (PCA). Results of this analyzed study based on factor analysis, indicates the four important factor considered by the respondents when developing intrapreneurship such as (1) technically skilled labour force (2) Layout of the organizations (3) Knowledge of the market and (4) Availability of Secrecy.

Key words: *Favorable Enviornement, Intrapreneurship development and Global economy*

JEL Classifications: *M14, M16*

INTRODUCTION

The new century is seeing corporate strategies focused heavily on innovation. This new emphasis on entrepreneurial thinking developed during the entrepreneurial economy of the 1980s and 1990s. Today, a wealth of popular business literature describes a new “corporate revolution” taking place thanks to the infusion of entrepreneurial thinking into large bureaucratic structures. Continuous innovation (in terms of products, processes, and administrative routines and structures) and an ability to compete effectively in international markets are among the skills that increasingly are expected to influence corporate entrepreneurship is envisioned to be a process that can facilitate firms’ efforts to innovate constantly and cope effectively with the competitive realities that companies encounter when competing in international markets. Entrepreneurial attitudes and behaviors are necessary for firms of all sizes to prosper and flourish in competitive environments. In recent years the subject of intrapreneurship has become quite popular, though very few people thoroughly understand the concept. Most researchers agree that the term refers to entrepreneurial activities that receive organizational sanction and resource commitments for the purpose of innovative results. The major thrust of intrapreneuring is to develop the entrepreneurial spirit within organizational boundaries, thus allowing an atmosphere of innovation to prosper.

LITERATURE REVIEW

Many companies today are realizing the need for cooperate entrepreneuring. Articles in popular business magazines (Business Week, Fortune, Success, U.S. News and World Report) are reporting the infusion of entrepreneurial thinking into large bureaucratic structures. In fact, Peters (1997) devoted entire sections to innovation in the corporation. Quite obviously, business firms and consultants or authors are recognizing the need for in- house entrepreneurship. Pramodita and James (1999) defined that corporate entrepreneurship is a process whereby an individual or a group of individuals, in associations with an existing

organization, creates a new organization or instigates renewal or innovation within the organization. Under this definition, strategic renewal (which is concerned with organizational renewal involving major strategic and or structural changes), innovation (which is concerned with introducing something new to the market place), and corporate venturing (corporate entrepreneurial efforts that lead to the creation of new business organizations within the corporate organization) are all important and legitimate parts of the corporate entrepreneurial process.

Fariborz (1991) noted that corporate innovation is a very broad concept that includes the generation, development, and implementation of new ideas or behaviours. An innovation can be a new product or service, an administrative system, or a new plan or program pertaining to organizational members. According to Burgelman (1983) the intrapreneurship approach to entrepreneurship advocates that innovation can be achieved in existing organizations by encouraging people to be entrepreneurial. Further, the intrapreneurial success depends upon the awareness and ability of key managers (intrapreneurs) to explore and exploit the environmental opportunities.

On the other hand, Shaker (1991) observed that corporate entrepreneurship may be formal or informal activities aimed at creating new business in established companies through product and process innovations and market developments. These activities may take place at the corporate, division (business), functional, or project levels, with the unifying objective of improving a company's competitive position and financial performance. William and Ari (1990) have stressed that corporate entrepreneurship encompasses two major phenomena such as: (1) new venture creation without existing organizations and (2) the transformation of organizations through strategic renewal. Cunningham and Lischeron (1991) attempted to give key people freedom to think them as entrepreneurs. Hence, intrapreneurship is a "Team" model whereby individuals asked to work together in solving problems and creating opportunities.

Based on the literature reviews, various studies have been done, and it is clearly revealed that a detailed study has not yet been conducted in Bangladesh context, especially in Intrapreneurship development. This research gap induced the authors to undertake the present study.

OBJECTIVES

1. To examine necessary factors for the favourable environment for intrapreneurial development;
2. To determine the factors which are determining of favourable environment for entrepreneurial development.

MATERIAL AND METHODS

Sampling design

The sample for this study was companies in Chittagong port city in Bangladesh. A purposive sampling technique was used to select the organizations. Initially researchers identified forty companies, then, decided to distribute questionnaires among each companies to Managing director. In a way forty were used for the study as an ultimate sample.

Data collection

Primary and secondary data were used for the study. Primary data were collected through the written questionnaire following direct personal interviewing technique. The secondary data were gathered from journals, books, magazines, etc.

Measures

The questionnaire was administrated among managing director in companies. The questionnaire was designed by the researchers a seven item scale from strongly disagree (-3) to strongly agree (+3) was adopted to identify key favorable environment indicators. In this study, this model is "Factor Analysis" (*Principal Component Varimax Roated Factor Analysis Method*) has been used to group the indicators. Finally ranking of the indicators has been made on the basis of mean scores.

Results and discussions

To identify potential underlying dimensions of the key favourable environment for intrapreneurship development used in the current study, responses of the participants were subjected to factor analysis method. Before applying factor analysis, testing of the reliability of the scale is very much important as it shows the extent to which a scale produces consistent result if measurements are made repeatedly. This is done by determining the association in between scores obtained from different administrations of the scale. If the association is high, the scale yields consistent result, thus is reliable. Cronbach's alpha is most widely used method. It may be mentioned that its value varies from 0 to 1 but, satisfactory value is required to be more than 0.6 for the scale to be reliable (Malhotra, 2002; Cronbach, 1951). In the present study, we, therefore, used Cronbach's alpha scale as a measure of reliability. Its value is estimated to be 0.898. If we compare our reliability value with the standard value alpha of 0.6 advocated by Cronbach (1951), a more accurate recommendation Nunnally and Bernstein (1994) or with the standard value of 0.6 as recommended by Bagozzi and Yi's (1988) we find that the scales used by us are highly reliable for data analysis.

After checking the reliability of scale, we tested whether the data so collected is appropriate for factor analysis or not.

The appropriateness of factor analysis is dependent upon the sample size. In this connection, Kaiser – Meyer- Olkin (KMO) measure of sampling adequacy is still another useful method to show the appropriateness of data for factor analysis. The KMO statistics varies between 0 and 1. Kaiser (1974) recommends that values greater than 0.5 are acceptable. Between 0.5 and 0.7 are mediocre, between 0.7 and 0.8 are good, between 0.8 and 0.9 are superb (Field, 2000). In this study, the value of KMO for overall matrix is 0.756 (For details please see table 1), thereby indicating that the sample taken to process the factor analysis is statistically significant.

