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## AUTUMN MESSAGE OF THE SCIENTIFIC DIRECTOR



Distinguished ERENET Members and Friends, this ERENET issue is a double pleasure. It marks our Autumn edition – the twentieth in the series and with the citation: Volume V, Number 4. Equally, it celebrates our jubilee. This is the fifth year since the Entrepreneurship Research and Education Network was established with the Universities of Central- and Eastern Europe. Most sincerely, I wish to thank our International Board Members and esteemed authors for their commitment and steady support. Their interesting articles and news enriches the many members of the international community interested in entrepreneurship and SME development. Last year our periodical received more than 110,000 hits - a clear demonstration of the value now attached to the ERENET PROFILE.

Despite the undoubted cause for celebration we will not do so just yet. The economic crisis has also reached into our Headquarters; for this reason we will convene our Jubilee and 5<sup>th</sup> ERENET Annual Meeting in 2011 during the Hungarian EU Presidency.

The economic crisis has had a fall out not only on our Centre, but also many NGOs. For example this is the reason why we must also postpone our well-prepared Workshop on “The Role of Belief in Doing Business”. This was originally scheduled to be held at the Education Centre of the Konrad Adenauer Foundation in Wesseling on 24-27 October 2010. We had gathered more than 25 very qualified speakers with backgrounds in the five main world religions, but they understand the situation and expressed their readiness to participate on a future occasion.

Europe needs not only economic but spiritual renewal. This was the incentive behind Jose Manuel Barroso, President of the European Commission meeting with religious leaders this summer to discuss how to combat poverty and social exclusion. The recent resettlement of the Roma from France and Italy, the growing Islamophobia in Germany indicate that the old developed European countries are less and less willing to share and tolerate migrants and ethnic minorities so principles of cooperation and solidarity fail.

There are other causes for concern. Neoliberals raise vociferous protests when a nation state introduces extra taxation on the commercial banks which have benefitted from the economic crisis. The new Hungarian Parliament limited the upper ceiling of the Government officials by law. The salary of the President of the Hungarian National Bank by decision of the outgoing social liberal government had exceeded that of the US President of the Federal Reserve Board but the IMF and European Bank were critical. They worried about the independence of the HNB.

One must think about whose money it is in the HNB? What about worrying at the thirty per cent of citizens who are living below the poverty line? To make the point -slowly Europe is waking up to the reality, that the welfare of a nation, is not only a factor of GDP. Spiritual and humanitarian dimensions are central to community well being. It is these factors that were expressed in the United Kingdom when the visit of Pope Benedict XVI received a warm welcome despite previous controversy over it taking place.

In this introductory message I must refer to the ongoing debate about the future of the Bologna Process. It is mobilising more and more actors. The first swallows getting their Bachelor diploma are not very happy with the fact they face on the job-markets. (Who is happy these days?)

2010 is a busy year for students only or everyone else starting with the European Student Convention held in February in Hungary followed with the Bologna Seminar in May in Ghent. The debate on university reform continued in the Bologna Follow-Up Group meeting held in the city of Sarajevo in 24-25 June. The recent meeting in the process in Bratislava, and will be followed in October in Leuven and in November in Israel.



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Photo by Dr. Antal Szabó ©

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## DIVERSITY AND MULTICULTURALISM AS A STRATEGY FOR STRENGTHENING MSMEs IN THE GLOBAL MARKET

### ABSTRACT

Managing multiculturalism is indeed a challenge both at the, governance as well as managerial levels. Organisations are increasingly realising vast diversity within the global market and devising strategies to make the most out of it. Why is multiculturalism being adopted as a leading corporate value? What are the rationality behind it in terms of profit generation and operations of a business? How are large corporates managing diversity? What are the lessons for Indian Micro, Small and Medium Enterprises? And why should MSMEs take them into consideration? Cultural competence and cultural literacy are very crucial in the global market place, both for companies as well leadership. The caste, creed, community and language proclivities of an employer in India could invariably reflect in the recruitment and HR policies of an organization. But such prejudices, when assuming overwhelming proportions, could be detrimental to peace, progress and development, and above all, national integration. Educational expansion and empowerment: With India's diverse groups of communities from different cultural backgrounds getting empowered and achieving educational attainments, it's going to be the MSMEs that they would be absorbed in, since MSMEs are the largest employment generation sector in the country. But how far MSMEs are equipped to manage worksite diversity? This paper addresses challenges and opportunities for MSMEs in the multicultural global market.

**Key words:** Diversity Management, MSMEs, Global Market

### INTRODUCTION

Multiculturalism is an indisputable fact of life in today's world. However, managing multiculturalism is indeed a challenge both at the, governance as well as managerial levels. Organisations are increasingly realising vast diversity within the global market and devising strategies to make the most out of it.

Multiculturalism and diversity, within the global market, spring from various sources, the significant ones are the new world trade regime effected by the World Trade Organization (WTO); the revolution brought about by Information and Communications Technology (ICT); new technologies of rapid transportation and increased mobility with the introduction of air travel; increased international migrations; staff movement by multinationals from one country to another; the liberal emphasis on individual choices and the return of the diaspora back to their lands of origin in old age. (Parekh 2005; Claval ) In short, it is the forces of globalisation that brought forth this change.

As far as India is concerned, multiculturalism is not a new reality, unlike many other countries in the world. In fact, the concept is akin to the very fabric of Indian society. With diverse cultures, languages, religions and communities, multiculturalism has its reflections in every sphere of social life in the country. (Koshy, 2009) The idea of India as captured in the Indian Constitution itself is as 'an egalitarian, multi-cultural society which is established in rule of law, human dignity and harmonious co-existence of diversity in all its forms, hues and shades'. (EOCReport, 2008)

The question of multicultural societies with their inherent diversities moving forward as a nation is just the tip of the iceberg, the integration of different groups as a coherent and strong entity is much more serious. This brings it down to the cardinal question: How far is multiculturalism reflected in the public sphere? How multicultural are the workplaces and how far adoption of diversity as a policy and an enterprise culture being penetrated to those enterprises which constitute the largest block in the enterprise pyramid, i.e., micro, small and medium enterprises?

## Sources of Multiculturalism

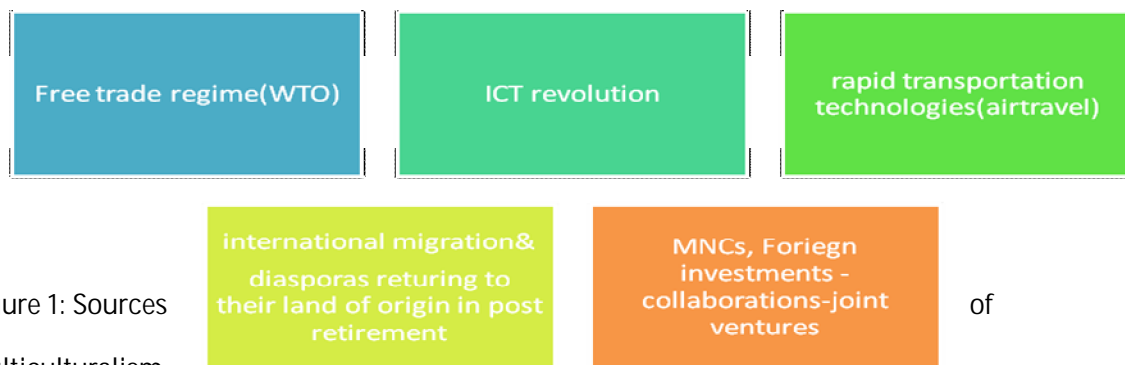


Figure 1: Sources of Multiculturalism

## RATIONALE FOR ADOPTING DIVERSITY AT ENTERPRISES LEVEL

There is a growing realization among companies about the need to fine tune their HR policy in alignment with the rapidly growing diversity and multiculturalism. The focus thus, is on building multicultural teams and inculcating diversity as an organisational value, so as to appreciate and empathise with other cultures.

Herein arise the need for analysing these trends more carefully: Why is multiculturalism being adopted as a leading corporate value? What are the rationality behind it in terms of profit generation and operations of a business? How are large corporates managing diversity? What are the lessons for Indian Micro, Small and Medium Enterprises? And why should MSMEs take them into consideration?

With markets becoming integrated and boundaries dissolving, companies can now reach out with ease to customers of diverse cultural backgrounds from around the world. Also, with the proliferation of globalization, economic cooperation between private sector companies around the world has been accelerated, resulting in foreign investments, joint ventures, mergers & acquisitions, the opportunity for companies to go global and the presence of multinational companies with multicultural teams. All this has led to increased diversity at worksites.