Table 1. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.756
Bartlett's Test of Sphericity	Approx. Chi-Square	358.123
	df	120
	Sig.	.000

Source:
Survey
data

Bartlett's test of sphericity (Bartlett, 1950) is the third statistical test applied in the study for verifying its appropriateness. This test should be significant i.e., having a significance value less than 0.5. In the present study, test value of Chi – Square 358.123 is significant (as also given in Table 1) indicating that the data is appropriate for the factor analysis.

After examining the reliability of the scale and testing appropriateness of data as above, we next carried out factor analysis to identify the key favourable for intrapreneurship development. For this, we employed Principal Component Analysis (PCA) followed by the varimax rotation, (Generally, researchers' recommend as varimax). Statistical Package for Social Science (SPSS) software (version 13.0) was used for this purpose. When the original sixteen variables were analysed by the PCA. Four variables extracted from the analysis with an Eigen value of greater than 1, which explained 69.091 percent of the total variance (For details please see Table-2).

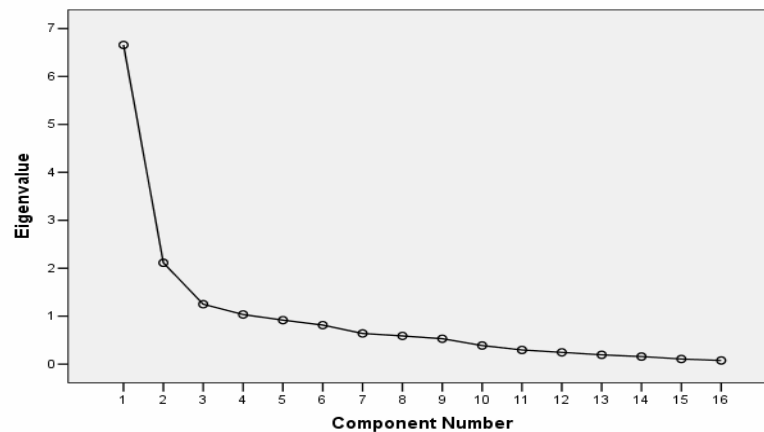
One method to reduce the number of factors to something below that found by using the 'eigen value greater than unity' rule is to apply the scree test (Cattell, 1966). In this test, eigen values are plotted against the factors arranged in descending order along the X-axis. The number of factors that correspond to the point at which the function, so produced, appears to change slope, is deemed to be the number of useful factors extracted. This is a somewhat arbitrary procedure (For details please see Figure –1). Its application to this data set led to the conclusion that the first four factors should be accepted. Within this solution, Factor 1 had fourteen items with their primary loading on that factor, one item, two items had their primary loading on Factor 2 and Factor 3 respectively, but Factor 4 did not contain any primary loading.

Table 2. Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.658	41.610	41.610	6.658	41.610	41.610
2	2.113	13.207	54.817	2.113	13.207	54.817
3	1.249	7.809	62.626	1.249	7.809	62.626
4	1.034	6.465	69.091	1.034	6.465	69.091
5	.917	5.732	74.823			
6	.813	5.082	79.905			
7	.639	3.996	83.901			
8	.588	3.672	87.573			
9	.529	3.307	90.880			
10	.387	2.421	93.301			
11	.295	1.844	95.146			
12	.245	1.529	96.674			
13	.193	1.207	97.881			
14	.157	.983	98.864			
15	.107	.666	99.531			
16	.075	.469	100.000			

Source: Survey data

Extraction Method: Principal Component Analysis.

**Figure 1. Scree Plot**

It is worth mentioning out here that factor loading greater than 0.30 are considered significant. 0.40 are considered more important and 0.50 or greater are considered very significant. The rotated (Varimax) component loadings for the four components (factors) are presented in Table 3. For parsimony, only those factors with loadings above 0.50 were considered significant (Pal, 1986; Pal and Bagi, 1987; Hair, Anderson, Tatham, and Black, 2003).

Table 3. Principal Component Analysis – Varimax Rotation Factors of favorable environment for Intrapreneurship development

Name of the Indicators	Indicators			
	Factor - I	Factor - II	Factor - III	Factor -IV
Layout of the organization	.853			
Intrapreneurial participants	.805			
New project meetings	.743			
Informal communication	.613			
Mentality of the employees	.556			
Knowledge of the market		.807		
Encouraging the actions		.725		
Reward of the personnel		.616		
Team work		.556		.523
Availability of the Secrecy			.793	
Innovative ideas			.719	
Environment for creativity and diversity		.573	.609	
Identification of the potential entrepreneurs			.568	
Technically skilled labour force				.824
Sponsoring the intrapreneurial projects				.701
Taking actions	.528			.533
% of Variance	41.610	13.207	7.809	6.465
Cumulative percentage of %	41.610	54.817	62.626	69.091

Source: Survey data

Factor 1: Layout of the Organizations – This factor was represented by five variables with factor loadings ranging from .853 to .556. They were layout of the organization, intrapreneurial participants, new project meetings, informal communication, and mentality of the employees. This competency accounted for 41.610% of the rated variance.

Factor II: Knowledge of the Market – Four variables with loadings ranging from .807 to .556 belonged to this factor and they included knowledge of the market, encouraging the actions, reward of the personnel and team work. Further, although the variable “team work” was loaded fairly highly on Factor IV as well, because of its higher loading and greater relevance it was also included in this factor. This factor explained 13.207% of the rated variance.

Factor III: Availability of Secrecy – This factor comprised four variables, namely, the availability of secrecy, innovative ideas, environment for creativity and diversity and identification of potential entrepreneurs. Factor loadings of these variables ranged from .793 to .568. Although the variable “environment for creativity and diversity” was correlated fairly highly with Factor II as well, considering its higher loading and importance it was included in Factor III. A variance of 7.809% was explained by this factor.

Factor IV: Technically skilled Labour Force – This last factor consisted of three variables relating to the technically skilled labour force. They were the technically skilled labour force, sponsoring the intrapreneurial projects and taking actions. Their factor loadings ranged from .824 to .533. The variance explained by this factor amounted to 6.465%. Further, although the variable “taking actions” was loaded fairly highly on Factor I as well, because of its higher loading and greater relevance it was also included in this factor.

Ranking of the above four factor in order to their importance, along with mean, is shown in Table 4. The importance of these factors, as perceived by the respondents, has been ranked on the basis of their mean values.

Table 4. Ranking of Factors according to their importance

Factors	No. of. Variables	Mean	Rank
Factor I: Layout of the Organizations	05	2.60	2
Factor II: Knowledge of the Market	04	2.28	3
Factor III: Availability of Secrecy	04	2.23	4
Factor IV: Technically skilled Labour Force	03	2.73	1

Source: Survey data

According to the table 4, the ranking followed order: (1) technically skilled labour force (2) Layout of the organizations (3) Knowledge of the market (4) Availability of Secrecy from 2.73 to 2.23

CONCLUSION

Through an empirical investigation, this study has identified four factors as key favorable environment for intrapreneurship development which is determined in companies. The dominant factors are (1) Technically skilled labour force; (2) Layout of the organizations; (3) Knowledge of the market and; (4) Availability of Secrecy.

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CONFERENCE PAPERS



Corvinus University Budapest in collaboration with the European Council of Small Business and Entrepreneurship (ECSB) and ERENET organized a Pre-Conference Policy Forum on 18 November, 2009 in Budapest, Hungary, immediately before the main RENT Conference.

PRE-CONFERENCE POLICY FORUM: ENTREPRENEURSHIP POLICY IN TIMES OF CRISIS

The 23rd RENT Conference provided a forum for discussing some of the latest research evidence with respect to entrepreneurship and growth. The Pre-Conference Policy Forum held on 18 November 2009, generated an exchange of views and experiences between researchers, policy makers and practitioners on contemporary policy-related topics. By focusing on entrepreneurship policy at a time of crisis, the Pre-Conference Policy Forum provided an opportunity to discuss the effects of the recession on SMEs and the responses of firms and policy makers in different parts of Europe.

The RENT XXIII Conference took place in Budapest, Hungary, on November 19-20, 2009. The conference was hosted by Corvinus University, Budapest, and co-organised by ECSB and EIASM. The main theme for the conference was

ENTREPRENEURIAL GROWTH OF THE FIRM

The Pre-Conference was opened by Dr. Thomas M. Cooney, President of ESCB and Dr. Károly Balaton, Corvinus University of Budapest. During the Conference two Sessions were held on **Entrepreneurship and the business cycle: a way out of the Bust** and **Policies for Entrepreneurship at the Time of Crisis** moderated by Professor David Smallbone, Kingstone University, UK, and Dr. Antal Szabó, Scientific Director of ERENET, respectively. Between these sessions a comprehensive lecture was delivered on **Criteria for identifying good practice policies by** Professor Zoltán Roman (Hungarian Academy of Sciences, Hungary).

The Panelists of the Round Table: **Policies to Promote Entrepreneurship in Central and Eastern Europe: Identifying Good Practice** (moderator Dr. Antal Szabó (Scientific director of ERENET, Hungary) were ERENET members including

- Dr. Péter Szirmai (Corvinus University of Budapest, Hungary)
- Desislava Yordanova (Sofia University »St. Kliment Ohridski«, Faculty of Economics and Business Administration)
- Darija Kristić (Center for of Osiek, Croatia)
- Dr Eric Dejan (Institute of Economic Sciences, Serbia)
- Dr. Zsuzsanna Szabó (Petru Maior University, Romania)
- Jerzy Cieślík (Leon Kozminski Academy of Entrepreneurship and Management, Warsaw, Poland)
- Dr. Marián Gál (Technical University of Kosice, Slovakia)

Each speaker will address the following:

- (i) The aim of their policy/programme
- (ii) Main activities of their policy/programme
- (iii) Results/outcomes
- (iv) Good practice features (with rationale)

In his introductory statement Dr. Antal Szabó, Moderator of the Round Table made the following statement:

“The European Union is struggling with the strains this crisis has inevitably produced among 27 countries with uneven levels of development. The growing economic crises has been threatens the idea of One Europe. At the emergency Summit Meeting of the Leader of the EU countries held at the end of February this year, the Hungarian prime Minister called for a large bailout for the new EU countries. But this call was bluntly rejected by the strong old European reach countries. The principle of the solidarity does not work. It is undermined by the strong protectionism measures in some member countries. It is a danger, that a new Iron Curtain might be set up and divide Europe.

President Obama announced a budget that will send the United States more deeply into debt but that also makes an effort to redistribute income and overhaul health care, improve education and combat environmental problems. Whether Europe can reach across constituencies to create consensus, it is a questionmark. Whiting the EU, there is no joint fiscal policy, no joint tax policy, and no joint policy on which industries to subsidize or not. And none of the leaders is strong enough to pull the others out of the mud.

According to the forecast of the Word Bank and EBRD, the financial crisis in the US and the EU banking system is expected to last during 2009 and beyond. The US unemployment rates stands at 10.2% of the labour force. Hungary unemployment rate slips to 10.3% during July-September, so there is not to much hope to build a welfare society in the near future.

The tentative indicators in the EU manufacturing output are beginning to stabilize at the level some 20% below its peak in 2008. There are some negative factors that will affect the output of the industry. First: it is the expected further deterioration in the labour market. Secondly: there is a risk that restricted availability of finance to enterprises, which will be a burden to economic growth. Brussels suggests that Member States should consider greater use of the scope under the temporary state aid rules to subsidise loan guarantees and interest rates to improve SME financing and the availability of export credits, speeding up public sector payments, and ensuring the timely disbursements of EIB SME loans.

After two decades of the transition, countries across the region vary enormously in the extent in which they have adopted market-based reform and created institutions similar to the standards of the advanced market economies. The ten new Central-Eastern European countries are most ahead in the path to the market economy. Croatia is at fairly advanced state of negotiations for EU membership. Each year the EBRD provides a set of so called transition indicators, that shows where countries stand on the transition path. The countries representatives of which sit round the table: Bulgaria, Croatia, Hungary, Poland, Serbia and Slovakia get the highest scores, showing that these countries are already market economies. However, these scores do not highlight the competitiveness of the country, the rate of unemployment, the share of poverty and many important cultural, healthcare and social factors.

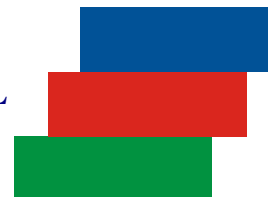
Within the larger European Union fissures are growing between the older and the new Members, especially in the new Eastern-European member states. Two new tiny members – Slovakia and Slovenia – are more protected by being countries using EURO. Czech Republic and Poland are the countries which are surviving more or less. Others, including Bulgaria, Hungary and Romania are in the state of near meltdown. The situation is especially severe in Hungary, where the multinational repatriating nearly EURO 6.5 bn a year and 30% of the population are leaving below the poverty line. While multinationals receive large state support, the 900,000 SMEs including 700,000 microenterprises are under the significant tax burden and with the population are paying the costs of the consolidation dictated by the IMF.”