Cultural awareness was considered an important prerequisite for employees going on international assignments, earlier. But in today's interconnected global marketplace, it is a prerequisite not just for those who are on international assignments but for others as well, since all of them are stakeholders in the global market, which is multicultural. Even if an employee is not required to leave his/her desk, cultural awareness is considered necessary. Consider for instance, an employee in a multinational company or a joint venture with foreign participation or in an outsourcing company that has sourced its work from other countries with alien cultures, who would need to be culturally alive and sensitive at every point. Cultural competence and cultural literacy are very crucial in the global market place, both for companies as well leadership. In a Survey conducted among 107 multinational organizations by RW3 and ORC worldwide, 95 percent of the respondents agreed that cultural competency is an important or very important skill for businesses. The survey also found that 85 percent of the larger organizations that participated in the study provide some form of cross-cultural training, to equip workers and the management with skills to tackle diversity at the workplace. (Wickman, 2008)

In this scenario, an undeniable fact is that, multicultural worksites are a reality, not a matter of choice, in the context of globalisation. It is also to be noted that there is an increasing recognition about the need to pay attention to the challenges and opportunities associated with this growing trend towards multicultural work forces as a key factor in overall success of a business. (CoxJr, 2008)

Taylor Cox opines that the focus of organizations should be to develop an environment where diversity can thrive, than become a potential drag on performance (CoxJr, 2008). According to Lennie Copeland, though diversity is one of the most serious issues in the workplace today, most employers are not equipped to deal with it. This is chiefly because managers grew up having little or no exposure to other cultures, and very often 'culturally deprived.' As a result, they lack the necessary training to handle situations that arise in today's multicultural settings. (Copeland, 2006). Despite claims by companies that diversity is a priority, few companies have a clear understanding of what diversity means. (Burns, 2008)

India, with its tremendous diversity, stands first among nations with its much hyped contradictions. This being the case, the caste, creed, community and language proclivities of an employer in India could invariably reflect in the recruitment and HR policies of an organization. But such prejudices, when assuming overwhelming proportions, could be detrimental to peace, progress and development, and above all, national integration.

## MULTICULTURAL WORKFORCE AND MANAGING DIVERSITY AT WORKPLACES

The Oxford Dictionary defines the word multicultural as 'including of people of several different races, religions, languages and traditions'. (Oxford Dictionary, 7th Edition, 2005). Diversity is generally defined as acknowledging, understanding, accepting, valuing, and celebrating differences among people with respect to age, class, ethnicity, gender, physical and mental ability, race, sexual orientation, spiritual practice, and public assistance status. (Kelli A. Green, 2002). Multicultural work force is one wherein a company's employees include members of a variety of ethnic, racial, religious, and gender backgrounds whereas managing multicultural workforce goes further, and focuses on changing mindsets, organization culture. It's strategy-driven and is seen as contributing to the organizational goals of profit, productivity and morale. (Karunakaran, 2009) The main objectives of managing a multicultural workforce include awareness, education, and positive recognition of the differences among people in the workplace. (Black Enterprise, 2001)

In the global economy, culture plays a significant role. So much so that cultural differences and diversity are no more obstacles to be overcome, but important factors contributing to that 'extra' competitive edge. Cultural literacy is the keyword today and this is what business leadership needs, argues Rosen and Digh. According to them, leaderships should imbibe cultural literacy in order to manage multicultural situations, teams and markets. Cultural literacy refers to a proper understanding and leveraging of cultural differences. A business leader while valuing one's own cultural heritage also has to consider its shortcomings along with the strengths. And he/she need to be an 'inquisitive internationalist', someone who looks beyond one's own culture for business opportunities and resources; 'Respectful modernizer' who retains the best of one's culture while using the knowledge and resources of others to modernize for the future; Culture Bridger who forms alliances and connections across cultures and has to be a global capitalist who brings global resources to local problems and opportunities and local resources to global ones. (Rosen and Digh, 2001)

Studies suggest that larger companies are better equipped to face the challenges of diversity. A study by Society for Human Resource Management (SHRM), conducted among US companies shows that for most of the companies diversity is a vague concept where as larger companies do better in this regard as many of them have outlined diversity principles and have defined business cases in place, tied to explicit diversity goals (Burns, 2008).

## BENEFITS OF A MULTICULTURAL WORKFORCE

Companies that create diversity in the workplace are generally more profitable and successful than those who don't. (Jinsoo Terry) The most successful companies are those that recognize the power of diversity in their workforce. They can effectively create products and services that appeal to their increasingly diverse customer bases. These companies know that diversity will become even more important as market get integrated, hence they would attempt to very well reflect diversity value to the marketplaces they serve. (Forsythe, 2005)

Further, cross-cultural teamwork and collaboration are essential, if people are to function productively, they must learn to see their differences as assets, rather than as liabilities. (Black Enterprise, 2001) Diversity is beneficial to both employees and employers. Employees are interdependent in the workplace; respecting individual differences would increase productivity. There are views such as adoption of diversity as a value in the workplace can bring down possibilities of lawsuits and increase marketing opportunities, creativity, and can enhance business image. In an era when flexibility and creativity are keys to competitiveness, diversity is critical for an organization's success. Also, the consequences (loss of time and money) should not be overlooked. (Kelli A. Green, 2002). Diversity management, while based on cultural change, is a pragmatic business strategy that focuses on maximizing the productivity, creativity, and commitment of the workforce, while meeting the needs of diverse consumer groups. (Black Enterprise, 2001)

The Glass Ceiling Commission report states that diversity is good for business. A 1993 study of Standard and Poor 500 companies showed that firms that succeed in shattering their own glass ceilings racked up stock-market records that were nearly two and a half times better than otherwise-comparable companies. (The Federal Glass Ceiling Commission, 1995, p.7) Organizations which excel at leveraging diversity, in hiring and promotion of women and non-white men into senior management jobs, and providing a climate conducive to contributions from people of diverse backgrounds, could experience better financial performance in the long run than the non-diversity adhering companies or companies which are not effective in managing diversity (Jinsoo Terry)

Following are some of the attributed advantages of multicultural enterprises (Webguru.com, 2009; Jinsoo Terry; Black Enterprise, 2001; Karunakaran, 2009).

- When an organization understands and honours diversity, a bond forms between employer and employee,
- Marketing opportunities increase exponentially
- Creativity and innovation are stimulated It inspires high level of creativity and promotes innovation in the workplace
- Business image is enhanced and extended beyond traditional borders
- Skill and talent can be attracted from diverse cultures would want to be part of attract and retain the best available human talent, and develop new markets
- It gives a competitive edge.
- Synchronization in workplace and high turnout. Interpersonal-teamwork, problem solving,
- Personal-employee morale, career growth, professional development, increased productivity
- When there is no diversity, it constrains thinking. Differing viewpoints enrich the workplace. It doesn't diminish. It enhances the competitive advantage of a company.

When cultural diversity is acknowledged and honored, managers find new ways to maximize and capitalize on the different skills, styles and sensibilities of employees from different cultures. Valuing and managing diversity is an important key to developing an effective people management strategy and maximizing the contribution of every employee in the workplace (Jinsoo Terry). When a company is recognized for managing a multicultural workforce, it is most likely to attract the best and brightest talent. Qualified candidates are usually attracted to employers who are able to show commitment to developing and promoting a wider array of people. (Black Enterprise, 2001)

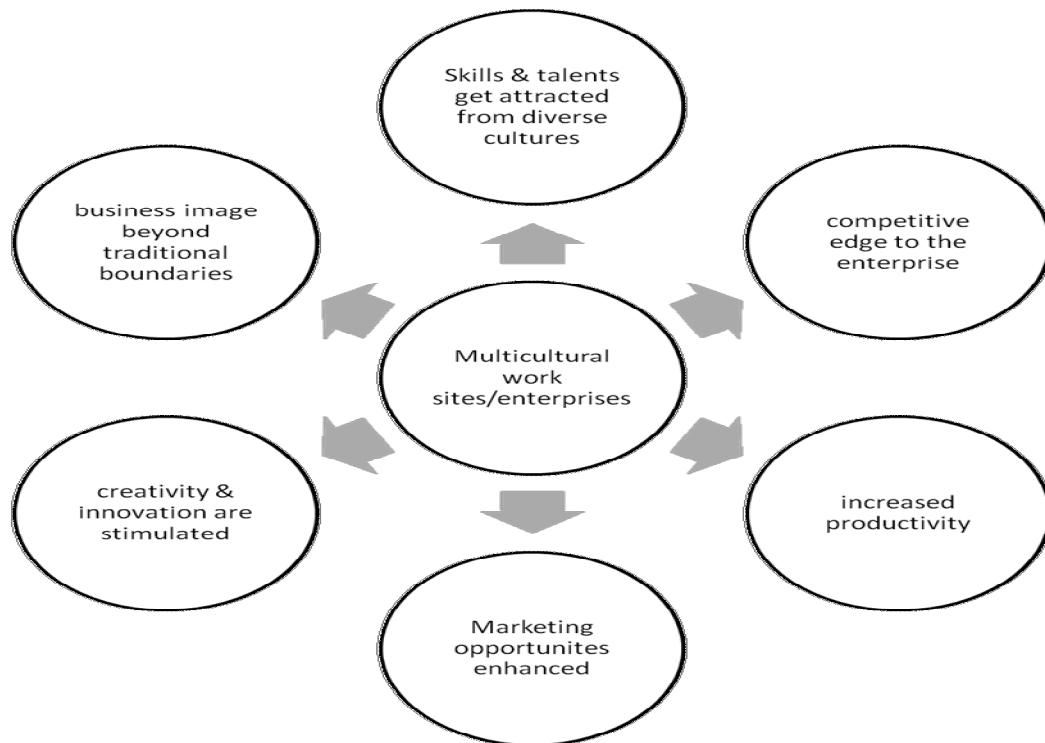


Figure 2 Benefits of Multicultural workforce

Taylor Cox and Stacey Blake put forward six arguments with regard to performance, diversity and multiculturalism. They are Cost Argument; Resource Acquisition Argument; Marketing Argument; Creativity Argument; Problem Solving Argument; Values Argument. (Cox & Blake, 1991 ;CoxJr, 2008) Cost argument is that failure to manage diversity challenges may lead to higher cost structure for firms by contributing higher interpersonal conflicts and more miscommunication. Resource Acquisition is that firms, if are able to hire and manage HR from diverse backgrounds, that would be an advantage compared to those firms that could not do it. Diverse HR can do a better work with regard to marketing its products in multicultural market is the maketing argument. Other arguments are Creativity, problem solving and Values arguments.

As the value of diversity continues to grow in business communities and elsewhere, recruiting and retaining talented employees who are diverse becomes more important to organizational success, profitability as well as sustenance itself.

#### INDUSTRY ADOPTION AND PERSPECTIVES

A number of companies in the US have pioneered in taking a lead with regard to adopting multicultural and diversity friendly HR policies. They include Procter and Gamble, Digital Equipment Corporation, Avon, Xerox, Mobile, Honeywell, Colgate-Palmolive, and Ortho Pharmaceutical. (Lankard, 1990) Google has successfully incorporated the concept of multiculturalism in its work places, which has enabled it to promote innovation. Half of Google's total employees at its Mountain View headquarters in the US are from overseas. In this sense, Google's Mountain View office could be termed as a perfect showcase of multicultural workforce and management. (Webguru.com, 2009)

## WORKING TOGETHER TOWARDS PEACE: AN INITIATIVE BY ISRAELI AND PALESTINIAN ENTERPRISES

People from different cultural backgrounds in a conflict ridden region working together may help build peace and strengthening peace processes there. Joint Venture for Peace a project initiated by Shorouq Society for Women and Institute for Strategies of Peace and Development – NISPED of Israel, with the support of the Canadian government. This unique project brings together Palestinian and Israeli women entrepreneurs and artists 'to work as equal partners and create a unique discourse on peace' according to Julia Chaitin, Project Director of Ventures for Peace. (Chaitin, 2009)

In this experiment, collaborative arrangement at small enterprise level, between Israel and Palestinian women entrepreneurs is expected to make contribution in a region to enhance understanding between two groups of people.

## THE INDIA EXPERIENCE

Of late, Indian corporate houses have started thinking of making their workforces more representatives of India's vast diversity and demographic profile. Accordingly, terms such as positive discrimination, affirmative action program by the private sector are slowly being recognized. Though the private sector has a sluggish approach to this at the moment, the push and shove by the State's diversity enhancing policies are fast propelling it forward. However, it is not a response to the possible accrued benefits that they may gain, but mostly as a corporate social responsibility initiative.

A recent initiative by a leading corporate house, the Tata Group is worth mentioning here. They undertook detailed survey to do a caste profiling of its workforce, says an Outlook Business article. The group was not even aware that their company was far away from having a workforce that is diverse. Caste profiling survey helped the Tatas realize the reality. As they realized this imbalance, group now started taking corrective measures to neutralise caste imbalances by hiring, training and integrating Dalits into its companies like never before, and put in place a "positive discrimination" policy. With this positive discrimination policy, the Tatas hope, Dalits and other previously excluded sections would find their rightful place in the workforce or are no more excluded. (Karunakaran, 2009)

With many of the Indian companies going global, there was a fast growing realization for a better HR preparedness to face the challenge. Tata Consultancy Services, a leading IT and IT Enabled Services provider, has more than, 100,000 workers in the first quarter of 2008, from 64 different nationalities. And 9.2 per cent of all of them are foreign nationals. (TCS, July 2008) Similar is the case with other Indian IT & ITES giants like Infosys, WIPRO etc. Infosys for instance initiated a program called Global Talent Program (GTP), through which it recruits citizens of other countries from wherever it operates. (Infosys, 2006)

Educational expansion and empowerment: With India's diverse groups of communities from different cultural backgrounds getting empowered and achieving educational attainments, it's going to be the MSMEs that they would be absorbed in, since MSMEs are the largest employment generation sector in the country.

Expatriates, Mergers and Acquisitions and Foreign Investment & Joint ventures: There are increasing number of foreign workers taking up jobs in India's diverse industrial sectors, both service and manufacturing enterprises especially in BPO, pharmacy and several other technology sectors. The trend of foreign nationalities coming and working in Indian IT, Pharma, engineering, telecom, finance, FMCG, automobile, steel and host of other high end technology driven sectors as experts, consultants as well as full time workers is the trend today. According to a study Indo American Chamber of Commerce (IACC) 11.3 million jobs are created every year in India which calls for the need to ease visa procedures so that the industry can tap into the resource of highly skilled expatriates. (DNA, 2007) Further, the increasing number of mergers and acquisitions that take place regularly make Indian worksites more multicultural. Foreign students being absorbed as interns in various Indian companies also contributes to this.

As the Indian companies interact with global companies, a large number of mergers and acquisitions are happening in these times.

Also, today, there are non-Indians working in Indian IT companies around the world as well as with migration, a large number of them working around the world in diverse cultural environment.



## GOVERNMENT INITIATIVES TO PROMOTE MULTICULTURAL WORKSITES

Positive initiatives from the State as well as from the private sector to address the concerns in this regard, to make worksites more reflective of salient demographic features of India and more representatives.

- Reservation in the State sector: Government of India brought in reservation in the State sector on the basis of Mandal Commission Report. This initiative helped previously excluded social groups an entry into the State sector and thereby State sector reflect India's diverse demographic pattern. Bhaumik & Chakrabarty observes that earning differences between "upper" castes and SC/ST have declined between 1987 and 1999. Also Mandal Commission could bring more people in to formal sector. (Bhaumik & Chakrabarty, 2006)
- Sachar Committee recommended for providing 'incentives for improving diversity', and suggested that companies providing opportunity to all communities should be branded as 'Equal Opportunity Institutions' and should be eligible for government incentives. It said such initiatives on diversity should be part of the 'corporate social responsibility' and that some affirmative action can help initiate the process. (MandalCommission; Chauhan, 2006)
- Several leading companies have reported employment of Dalits. Software leaders such as Infosys have taken up special programmes to train SC/ST candidates. Assocham, Ficci and CII have reportedly taken up a slew of actions, including the creation of a corpus for skill enhancement, adoption of industrial training institutes and using advocacy to promote affirmative action. CII and ASSOCHAM have finalized a Code of Conduct on Affirmative Action being followed by its members. There was also agreement that an Ombudsman with regional benches would be set up by each apex chamber to monitor the compliance of the voluntary Code of Conduct by its members. (PMO, 2007)

Though there are such positive responses, many support a quota system since there exists historical and chronic resistance to affirmative action among most employers. (Reddy, 2007) However, positive discrimination and affirmative action programs for private sector in the days to come is expected to make the Indian companies much more multicultural.

- Proposed Diversity Index: Ministry of Minority Affairs has crafted a 'diversity index', which the enterprises have to deploy to measure diversity performance. This would help the government to effectively link tax concessions, funds and various other subsidies and incentives that the State often gives to the industry. The quantum of incentives for a particular company may be decided on the basis of its score on the index. A diversity index is basically a rating of an organisation at the micro or national level based on its employment profile and the Diversity Index would cover three essential dimensions (a) religion, (b) caste and (c) gender. (Karunakaran, 2009 ; Diversity Index Report , 2008)