PHOTOS ON THE ROUND TABLE ON POLICIES FOR ENTREPRENEURSHIP AT THE TIME OF CRISIS

	
<p>Prof. Károly Balaton Openin Speech</p>	<p>Dr. Thomas M. Cooney and Professor David Smallbone</p>
	
<p>Auditorium</p>	<p>Auditorium</p>
	
<p>Desislava Yordanova and Dr. Antal Szabó</p>	<p>Jerzy Ciešlik and Dr. Marián Gál</p>
	
<p>Darija Kristić and Dr Eric Dejan</p>	<p>Dr. Péter Szirmai, Dr. Zsuzsanna Szabó and Jerzy Ciešlik</p>

INSTITUTIONAL PROFILE

PRODUCTIVITY AND COMPETITIVENESS NATIONAL CENTER



The Productivity and Competitiveness National Center (MRMM) pursues its aim to protect rights and interests of entrepreneurs, to join public socio-economic policy on productivity and competitiveness and, thus, to support development of entrepreneurial subjects.

Our contacts:

1072, Azerbaijan Republic, Baku, Narimanov district, Ashig Ali Street, block 20, building 2a, apt. 04

Telephone: (994 12) 541 46 50/51, Fax: (994 12) 541 46 50,

www.mrmm.az

E-mail: office@mrmm.az, president@mrmm.az,

MRMM within its priorities carries out the following activities:

- To study opportunities for promoting productivity and competitiveness of private sector subjects through implementing activities allowing development of country economy according to the principles of productivity and competitiveness and, thus, to prepare proposals for submitting to the relevant central and local executive authorities;
- To disseminate information on productivity and competitiveness and realize activity to apply methods;
- To carry out activities for strengthening social dialogue;
- To hold relevant measures in accordance with articles of the State Programme on Socio-Economic Development of Regions;
- To support more efficient management of enterprises through awareness raising of entrepreneurial subjects on productivity and competitiveness;
- To create database on production and consumers' markets to support export capacity of the country, to carry out market studies and investigations;
- For professional development of managers and employees of SME subjects to organize study tours to foreign countries for their experience exchange;
- To invite experts from foreign countries with the purpose of effective management of SME subjects;
- To organize workshops, trainings and round-table meetings as regards different spheres of business for SME subjects aimed at improving organization of production and level of services;
- To support women entrepreneurship development in the country;
- To provide participation of local entrepreneurs in the different economic exhibitions and business forums abroad;
- To inform entrepreneurs on amendments and annexes to the economic legislation, to render them legal, economic and other assistances;
- To cooperate with similar foreign organizations.

Services of the Productivity and Competitiveness National Center (MRMM)

MRMM to raise awareness and skills of entrepreneurial subjects on productivity and competitiveness is rendering its set of services:

- To prepare investment projects and business plans;
- To collect data on foreign and local production and consumers' markets, to carry out market studies to support export capacity;
- To counsel as regards effective management and use of human resources;
- To advocate entrepreneurial subjects in the consumers' market and campaign for establishment of their social image;
- For professional development of managers and employees of entrepreneurial subjects to organize study tours to foreign countries for their experience exchange;
- To invite experts from foreign countries with the purpose of effective management of enterprises;
- To provide participation of local entrepreneurs in the different economic exhibitions and business forums abroad;

- To counsel as regards application of quality management systems;
- To counsel as regards organization of safe labour conditions, compliance of workplaces with health code;
- To organize workshops, trainings and round-table meetings on different spheres of business aimed at improving organization of production and level of services;
- To raise awareness of employers on child labour issues;
- To support implementation of innovation projects as well as application of science-technological innovations to production;
- To inform tax payers on amendments and annexes to the tax legislation and other related data;
- To consult on business law.



Professor David Smallbone (Kingstone university, UK), Dr. Joao Carlos Correia Leitao (University of Beira Interior, Portugal), Professor Harry Matlay (Birmingham City University, UK) and Dr. Antal Szabó (ERENET) at the Entrance Hall of the Corvinus University of Budapest



Professor Zoltán Román delivers lecture on **Criteria for identifying good practice policies** during the RENT Pre-Conference on 18 November 2008 in Budapest

Baltic Market

The Baltic Sea region encompasses 11 countries with a total of 300 million inhabitants. It is a region full of contrasts, with nearly unlimited possibilities for companies seeking business opportunities.



Individually, the countries of the Baltic Sea region offer business advantages in different sectors and fields. Collectively, the region is a vast and growing market for any enterprise with the right business idea.

The aim of this site is to introduce to you the basic conditions for doing business in the Baltic Sea region. The information provided here has been compiled by partner organisations and institutions commissioned by the governments of the 11 Baltic Sea countries, and the sources of all information provided are governmental bodies.

The CBSS has made every effort to ensure the quality of the information. The site will regularly be updated to reflect the latest legislation. However, the CBSS cannot assume responsibility for the information provided by third parties.

The Council of the Baltic Sea States



In March 1992, the Council of the Baltic Sea States (CBSS) was established in Copenhagen at a conference of the foreign ministers of Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland, Russia and Sweden, together with a member of the European Commission. Iceland joined the CBSS in 1995. The CBSS serves as an overall regional forum for intergovernmental cooperation.

The CBSS Working Group on Economic Cooperation (WGEC) is tasked with identifying fields of regional economic cooperation in which the CBSS may play a "value-added" role by mobilising the necessary political will to foster concrete projects, by contributing to better resource utilisation and by helping to coordinate national and regional inputs.