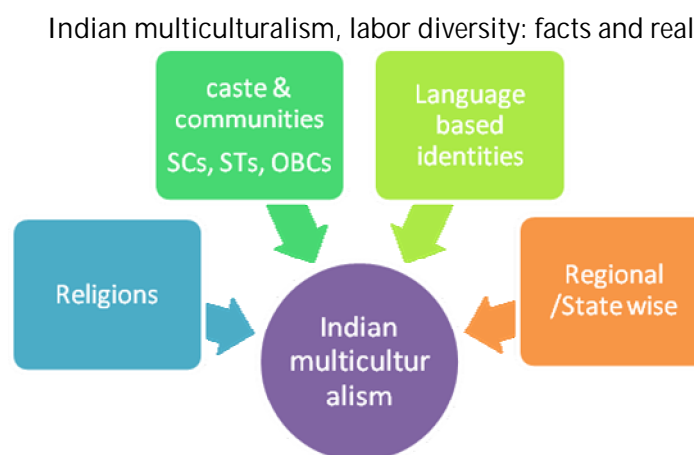


Figure 3

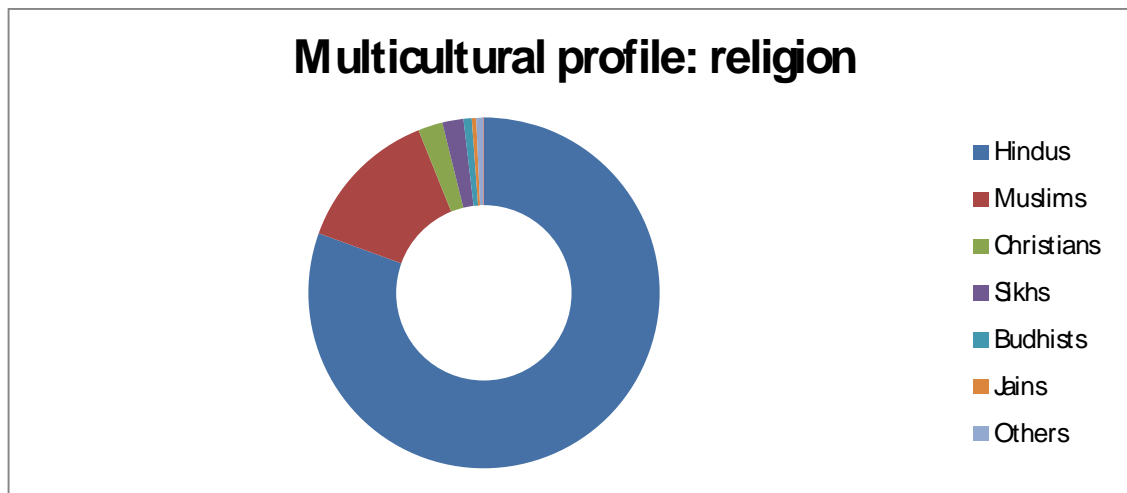


Figure 4

However, as can be seen throughout, there are counter voices to a multicultural existence throughout. For instance, under the leadership of the Thackeray clan in India's economic nerve centre, Mumbai, violent attacks were carried out against North Indian migrants, the South Indian population, as well as Gujaratis at various points in time. (LYLA BAVADAM, 2008; Koshy, 2009) In one such incident, party workers of the Maharashtra Navanirman Sena belonging to Raj Thackeray attacked North Indians who arrived in Mumbai to sit for the Railway Recruitment Board examinations. (IndianExpress, 2008 Oct 19). It would therefore, not be wrong to say that riots, violence and hatred between communities is part of India's multicultural existence. Some glaring, obvious examples are the Bombay riots of 1990s, anti-Sikh riots of 1984, Gujarat riots of 2002, Orissa attacks against Christians and several other minor and major violence between minorities, majorities and between other communities. (Puniyani, 2004; Nussbaum, 2007). Rajeev Bhargava terms this 'the majority-minority syndrome' which 'divides the nation, breeds hierarchy, mindlessly detracts from welfare and development and would potentially turn the country into an economic wasteland' (Bhargava, India's majority-minority syndrome, 2002)

There have been cases as we could see, of violence and hatred being expressed publicly by opposing communities on different occasions and at times in India, against job seeking migrants from underdeveloped regions to developed cities such as in the case of Mumbai in Maharashtra. There exist disparities between different social groups, religious communities and others as far as their work participation goes. These factors, traditional aspects that cause Indian work spaces to be exclusive enclaves for those at the upper pyramid, thereby limiting the entry of a large chunk of population, are being analysed in the following section.

#### ECONOMIC EXCLUSION: SOCIAL INSTITUTIONS THAT PREVENTS DIVERSITY AT WORKSITES

According to Thorat, the roots of exclusion at worksites lies in the social system, and discrimination would affect a whole group in a society with certain caste or class identity, independent of the income, productivity, or merit of individuals within a group. As the basis for exclusion is group identity. (Thorat, 2007) Hence, such systemic factors often come as a challenge for Indian enterprises on their path to adopting multicultural labour strategies. Caste system is indeed a barrier in this regard and has a significant role in limiting our workplaces to be more homogenous. Occupations are organised on the basis of caste. Majority of the work in areas where physical labour, construction, sanitary related, cleaning, and sewage removal etc often left to those at the bottom of the pyramid, SCs, STs and others. Traditionally, some of the sectors such as leather, recycling industries, bidi labour etc and in some of the craft industries such as brassware, glassware, cotton and silk embroidery and the making of perfume etc are considered to be dominated by Muslims. (Harris-White, 2002; Action Aid Report, 2006)

Maitreyi Bordia Das in a study on minority status and employment outcomes brought forth her observation regarding minority and ethnic enclaves by Muslims and Dalits in India to avoid labor market discrimination. (Das, 2008) This study highlights a general lack of openness to embrace multiculturalism at every level. The prevailing perception is that an IT or an ITES industry for instance, which is currently focussed in the cities and could draw its workforce from cosmopolitan set can often have a population mix, and is therefore, multicultural. However there are studies that suggest a different case. For instance, Vigneswara Ilavarasan's study titled "Is Indian software workforce a case of uneven and combined development?" observes that The Indian IT workforce appears to be homogeneous and there is not much diversity as it appears to be the case. According to him, in every IT organisation, an average worker is a male, and comes from urban or a semi-urban locality and mostly follows Hinduism, and belongs to the upper socio-economic stratum of Indian society. ( V. Ilavarasa 2008) In another survey conducted among Bangalore's IT workers Carol Upadhy found that IT sector workers are predominantly urban, middle class, and high or middle caste. In the study conducted among 136 IT/ITES employees, the researcher noticed that 88 per cent of respondents were Hindus while only 5 per cent Christians and 2 per cent Muslims. And Brahmins constituted 48 per cent of the sample. (UPADHYA, 2007)

#### WHY SHOULD MSMEs ADOPT DIVERSITY POLICY?

India has a very large and widely dispersed and vibrant MSMEs. They are both in the organized and unorganised sector. The organised sector comprises enterprises for which the statistics are available from the budget documents or reports etc.(Ministry of Labour, GOI) On the other hand the unorganised sector refers of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers. (NCEUS, 2007). The Central Statistical Organisation uses the term organised enterprise as small units with ten or more workers with power or 20 or more workers without power for the manufacturing sector. (NCEUS, 2007)

Within the organized sector there are registered as well as un-registered enterprises, together they comprise more that 13 million enterprises, the largest employers in the organized sector in the country.

The organized sector, comprises approximately 4.4 million manufacturing enterprises in 2001-02. (3rd SSI Census, 2001-02) These enterprises together produce about 8,000 items and provide employment to nearly over 31 million people. Put together, these enterprises reportedly account for 40 percent of Industrial production (equivalent to 8 percent of the GDP) (Sarkar, 2003) . The sector has some 9.1 million unregistered enterprises. Altogether, SME sector constitutes 95% of industrial units and 40% to the total industrial output and contribute 35% to direct export. (3rd SSI Census, 2001-02)

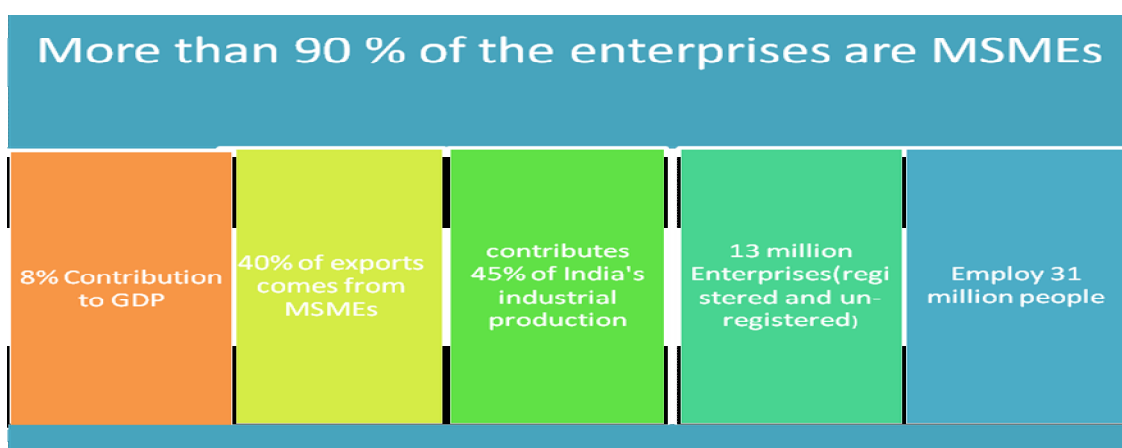


Figure 5

Clusters: seen as an extension of caste & identity- based system: Promotion of clusters in recent times needs to be seen in the context of it as diversity inhibiting industrial enclave. Also as islands where there is less multiculturalism at workplaces? Studies are suggestive of the fact that castes-based

industrial clusters lead the nation's industrial development. According to a UNIDO report out of the 370 small scale industrial clusters and 2600 artisan-based clusters, which generates 70 per cent of India's industrial output, 66 per cent of exports, and 40 per cent of employment, only 13 were government-sponsored. The rest had evolved out of the caste/community-based network. (Gurumurthy, 2009; UNIDO, 1999).