The WGEC also monitors the activities of the Task Force on Standards and Conformity Assessment. On an ad hoc basis, the WGEC takes up topics such as intellectual property rights, tourism and economic aspects of the Baltic Sea environment. The WGEC maintains close links to other regional actors and international organisations. Further information on the CBSS see at <http://www.cbss.org/>. World Bank Study on Doing Business in 2007 for the Baltic Sea Region see at <http://www.bmwi.de/English/Navigation/European-policy/baltic-market.html>

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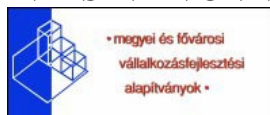


ENTREPRENEURSHIP RESEARCH AND EDUCATION NETWORK OF CENTRAL EUROPEAN UNIVERSITIES

and



SZÉCHENYI ISTVÁN UNIVERSITY



in cooperation with the
**HUNGARIAN ENTERPRISE DEVELOPMENT NETWORK
CONSORTIUM**
organize

WORKSHOP ON HUNGARIAN SME POLICY - EVALUATION AND POSSIBLE FUTURE DEVELOPMENT

20 March 2010

In Győr

at the a Szécheny István University
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Under the Patronage of**Prof. Dr. Józsa László, Dean**

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Division of Economic Development

Némethné, Andrea Gál

Vice-Rector
College for Modern Business Studies, Tatabánya

The Aim of the Workshop

Similar to everywhere in Europe, micro, small and medium-sized enterprises (SMEs) play a determining role in the Hungarian economy. These enterprises during the past two decades of the transition followed the way of the creation of the private sector in the transition economies. The regulatory framework could not follow the requested changes, and the governing elite considered the only possibility of creation of the private sector by mass privatization, while it neglected the establishment and development of the private sector based on sound SME sector. The political elite never used the scientific approach for creation and development of the SME sector.

In 2010, Hungary will face Parliamentary election followed by the formulation of a new Government. This process provides a new change to correct the direction of the economic policy, its means, the regulatory framework and within it the creation of a business friendly condition for SMEs. The Hungarian Session of the ERENET Network will review the current national SME policy, its strength and weaknesses and highlights those issues, which could lead to adjustment of the current not effective policy and assist the new Government to adjust its policy for entrepreneurship development.

Main Topics to be discussed

- National SME policy in the light of the overall economic policy;
- Characteristics of the Hungarian SME sector, international comparison with the countries of the region;
- The situation of the SME support infrastructure, the main direction of its development and government tasks;
- SME financing and requested steps for improvement;
- The necessity of innovation aiming at improvement of the international competitiveness;
- Modernisation and updating of the Hungarian taxation system;
- Challenges in the field of human resource development: task in the field of entrepreneurial vocational training and high/university education
- Experiencing and practicing in domestic entrepreneurial and entrepreneurship education;
- **Accepting a Final Communiqué**

Logistics of the Workshop

- ❖ Working language at the Workshop: Hungarian (without any translation).
- ❖ Participation at the Workshop: exclusive, invitation only and based on negotiation with the organizers.
- ❖ The papers and document to be accepted will be published.
- ❖ The Dean of the Kautz Gyula Faculty of Economic invites the Participants for a business lunch.
- ❖ Hotel accommodation could be reserved by the Host at the Hotel Révész (www.duditshotels.hu), which is located 10 minutes walking distance from the University.
- ❖ For further information and registration please contact **Dr. Szilveszter Farkas**, Associate Professor, Kautz Gyula Faculty of Economic, Széchenyi István University at E-mail: farkassz@sze.hu or **Dr. Antal Szabó**, Scientific Director of ERENET at E-mail: erenet.hu@gmail.com



INVITATION

**of the Chairman Dr. Gian Franco Terenzi
President of the C.E.S.A. Foundation
under the auspices of the
Republic of San Marino**

INTERNATIONAL CONFERENCE on the Foundation of

**WUSME - WORLD UNION
OF SMALL AND MEDIUM ENTERPRISES**
under foundation in the Republic of San Marino
24. – 25. February 2010

Esteemed Colleagues,

The Conference on the foundation of the World Union of Small and Medium Enterprises will be held on 24th – 25th February 2010 in the Republic of San Marino and hosted by C.E.S.A. Foundation, a SMEs supporting Organisation in co-operation with the Republic of San Marino.

SMEs supporting Institutions are cordially invited to participate in the Conference hosted by the Republic of San Marino and may now

- register online and
- download the Conference documents

under **<http://wus.homestead.com>**.

One of the top-priorities of the new World Union of SMEs will be to provide widespread information and foster awareness among the different national institutions of the countries belonging to the WORLD UNION as regards the true needs of small enterprises which represent the basis of the economic fabric of all societies. The new Association shall develop strategies able to back the growth of this major economic sector and identify annual activities to be realised, to facilitate relations to the national associations and create moments of encounter that represent chances and opportunities of integration between the actors from different countries and geographic areas.

High level panel discussions with Members of Governments, reputed economists, financial experts and Top-Managers will be held on 24th - 25th February 2010 with the main topics:

- SMEs - Policy in times of financial and economic crisis,
- Micro financing for SMEs,
- Education and training,
- Environment and new waste-to energy-technologies as future chances for SMEs.
- Companies in San Marino will also present their high quality products and services to the participants of the Conference.

Hotel accommodation for 2 Delegates per Organisation and meals during their stay will be borne by the Government. Subscription fee is EUR 200 per Delegate.

I look forward to seeing you on 24th and 25th February 2010 in San Marino.

Dr. Gian Franco Terenzi
Chairman of the Conference

Contact:

Conference General Secretariat:
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Dr Peter Odrakiewicz, Assistant Professor

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Vice-Rector, Poznan University College of Business and Foreign Languages.
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The 5th International Innovation in Management Conference – Global Partnership is organized by the Poznan University College of Business and Foreign Languages in cooperation with the Innovative Management Institute, the Global Management Institute, the Canadian-Polish Management Institute, the Human Resource Ambassador of the Academy of Management for Poland, and the Foundation for Citizenship Development.

The keynote address entitled, “Global Partnership,” will be given by Prof. Dr. Charles Wankel, Associate Professor of Management at St. Johns University in New York. Columbia University’s American Assembly has identified him as one of the nation’s top experts on Total Quality Management. In addition to his prolific writing of numerous scholarly articles, monographs, and chapters, Dr. Wankel is the co-author of the top selling textbook *Management*. He is the leading founder and director of scholarly virtual communities for management professors, and currently directs seven such communities with thousands of participants in more than seventy nations.

This keynote address will be followed by introductory remarks which will be given by Dr. Peter Odrakiewicz, Human Resources Ambassador of the Academy of Management. Additionally, Dr. Odrakiewicz is the Vice-Rector for International Relations at the Poznan University College of Business and Foreign Languages in Poznan, Poland.

We are inviting scholars and practitioners to submit papers, roundtable discussion proposals and posters for presentation related to the conference theme of global partnership.

The topics include, but are not limited to:

- Innovative management
- Global partnership
- Competence management
- Global economic and managerial issues
- Human resources management
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- Organizational challenges
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- Logistics management
- Communications in organizations
- Intercultural management
- European business and management studies
- Finance, risk and marketing management
- Marketing and entrepreneurship
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- Business ethics and social responsibility
- Quality management
- Consulting and education services

SUBMISSIONS

Authors are invited to submit abstracts and full papers as soon as possible. Each submission must be accompanied by the registration form found at: www.imconference.eu .

The submission of abstracts and proposals should be contained in a single file (MS Word), and sent to the Scientific Program Committee as an email attachment. The submission should include:

- Title
- Name of author(s)
- Email address
- Institution

- Mailing address
- Abstract (one page)
- Completed paper (not exceeding 15 pages)

Authors are advised to visit the conference website (www.imconference.eu) for further guidelines on the submission of abstracts and full manuscripts. The Scientific Program Committee will evaluate all submissions and notify authors, no later than 10 March 2010, as to whether their submissions have been accepted, rejected, or are still undergoing review. Additionally, titles of accepted articles will be posted on the conference website.

PUBLICATION OPPORTUNITY

The best papers will be considered for the publication in the *Innovative Management Journal* and the *Global Management Journal*.

CONFERENCE REGISTRATION COSTS

- Members of cooperating institutions – 200 EU
- PWSBIJO faculty – 100 EU
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The deadline for full payment of the conference fees is 4 March 2010.

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FOURTH INTERNATIONAL ENTREPRENEURSHIP CONFERENCE ENTIME 17-18 JUNE 2010 - GDANSK, POLAND



**Faculty of Management and Economics
Gdansk University of Technology (Poland)
and
ICAN Institute -
Harvard Business Review Polska
are announcing**

ENTREPRENEURSHIP IN MODERN ECONOMY – CHALLENGES AND RISKS

Faculty of Management and Economics of Gdansk University of Technology (Poland) and ICAN Institute - Harvard Business Review Polska are proud to host the Fourth Enterprise in Modern Economy (ENTIME) Conference. This entrepreneurship conference is designed to bring together leading-edge views of academic scholars and insightful practitioners from the fields of international business and small business/entrepreneurship, in order to examine challenges and risks that firms have to face and deal with in a modern economy. The event is a great opportunity to share knowledge and experience of entrepreneurial research and studies from all over the world. On this occasion we have a great pleasure to invite you to participate in the Third International Entrepreneurship Conference ENTIME held in the Faculty of Management and Economics.

Thematic areas

Below are the potential thematic fields to be covered:

1. Enterprise on global market, particularly:

- a) Shadow (grey) economy problems
- b) Dealing with the global economy crisis – firms` perspective

2. Selected aspects of enterprise functioning, particularly:

- a) Inter-enterprise ties, networks and social capital
- b) Strategies for internationalizing SMEs
- c) Cross-national comparisons of internationally-oriented firms or patterns of their growth
- d) Survival and bankruptcy of firms on competitive markets

3. Research methods in entrepreneurship studies, particularly:

- a) Qualitative methods in entrepreneurial research
- b) Quantitative methods in entrepreneurial research

Scientific Board

Prof. Piotr Dominiak – President – Faculty of Management and Economics, Gdansk University of Technology, Poland

Prof. Josef Mugler, Institute for Small Business Management and Entrepreneurship, Wien, Austria

Prof. David Kirby, British University in Cairo, Egypt

Prof. Asko Miettinen, Tampere University of Technology, Finland

Prof. Rita Klapper, Ecole Supérieure de Commerce et de Management (Rouen Business School), Rouen, France

Prof. Alessandro Sterlacchini, Università Politecnica delle Marche, Ancona, Italy

Prof. Enrico Santarelli, University of Bologna, Italy

Prof. Roy Thurik, Erasmus University Rotterdam, Netherlands

Prof. Marek Rekowski, Economic University in Poznan, Poland

Prof. Franciszek Blawat, Faculty of Management and Economics, Gdansk University of Technology, Poland

Prof. Jerzy Czesław Ossowski, Faculty of Management and Economics, Gdansk University of Technology, Poland

Prof. Julita Wasilczuk, Faculty of Management and Economics, Gdansk University of Technology, Poland

Prof. Nelly Daszkiewicz, Faculty of Management and Economics, Gdansk University of Technology, Poland

Prof. Myles P. Gartland, Rockhurst University, Kansas City, USA

Prof. David Smallbone, Kingston University London, United Kingdom

A selected number of accepted papers – by scientific board – will be expanded and revised for possible inclusion in special books (monograph) published in Harvard Business Review Polska (ICAN Institute is the publisher). English will be a leading language of the publication. **Only papers that will pass a positive review process will be forwarded to publication.** The rest of conference papers (not included in publication at Harvard Business Review Polska) – accepted by reviewers – will be included for publication in monograph published at Gdansk University of Technology or any other publisher.

Post-conference publication

All papers referring to the presented thematic areas are welcomed.

A selected number of accepted papers – by scientific board – will be expanded and revised for possible inclusion in special books (monograph) published in Harvard Business Review Polska (ICAN Institute is the publisher). English will be a leading language of the publication. **Only papers that will pass a positive review process will be forwarded to publication.** The rest of conference papers (not included in publication at Harvard Business Review Polska) – accepted by reviewers – will be included for publication in monograph published at Gdansk University of Technology or any other publisher.

Organizing committee and contact

Professor Jerzy Czesław Ossowski - President of the Committee

Committee members:

Ewa Lechman, PhD

Contact: e-mail: entime@zie.pg.gda.pl or by phone:

Office: 0048 58 348 6003 Mobile: 0048 601 91 48 34

Aneta Sobiechowska-Ziegert, PhD

Aniela Mikulska, PhD

Karol Flisikowski, MSc. Eng.

Find more at: www.zie.pg.gda.pl/entime



INTERNATIONAL COUNCIL FOR SMALL BUSINESS 55TH ICSB WORLD CONFERENCE

ENTREPRENEURSHIP: BRIDGING GLOBAL BOUNDARIES

24-27 June 2010
Cincinnati, Ohio, USA



The ICSB Conference will be particularly relevant to:

- Educators and researchers focused on small business and entrepreneurship
- Owners and business managers of Small and Medium Enterprises (SME's)
- People who provide guidance and assistance to entrepreneurs and SME's
- Policy makers and people who establish and implement local, regional, national, and international policies affecting the development and growth of SME's
- Those interested in teaching and conducting research in the area of SME's

Founded in 1955, ICSB was the first international, non-profit, membership-driven organization to promote the growth and development of small, entrepreneurial, and family businesses worldwide. ICSB brings together educators, researchers, policy makers, and practitioners to share knowledge and experience in their respective fields with a focus on small business development around the world. Membership into ICSB is open to all persons interested in improving small, entrepreneurial, and family business knowledge and skills around the world.