Secondly, globalisation has opened up opportunities for MSMEs to forge linkages with large enterprises, including MNCs. This, however, would call for reorienting business operations and adopting dynamic approaches to interact with businessmen of diverse culture. In fact, the survival of MSMEs in the merciless globalised market largely hinges on their ability to quickly appreciate the requirements of market. Some enterprises have already forged relations with MNCs and large enterprises by acting as vendors in segments like automobile, electronics, readymade garments, etc., Thirdly, permitting of up to 24% of foreign Investment in MSME sector has opened up further possibilities for more cultural interaction on a massive scale. This is resulting in the formation of joint-ventures, foreign investment in the SME sector especially in the products that are reserved for SMEs.

Lastly, International Cooperation among MSMEs from around the world, is increasingly being promoted. Ministry of MSMEs, GOI, to promote international cooperation has signed Memorandum of Understanding( MoUs) with ten developing nations.(MSME Ministry, 2009) Promotion of international collaboration between MSMEs is the intent of International Cooperation scheme, through which government is facilitating joint venture projects, exploring new areas of technology infusion/up gradation, improving market of MSMEs products, foreign collaborations. (MSME, International Cooperation Scheme).

In the context of global market, MSMEs face several challenges. One among them is marketing of its products and reaching out to the global market in an effective manner. Here MSMEs need to emulate the style of larger players who have successfully adopted diversity and multicultural HR strategies to leverage an edge over the competing firms.

Though we are aware of India's demographic profile it is to be noted that no sufficient data is available for an accurate multicultural profiling of Indian workforces and work sites, especially within the private sector and the Micro, Small and Medium Enterprises sector, where majority of Indians work.<sup>1</sup> And data on diversity that is available is limited to women participation alone, and that stands at 13. 31 % on an all India level, as per the 3<sup>rd</sup> census of Small Scale Industries by the D.C of SSI, 2001-02. (3rd SSI Census, 2001-02).

But from the discussions above, in the backdrop of earlier studies conducted among the technology-knowledge workforce, coupled with observations on clusters and existence of minority and caste enclaves, the grim reality emerges that Indian MSMEs need to address the question of diversity more seriously as they are confronted with the challenges of globalisation. And they need to equip themselves to confront diversity management issues in this everexpanding multicultural global market space.

When MSMEs are encouraged to adopt a diversity oriented human resource policy, and give importance to multiculturalism in recruitment that would help improve the image of an enterprise and further result in economic empowerment of minorities, Scheduled Castes, Scheduled Tribes and other socially and economically excluded groups. In addition this would also increase marketing opportunities and stimulate creativity and innovation.

## CONCLUSION

1. Adoption of diversity practices would help companies (MSMEs) help project themselves as a company that upholds multiculturalism. This would help generate a positive image in the global market.
2. Customer base for the companies especially for Small and Medium sized players are no more limited to the local and India alone but its global in scale, hence a diversity company can win additional leverage from this and would act as a positive factor.

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<sup>1</sup> In an address to a National Conference organized by Confederation of Indian Industries (CII) Prime Minister called upon the industry to do a assessment of the employee profile of their enterprises to understand how far their enterprises have a of multicultural employee profile. (PMO, 2006)

3. If diversity helps in better marketing in the global market, it as well works favourably for the Indian market. This would reap the benefit of India's multicultural customer base for MSMEs.
4. While MNCs such as Procter and Gamble Pepsi etc make strong strides in the Indian market and reach out to the vast customer base by adopting diversity policies, MSMEs need not get sidelined by not adopting diversity policies and HR practices and increasing workspace diversity.
5. By adopting a diversity and multicultural friendly policy MSMEs would be able to consolidate their presence, market themselves better and enhance their profit.
6. Presence of a diverse team means, the team would be better positioned to device suitable products and services that are required for a market with such huge diversity as Indian market.,
7. It is also to be noted that various rural development programs and employment guarantee schemes of the government and such efforts in the past to generate jobs in the rural India have enhanced the income level of socially deprived sections. To tap the diverse rural Indian market, it is imperative for companies to adopt multiculturalism and diversity strategies.
8. Multiculturalism in MSMEs also means poverty reduction and inclusive growth, as with this more minorities and disadvantaged sections would now find a place in the job market as it can end discrimination. Peace, progress, less strife, better understanding between different communities also would result in as more and more people start interacting and get acquainted with. Cultural exchanges further reduce tension and improve understanding between communities.

Following are reasons, as discussed, as to why Indian MSMEs need to consider in conjunction with arguments for multicultural workforce and teams as presented here above.:

- The global market however, is multicultural, as are modern consumers. Therefore, it is needless to say, customers would find it easy dealing with a company or organisation equipped with employees who can deal with a diverse and eclectic customer base, as they would understand diversity better, communicate accordingly and work things effortlessly in such a way as to benefit the company and the customers.
- With every passing day, Global market is getting extended and possibilities and opportunities that it throws open are also growing. With Information and Communications Technology, for instance, reach of the market is also getting expanded. With that customers are becoming more multicultural. When a company, small or big that may be, as it can reach out to the global market, is indeed serving a multicultural clientele. Hence a company that has a multicultural workforce could be at an advantageous position than the one which doesn't have.
- Multicultural team would help MSMEs to really focus on the needs of global market as well as domestic which are intensely diverse.
- Enhanced innovative atmosphere at worksites,
- Marketing potential, competitive edge etc. National Integration, peace, harmony are other benefits that is attributed by promoting multicultural workforce among MSMEs.
- Also, this would help empower minorities, scheduled castes, scheduled tribes and bring about an inclusive growth. Further, this would also bring more growth when MSMEs gain a competitive edge with multicultural teams at its work places.

But for making MSME worksites more multicultural, the key is to make employers become more aware of the need for multiculturalism, so they can implement it voluntarily. To do this, the government must, of course, provide incentives to industry, trade and business establishments. Encouragement and promotion of companies that practices an inclusive labour policy may be given priority and preferential treatment be given to these while dealing with the regulatory agencies.

Meanwhile, positive incentives like tax exemptions can also be considered. In addition, loan disbursals can be made on better terms for those abiding MSMEs. Most importantly, the propagation of this concept in an

extensive manner through trade, industry associations and chambers has to be done on a priority basis, since this would make an impact.

MSME ministry may consider collection of data for making appropriate multicultural profiling of organisations along with MSME Census when it undertakes the next exercise.

However, the benefit that the nation would gain from such an initiative, i.e., promoting a multicultural labour force, would be, in the long run, something that one cannot imagine.

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## ENTERPRISE-DEVELOPMENT BASED ON NEW FORM OF WORKING UTILISATION.

### INTRODUCTION

It is part of the common knowledge, that telework is the new perspective of enterprise-development. Not just as a new opportunity to cut fix costs, to raise new job opportunities or to boost mobility of employees, but, thanks to the fact that it is related to information and communication technologies (ICTs), even the European Union sees telework as one of the best practices to raise economic efficiency.

At the past ten years the incidence of teleworking in the EU27 increased. Telework is a method of work management which favours and enriches the business results as well as acting as a strategy for social inclusion. Telework offers solutions to widespread problems faced by current society, such as the necessity to improve business results, with the consequent impact on profitability and employment and to ensure inclusion and participation of certain collectives with special difficulties to access the world of work. What is the position of the Slovakia regarding teleworking and how the Slovakian companies do responds to this new form of employability and their utilisation for social inclusion was a part of research as well. The research has been undertaken within the project "The regional action plans and partnership on regional, sub regional and local level creation" financed by EC.

### 1. THE TELEWORK AND EUROPEAN UNION

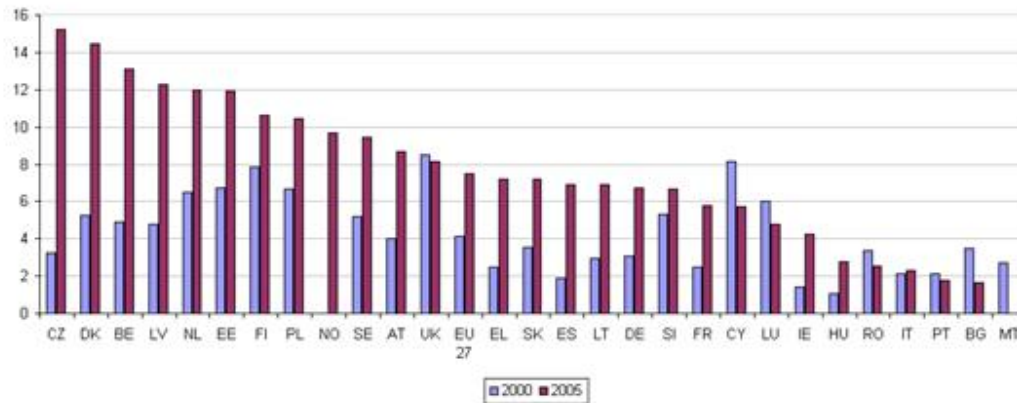
Tele-work is also called e-work, or lately even @working in Europe, and telecommuting beyond the Atlantic. However, e-work is a wider term. While telework usually means working from one's home, e-work might take place at an office, where all the employees are away from the employer's premises, they use computers and means of ICT for communication (i.e. in support- or call-centres located in a foreign country). There are four dimensions that distinguish telework from the traditional form of work:

- Place: telework takes place at alternative locations
- Instruments: while teleworking, one uses means of ICT
- Communication: electronic communication between employers and employees
- Time: particular intensity and regularity of working

Telework is a growing phenomenon throughout the EU Member States. In 2000, the overall average proportion of employees involved in telework was about 5.3% in the 'older' 15 EU Member States (EU15) and 4.2% in the then candidate countries. In 2005, the overall proportion had increased to 7% for the entire EU27 (Figure 1).