We invite you to submit papers, case studies, workshop and/or symposia proposals that deal directly or indirectly with:

- Entrepreneurship Education
- Individual Entrepreneurship
- Women and Minority Entrepreneurship
- Small Business and SME's in Developing Economies
- Public Policy
- Entrepreneurship and Technology
- Family Business
- Corporate Entrepreneurship
- International Entrepreneurship
- Entrepreneurship in the Arts
- Entrepreneurship Across the Curriculum
- Social Entrepreneurship
- Additional topics of interest and value to ICSB's membership

Deadline for Abstract Submissions: **15 February 2010**

Deadline for Early Registration: **26 April 2010**

Conference Registration

The conference registration form is available on the conference website. You may submit the form online or via fax. Advanced registration is required by 3 June 2010, however, onsite registration will also be available on the day of the conference. A discounted fee will be offered for registration prior to 26 April 2010. Please check the conference website for the latest information.

See detailed programme at

www.icsb2010.org

PHOTOS FROM THE CONFERENCE ON “WHAT IS THE WORTH OF CATHOLIC TEACHING IN THE TIME OF CRISES?”

		
<p>Logo of the Sapientia College of Theology of Religious Orders, Budapest</p>	<p>László Lukács Schp, Professor Stefano Zamagni (Bologna University) and Sr. Interpreter OP</p>	<p>Sr. Helen Alford OO, Dean of the Faculty of Social Sciences at the Pontifical University of St. Thomas</p>

The Conference was held on 14 November 2009 at the Sapientia College of Theology in Budapest



International Conference on Entrepreneurship
Innovation and Regional Development

Welcome to
ICEIRD
network



BACKGROUND

The International Conference for Entrepreneurship, Innovation and Regional Development (ICEIRD) Consortium was formally established in 2008. It is a multi - disciplinary and cross-sectoral network crossing several streams of theory and practice, namely entrepreneurship, innovation, regional economic development and information systems. The ICEIRD Consortium was set-up with members from institutions jointly researching and collaborating in strategising/organising the annual ICEIRD conference and managing joint projects focused on the theory, policy and practice of entrepreneurship and innovation in particular as it pertains to information technologies.

One of the higher concern features of the so-called European Innovation Paradox is the divide between academic research and policy-making, between thinkers and doers. The ICEIRD can become an authoritative reference in bridging this gap by developing analysis in the field of innovation and regional policy, based on high-level academic research, but without neglecting the lessons learnt by policy makers and professionals in the field. Thus establishing experiential feedback learning loops and cross fertilization among two communities which have lived too far away from each other for far too long, and in the European Union in particular.

Source: <http://www.iceird.org/>

ICEIRD – 2010

CONFERENCE ON ENTREPRENEURSHIP BEYOND CRISIS – CHANNELING CHANGES TO ADVANTAGE

Novi Sad, Serbia, 27 - 29 May 2010

Organised by:
University of Novi Sad,
Faculty of Technical Sciences,
Department for Industrial Engineering and Management
University of Novi Sad, UNESCO Chair in Entrepreneurial Studies
CISCO Entrepreneur Institute, Training Center Serbia

Call for paper see at <http://www.iceird.org/media/2010fcp.pdf>



EUROPEAN REGION OF ICA

COMMUNIQUÉ

7 October 2009

**THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE ADOPTS
AN OPINION THAT CONFIRMS THE KEY CONTRIBUTION
OF CO-OPERATIVE ENTERPRISES
TO THE EUROPEAN ECONOMY AND ITS SOCIAL MODEL**

COOPERATIVES EUROPE has welcomed the adoption by the European Economic and Social Committee (1 October 2009) of an own initiative opinion: **“Diverse forms of enterprise”**. The opinion describes the diversity of forms of enterprise that are found in the European Union and endorses the often stated view of COOPERATIVES EUROPE that there is a need for a legal framework, along with a competition policy, that is instrumental in creating a level playing field for all the different forms of enterprise whilst taking into consideration the characteristics of each form.

The opinion’s consideration of Competition Policy is of special interest to COOPERATIVES EUROPE for it is our view that the EU competition laws are not required to ensure uniformity but is required to provide a balanced legal framework according to the social and economic characteristics of the enterprise. We reiterate our willingness to engage in discussions with the European Commission to this end.

We share the view that the existence of the different forms of enterprise helps to maintain the European social model and we support the call for the Social Dialogue partners to reflect this diversity of form.

With specific regard to the co-operative form of enterprise, the opinion’s conclusions identify the need for the European Cooperative Statutes (SCE) to be simplified and also recognize the need for the introduction of economic statistics for co-operatives and mutuals along with the establishment of support services and networks that are adapted to the plurality of all forms of doing business.

ENDS

Notes

1. The Section for the Single Market, Production and Consumption was responsible for preparing the EESC work on the Diverse forms of enterprise (INT/447 – CESE 584/2009 fin). Rapporteur: Mr. Cabra de Luna and co-rapporteur: Ms Marie Zvolska (DACR – CZ) and her expert Agnès Mathis (COOPERATIVES EUROPE - EUR).
2. The opinion was adopted by the committee with a vote of 133 for, 0 against with 4 abstentions.
3. The need for an own initiative opinion stemmed from the EESC Co-operatives Contact Group set up in 2007 in the wake of certain legal actions against co-operatives.
4. Today, 263000 co-operative enterprises are serving their 160 million members (1 in 3 EU citizens). They actively contribute to the economic and social objectives of the European Union.

For further information contact: a.mathis@coopseurope.coop

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**PRESS RELEASE**

17 December 2009

<http://www.idisc.net/en/Article.38942.html>

Innovation and Technology Entrepreneurship Initiative Launched in Three Developing World Regions

A new development program will soon bring much-needed expertise in assisting innovative, technology-driven Small and Medium Sized Enterprises (SMEs) and entrepreneurs in Africa, Asia, and Eastern Europe, Caucasus and Central Asia (ECA). The four-year program, valued at €11.9 million, known as *Creating Sustainable Businesses in the Knowledge Economy*, will focus on enhancing the competitiveness of SMEs in the information and communication technologies (ICT) and agribusiness sectors in particular, as well as the use of the mobile communications platform to grow content, services and applications for developing countries.