The highest proportion of telework is observed in the Czech Republic and Denmark, where about one out of seven employees is regularly involved in telework. Above average rates are also observed in the Benelux countries (Belgium, the Netherlands and Luxembourg), the Nordic states (including Norway) and a number of the new Member States. Incidence of telework in the EU27 in 2005 shows that overall average proportion of employees involved in teleworking decrease from 2000 to 2005 significantly only in Cyprus, Romania, Bulgaria and Malta.

Figure 1 Overall average proportion of employees involved in telework in EU27 in percentage



Source: Report on Telework in the European Union (7)

The survey from 2005 states (Broughton, A. 2007) that the countries with a high prevalence of telework – that is, where telework is performed at least a quarter of the time – the following groups emerge:

- telework is used to a very high extent in Belgium, Denmark and the Netherlands;
- telework is also highly prevalent in a group of Member States made up of the east European countries the Czech Republic, Estonia, Latvia and Poland;
- above average rates of telework are also found in the Scandinavian countries Finland, Norway and Sweden.

Apart from this, the picture regarding telework is quite mixed, with many countries as diverse as Slovakia, Spain and the UK having close to average figures for telework usage. One group of countries made up of eastern and southern Member States – namely, Bulgaria, Hungary, Italy, Portugal and Romania – show very low levels of telework, with a percentage of less than 3% (6).

When comparing different forms of telework shows that telework performed only on a part-time basis is more common than full-time telework. This suggests that, although telework is rarely a substitute for working at the company premises, it is used by a substantial proportion of employees to complement their normal working arrangements at the employer's premises.

The number of European groups, which are marginalized for geographical, cultural, social or economic reasons, or for technical and capability reasons as well as other motives, exists. Social marginalisation is growing in Europe. The necessity for business to incorporate the best professionals and to develop efficient methods of workplace management in changeable and competitive business environments is well known. At the same time, concern for equality is widespread and is recognised throughout society. Telework can help to combine and to solve these strategic challenges currently faced by both business and society.

From the very beginning the Internet has offered new possibilities for people with special needs and with other social disadvantages to participate as equals within society. Telework extends and enriches this capacity for inclusion as it offers advantages to those with mobility difficulties. Telework offers to these groups more than just the opportunity to work from home; it opens the door to a richer and more productive life. With a small investment on behalf of the business and an adaptation in the technology and training, disadvantaged persons can carry out their work from home. Working from home will favour not only the worker, socially disadvantaged or not, but also the business (1).

## 2. TELEWORK AND SOCIAL INCLUSION

Telework is a very flexible and effective organisational approach to working and is tuned to the modern means of communication. It presents an alternative to the traditional way in which work is projected, organised and executed, and is centred on the possibility of acting and working away from the principal office. The following represents the working practices that can be considered to be included within the idea of telework (2):

- At home: tele-homeworking - the main form of decentralised work enabling the teleworker with a contract as employee or co-worker to carry out his main activity at home. Telehomeworking has received a lot of criticism. People's objections are mainly related to the social aspect of telehomework: telehomework is believed to cause a decrease in human interaction, and to eventually result into the telehomeworker's isolation. Telehomework can be carried out by both a company's employees and by self-employed workers with more than one client.
- At a location usually closer to home than to the traditional workplace:

neighbourhood centres - these provide electronic facilities which are shared by different users and belong to local communities, various enterprises or independent entrepreneurs. They are located near workers' homes and can also be used for additional purposes, such as tele-education, teleshopping or leisure activities

telecottages/community telecentres, teledocks, telequarters, televillages - these are electronic centres (particularly in rural or semi-rural areas) which provide local communities with immediate access to ICTs, skill development, and the networking and socialisation aspects of work that may be missed by a home based worker. They assemble teleworkers from different companies during their whole or partial working hours in the same professional environment with a complete technological infrastructure. The movement of telecottages was started in Scandinavia and has extended to many other parts of Europe by now — for example Ireland, France, England, Wales and Scotland. 'Telecottages' can be homes in the country that have been reconverted, parts of school buildings — or even parts of conventional office buildings. For many telecottages this is still an important part of their role: they offer training in the basic use of computer, writing texts, calculation sheets, and, more recently, in electronic mail and nets. Televillages are an extension of the telecottage concept. It mainly affects people's lifestyle and preferences. The idea is to create an entire community that is highly equipped and adjusted to the work of the future, in an environment characterized by economic lifestyles based on electronic networks. The entire village would be interconnected by means of cable. Each home would be equipped with an internal net connected to the village net, and, through broadband communication, to the 'global village'. Satellite offices are separate units within an enterprise, geographically removed from the central organization but maintaining constant electronic communication. Call centres - these are places where telephone operators make or take calls, using of automated call distribution technology and often also computer/telephone integration. Call centres may provide different services including telemarketing, telebanking, customer services and enquiries, help hotlines, airline reservations, sales, marketing, and emergency services.

- At various locations changing in time - mobile or nomadic work. Work done across countries and continents: transborder teleworking - this generally applies to teleworking situations where the provider and the receiver parts are located in countries that share a common border. Offshore teleworking - this usually refers to teleworking where work has been transferred to lower cost or less-regulated working environments, generally much more geographically distant.

At present, because of the spread of ICT, telework has been able to develop and broaden. It seems to be destined to prevail during the following years, probably in a mixed form combining telehomework and telework in companies. In Europe, more than 50% of the total work force and approximately 80% of the work force used in new workplaces (created in the various economic fields), carry out activities that can be totally or partly related to the activity of 'information processing'. Some companies are choosing to institute 'alternating' telework arrangements, where employees work for one or two days at home but otherwise continue to be office-based. This may have the advantage of achieving some of the advantages of teleworking while reducing its possible negative consequences (3).

Telework can promote social and labour inclusion for those with difficulties to access the labour market providing more facilities for their integration in this market, at the same time as benefiting the results of business, society and the country's economy. People with special needs can create the groups with some determining factor which hinders their access to the traditional labour market with its formal requirements relating to movement and strict timetables (the handicapped with mobility problems, women with family responsibilities, older workers, people with specific timetable limitations, young people) which does not mean that they are groups lacking in skills and abilities for the labour market. It simply means that due to circumstances their access to the labour market under normal conditions is difficult. Their skills and capacities may be identical to those of any other person.

The employers very often ask the question: „Are handicapped or socially disadvantaged people efficient and productive at work?“ This is perhaps the prime worry of the businessman. Firstly, not all handicaps present grave physical deficiencies and in reality, in many cases, those deficiencies are negligible. Break with the image of a handicapped person in a wheelchair incapable of carrying out any activity. The world of the handicapped is much wider than that. It is also proven that the productivity of the handicapped or otherwise socially disadvantaged people, after an adequate selection process and an adaptation phase corresponding to their handicap, is higher than the productivity of workers with no handicap. Being part of a disadvantaged social group and spending a long period of time outside the labour market prepares the handicapped for a higher performance once they gain employment. Telework, being carried out in an environment close to the worker, gives confidence and security to the employee and has positive repercussions on productivity, even more so when the work environment is the worker's home (5).

The research undertaken in Slovakia shows that 51 % employers do not carry out any measures for working and family life balance support. Only 3,1% of employers enable to work from home. At the other hand 38 % of employers declare that they support flexible working regime. The research also shows that 60 percent of employers employ the people with special needs. The wider utilisation of the teleworking would help to increase this numbers (8).

### 3. TELEWORK AND BENEFITS FOR BUSINESS

Telework requires the modification of certain organizational methods within the business, although not as many as there would be if the teleworker were physically present. The business should have at its disposal certain methods in order to control the work carried out, such as a telework supervisor. With respect to communication the technical methods of telecommunication should be established and should take advantage of the technical infrastructure of the business. Furthermore, it will be necessary to determine the method of telework to be carried out, that being, from home, mobile office, specialized centre of telework or telecenter.