The program is funded by the Ministry for Foreign Affairs of Finland and will be implemented in partnership with Nokia by *infoDev*, a global development program housed at the World Bank. It will leverage *infoDev*'s existing program of activities in these areas. The three partner organizations created the program in an effort to foster the adoption of ICT technologies and innovative, technology-driven business models in developing countries, an approach that is known to have a transformative and long-lasting effect on economically, socially and environmentally sustainable development efforts.



The program will seek to create jobs; improve the three regions' innovation and entrepreneurship ecosystems; increase productive capacity in the targeted sectors; demonstrate the mobile platform as a powerful vehicle for development; and increase south-south and north-south partnerships among a range of stakeholders.

“The Creating Sustainable Businesses in the Knowledge Economy program is an excellent example of how public-private partnerships are making remarkable contributions to sustainable development across the world by bringing their unique perspectives and know-how to solve common problems,” said Kathy Sierra, World Bank Vice President for Sustainable Development, who chairs *infoDev*'s Donor's Committee. “*infoDev*, Nokia, and Finland each bring complementary expertise to the effort. I look forward to seeing the program's long-term impact.”

“We are delighted to collaborate with Nokia, the World Bank and *infoDev* on this program. Finland's approach is to empower developing countries by harnessing innovation to grow sustainable businesses and economies,” said Ambassador Kauppinen of the Ministry for Foreign Affairs of Finland. “This program is designed to address several of Finland's key goals, including supporting sustainable agriculture, private sector development, promoting women's entrepreneurship, connecting developing countries to the global information society, and harnessing innovation, science and technology for development.”

“Mobile technologies and applications are moving at a rapid pace, and nowhere is this more evident than in developing country markets, where take-up rates are soaring,” said Jussi Hinkkanen, Head of Government Affairs, Nokia Middle East and Africa. “Developing country users see their mobile phones as a tool to help them work, live and communicate more effectively. This program will enable the development of demand-driven applications by developing country entrepreneurs for developing country markets by helping them launch and scale their business ideas. Nokia is very proud to be part of such an important effort.”

The program will combine an inter-related series of global, regional and country level activities. Highlights include:

- Creating three regional mobile applications laboratories that will incubate up to 10 new mobile applications each;
- Establishing social networking hubs in selected countries in Africa, Asia and the ECA region to create opportunities for exchanges between mobile applications entrepreneurs and the wider industry;
- Incubating and providing technical assistance to more than 100 firms in the agriculture and ICT sectors by establishing and strengthening small business incubators in countries such as Mozambique, Tanzania, Vietnam and Cambodia as well as in the ECA region;
- Delivering a program to encourage and increase the competitiveness of women entrepreneurs in Vietnam and Cambodia;
- Removing barriers to investment in cross-border broadband infrastructure and public-private partnership opportunities in the ECA region;
- Holding the 4th *infoDev* Global Forum on Innovation and Entrepreneurship in 2011 in Finland. The Global Forum is the largest gathering of the developing world’s innovation, technology entrepreneur and business incubator community. It focuses on leveraging innovation and entrepreneurship at the grassroots for economic development, job creation and social inclusion.
- Generating major new resources and online tools that show the development community how ICTs and Innovation Systems can be meaningfully harnessed in agriculture and rural development projects.

For more detailed information please contact

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EU Small Business Profile

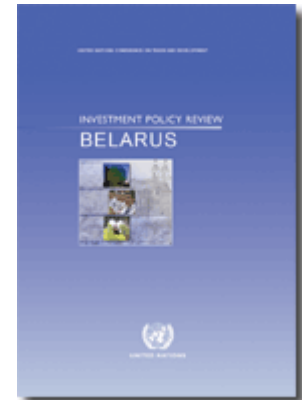
- **99.8 % of all EU companies are SMEs**
- **91.5 % are micro businesses**
- **7.3 % are small businesses**
- **1.1 % are medium-sized businesses**
- **0.2 % are large businesses**
- **SMEs provide 67.1 % of all private sector jobs**

PUBLICATIONS



INVESTMENT POLICY REVIEW OF THE REPUBLIC OF BELARUS

Book information
UN Symbol: UNCTAD/DIAE/PCB/2009/10
Sales no.: E.09.II.D.19
Date of publication: 01/10/09
ISBN: 978-92-1-II2780-5
No. of pages: 126
Price: US\$ 30



<http://www.unctad.org/Templates/webflyer.asp?docid=12340&intItemID=2554&lang=1&mode=highlights>

HIGHLIGHT

After independence in 1991, Belarus chose to maintain a centrally-planned economy with limited forays into privatization. Heavy regulations and administrative procedures, an ambiguous stance vis-à-vis private sector development and frequent reversals characterized the policy environment. These resulted in a dominant presence of the State in agriculture, industry and services. In this context, the foreign direct investment (FDI) attraction performance of Belarus was negatively affected.

However, since 2007, the authorities have embarked upon a vast reform programme to ease the constraints on private sector development, reduce the role of the State in the economy and attract FDI. The investment policy review (IPR), carried out at the request of the Government, finds that the reforms are heading in the right direction to deliver a more transparent, predictable and competitive business environment - indispensable for attracting high-quality investors.

Nonetheless, the IPR identifies a number of areas where further regulatory and administrative reforms are needed to enhance Belarus' competitiveness and increase its attractiveness as an investment location. These include a fair pricing mechanism, an effective land titling system, a competitive fiscal regime and non-discrimination in the access to raw materials and industrial inputs.

As requested by the Belarusian authorities, the IPR also outlines the key elements of a strategy to support small and medium enterprise (SME) development through FDI. The strategy can be articulated around four sets of measures aimed at:

1. Improving the FDI-specific regulations by strengthening the treatment and protection provisions of the investment code;
2. Enhancing the general investment climate in areas such as taxation, competition and land;
3. Removing obstacles to SME development, particularly in the areas of price regulations, reporting requirements and administrative controls; and
4. Adopting targeted policy interventions to foster the developmental role of FDI for the SME sector, such as carrying out professional investor targeting activities to attract investor in sectors which are prone to the establishment of supplier linkages and designing specific linkages policies.



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ERENET PROFILE

ISSN 1789-624X