In some cases there exists a barrier to telework that is the low grasp of technology, the fear of a lack of security of the information, or the confusion over which computing elements are the most adequate in each particular case. This is a real problem, but one which has real solution: enquire about which are the necessary technical requirements, what are the problems related to the security in the exchange of information and what could constitute the basic equipment for each worker. The employers should consider the possibility of having specialised personnel who deal with the necessary basic training of the management and the teleworkers, and who also look after the maintenance of the computing system. Socially disadvantaged people shouldn't be any more affected by this problem than the non-socially disadvantaged (4).

In order to implement a system of telework in a business it is necessary to carry out a pilot project in which various departments and job types are implicated in order to achieve the desired results. Another critical point of telework is associated with the technology. The point is that work outside the business workplace should not represent an obstacle. The technology does exist but it requires purchase, design, implementation and expert usage. The highest cost of telework comes from the adaptation of the system installed in the head office that is necessary even without a telework department. Although there is no unanimity about who should pay for the teleworkers' equipment usually the business assumes the cost; in other cases there is usually some compensation payment or an update of the computing system belonging to the teleworker. In general, the economic balance of telework is positive for the business especially bearing in mind the cost reduction tendency of the required equipment.

Both employer and disabled employees got benefits through telework:

- Savings and efficiency in the workplace: a reduced number of employees require smaller premises or less square meters for office space. The employers could calculate how much you could save in rent and office maintenance, accident risk due to employee movement, etc. By using telework company can save all costs derived from adaptation of the workstations.
- Incorporation and retention of good employees: if the possibility of telework didn't exist some competent professionals could be obliged to leave the company (change of place of residence, nursing of a family member, health problems, etc...), and for the same reason competent professionals may not have the possibility of joining the company.
- Improvement in personnel selection: telework offers the possibility to access the best professionals available worldwide. This is a strategic advantage for the business. Employers would not take care if the candidate is handicapped or middle-aged and simply check the professional abilities of the person.
- Increase in productivity: offering the advantages of telework to the employees will increase their self-confidence and self-esteem and they will be more motivated respect to their work with the company. The latest studies point to the fact that a sizable percentage of employees would opt for this new mode of work. Recent studies also suggest that the handicapped show a higher commitment and identification with the business implying better results in many cases (5).
- Important economic incentives derived from the contracting of socially disadvantaged employees, which vary from country to country but in all cases labour legislation incorporates measures to facilitate the inclusion into the labour market of certain groups; women with family commitments, the handicapped, young people, the long term unemployed. The subsidies for the business which contracts certain types of employee are various and can be an important help for the business and signify important savings in social contributions.
- Physical adaptations are not required in the case of contracting someone with some type of disability. European laws referring to accessibility are widespread. Accessibility to public services and accessibility laws impose more and more conditions in order to assure universal access.
- Improved social image for the company. The consumer profile in Europe is changing. More and more consumers choose products and companies with clear commitments to improving the environment and equal opportunities. Design promotional plans which highlight and specify this social commitment.

## RECOMMENDATIONS AND CONCLUSION

The following points of view specifying the future of teleworking:

• competitiveness: The intensity of worldwide competition is forcing companies to adapt their organisation to the market requirements. Potential benefits of teleworking are not restricted to real estate savings.

- corporate social responsibility: Ethical behaviour becomes a selection criteria for investors and teleworking can play a significant role in developing the social and environmental commitment of corporate executives.
- law and unions: Some still consider that teleworking expansion is held up both by legal constraints and by the attitudes of trade unions. However, this is not the case, as many case studies and agreements can demonstrate.
- job mobility: Recent analysis reveal that ICT influence shifts in the location of employment. Teleworking growth is geographically uneven and likely to become increasingly polarised in specific regions. Teleworking often offers less long-term job security than other forms of employment. Statistical comparison between different countries and regions highlight the importance of developing policies linking teleworking with social inclusion on the regional level.

The many parameters exist, which can influence the further development and usage of teleworking (legislation, restructuration of work style, organization in companies, accessibility of supporting ICT, etc.). In the nearest future the changes in society can be observed: new definitions of the work concepts, employment and activity, working time arrangement and reduction, etc. These changes are side-effects of the dematerialisation of economy, restructuring of services, the new emphasis on knowledge and competence and development of flexible organization and flexible labour market.

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Family photo of the ESBA Board Meeting held on 24 September 2010 at the Chamber of Small Business and Trade in Ljubljana

Tina Sommer President of ESBA in the middle, Vida Kozar left and Mualla Cirakli right  
 John Walker, Eduardo Balekjian, Dieter Ibielski, Patrick Gibbels, Norman Mackel, Margaret Pardoe,  
 Dr. Antal Szabo, Stuart Rodriguez, David Caro, Salih Celiker, A.S. Andre Groot,  
 Juan Jose de los Moyos Quiroga, Adolf Simenez and Salvador Garcia Torrico

Photo provided by the Chamber of Small Business and Trade ©

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## STATUS OF ENTREPRENEURSHIP EDUCATION IN ROMANIAN UNIVERSITIES

Chiefly, formal education in entrepreneurial field should be developed. In 2002, the Ministry of Education and Research in Romania introduced in the secondary education the subject-matter called Entrepreneurial Education (EE), perhaps due some international programs requiring these approaches. We can provide a series of critics related to people assigned to coordinate the subject didactically and pedagogically but, overall, we should emphasize this approach positively. This approach should be improved and made more efficient.

A version of entrepreneurial education, complementary to that of formal system, is "Junior Achievement Romania" (JAR), started based on the Protocol concerning the implementation in secondary and tertiary public education of Economic and Entrepreneurial Education. The Program is carried out with the agreement of the Ministry of Education and Research and the Junior Achievement Romania (JAR). In May 2003, implementation of economic and entrepreneurial programs Junior Achievement – Young Enterprise in our country has been set, adaptive to the Romanian academic and economic environment, on the curriculum related area Man and Society – Economic and Entrepreneurial Education, Professional and/or vocational counselling. The Program is dedicated to pupils and students. A curriculum dedicated to the interaction between theory and practice has been carried out, in order to increase the efficiency concerning the application of the program and teaching–learning process, as well as a book of programs and projects type "learning by doing". As a result of this protocol, in several universities in the country a series of course are in progress, e-economics (Managerial simulation software, courses on line), programs that rise a particular interest within university environment for entrepreneurial education and aim to include these courses in the education plans of universities. However, until now this initiative has not been implemented, in order to comprise the entrepreneurial education curricula in the university education plans.

A way of developing the entrepreneurial abilities initiated by JAR is represented by the „Student Company” Program, an international program called Junior Achievement – Young Enterprise of economic and entrepreneurial education type "learning by doing", dedicated to both high school pupils and students. The program contains theoretical modules and a pilot of trading company, real or virtual. All students involved in a Student Company – Non cash, in a university year, have the opportunity to continue the project in the coming university year by covering the stages: Company administration (Operational for cash companies) and company liquidation.

We think that Romanian higher education related to entrepreneurial education was given a modest attention, despite the internal political actions and results in the field all over the world and, at the same time, there wasn't any scientific research of training actions at academic level, so as processes specific to Romanian entrepreneurship enter a database, to proceed accordingly and effectively.

In order to elaborate a diagnosis regarding the current status of EE in Romanian higher education, we carried out a preliminary research. It collected information from faculties' management or from the teaching staff within higher education institutions concerning EE and cooperation opportunities to create a national network.

The Questionnaire, containing 9 questions, was sent to 126 faculties of economics, engineering, mathematics, sociology, psychology and information science.

We are presenting the items and statistic description of the registered data.

As it can be noticed in figure 1, perception of people with a response at the question concerning the level of entrepreneurial education in Romanian academic institutions is, in a major proportion, 47%, that this level is low; 30 % considers this level just average and only a percentage of 15% considers this level suitable. None of respondents appreciates the level of entrepreneurial education as being very high, fact that reveals the development potential of education in this particular direction of Romanian universities.

1. How do you consider the entrepreneurial higher education level in Romania?

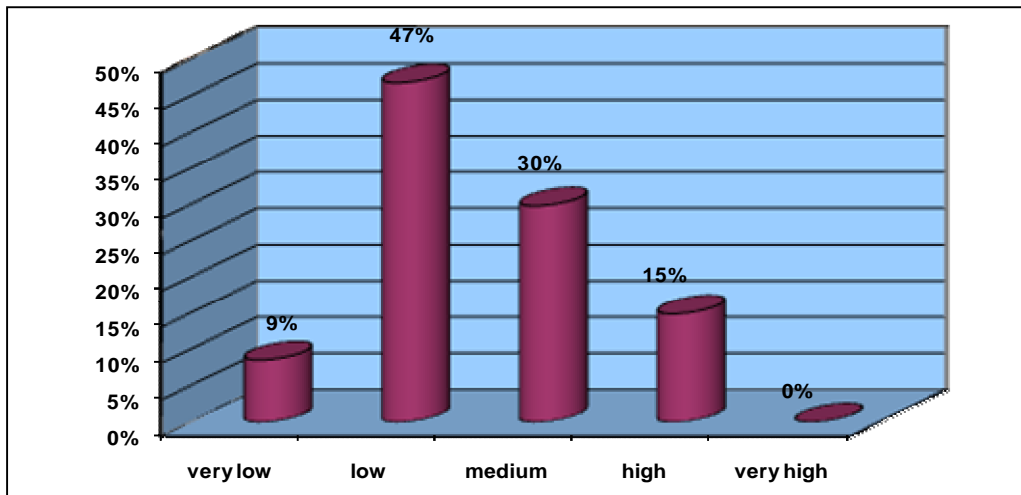


Fig. 1.

2. Do you know the number of students from your university who intend to start their own business?

Concerning the information held by respondents as regards the number of students in their own institution who are going to start a business, figure 2 shows that only 15% have such information, most of them not having this information.

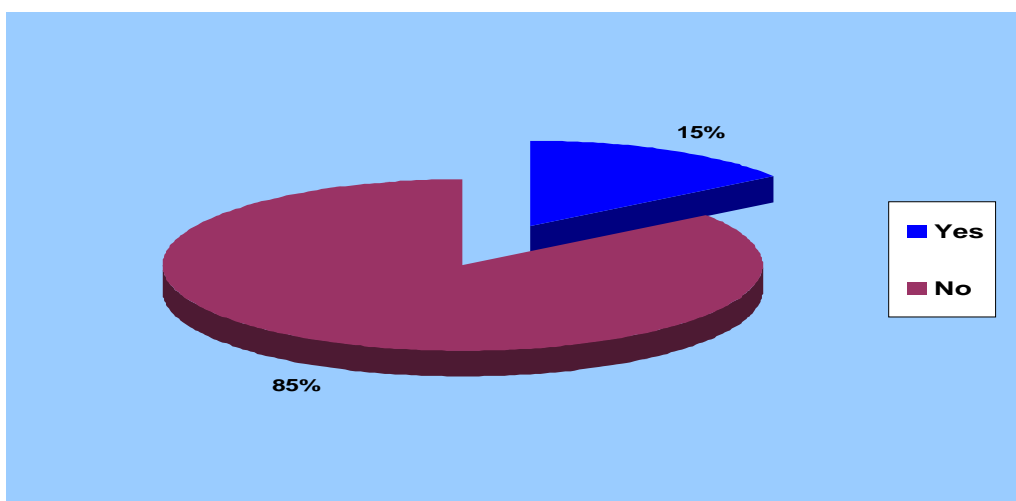


Fig.2

This structure of responses should not lead to the conclusion that, there are no concerns about the number of students-entrepreneurs within universities where respondents belong to.

3. Do you know the number of students who already own their business?



The lack of information concerning entrepreneurial concerns of the students within the institution the respondents belong to, as it is shown in figure 3, results from a percentage of over 80% as regards negative responses.

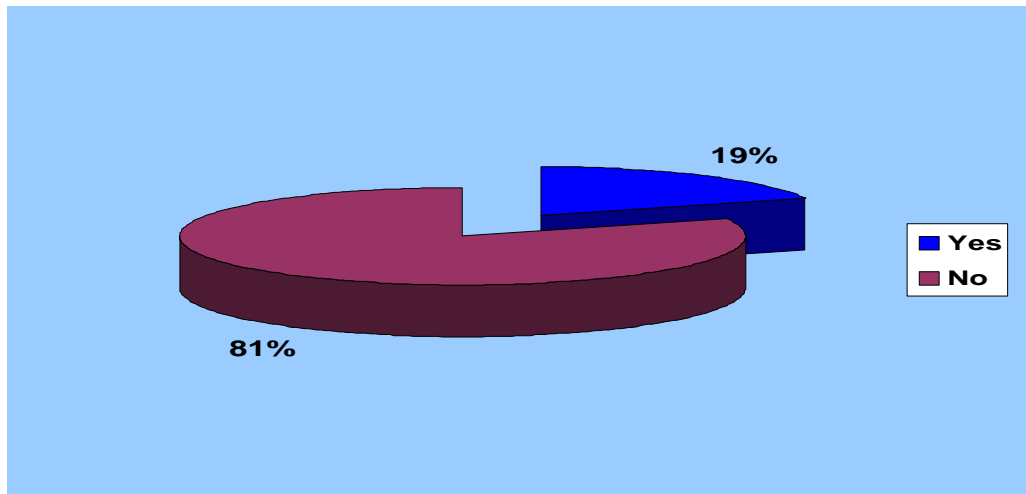


Fig. 3

4. There is a monitoring system of the graduates in your university?

From the structure of responses received at the question concerning existence, within its own institution, of a graduate monitoring system after studies, illustrated in figure 4, it is noticed that until now, within a relatively low number of universities such kind of career monitoring system has been created: only 38% provided a positive response.

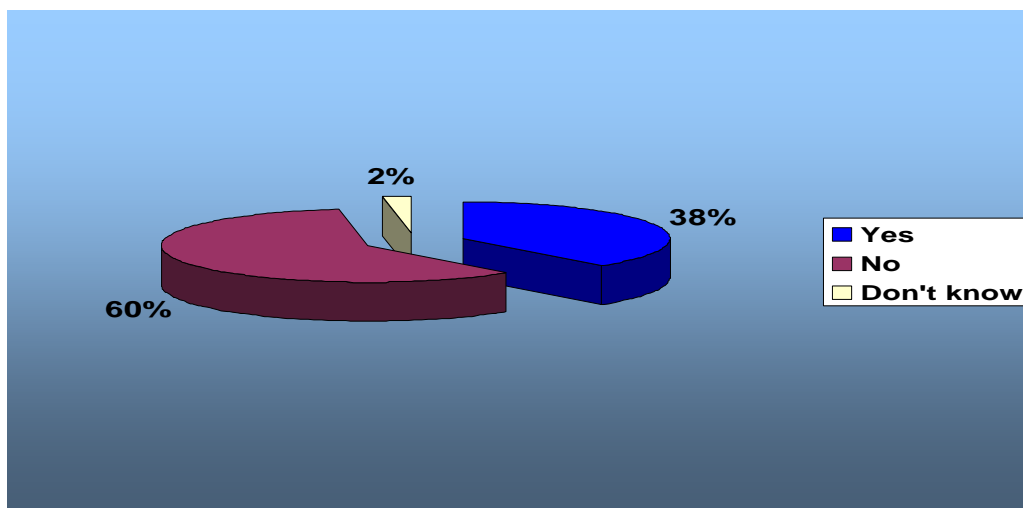


Fig.4

The registration of 60% negative responses reveals that, until the time of questioning, in this respect, a special interest has not been shown within universities. According to the new quality standards of higher education, we think this situation will change significantly in the future years.

Information held by graduates concerning professional development is quite useful for universities, as regards the adaptation of study curricula, by means of realistic education plans, in accordance with the requirements of each field required on the labour market.

5. Do you consider that in the curricula there are courses which might be a part of entrepreneurial education?

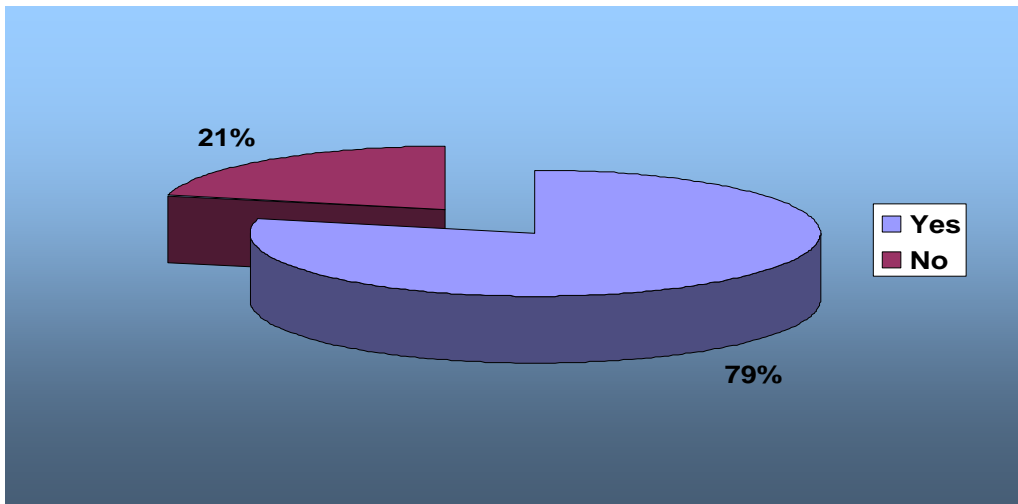


Fig. 5

Although by means of responses given to question no. 4 it results the level of entrepreneurial education in university education, is not a satisfactory one, a significant percentage of respondents, 79% respectively consider there are courses or course components that can be framed in entrepreneurial education.

Of the courses or course components considered as types of entrepreneurial education, the most frequent courses are as follows:

- n Management,
- n Small and medium size enterprises administration,
- n Business administration,
- n Enterprises valuation,
- n Business ethics,
- n Enterprises management strategies,
- n Marketing.

6. How do you appreciate the implication of the universities in the entrepreneurial education?

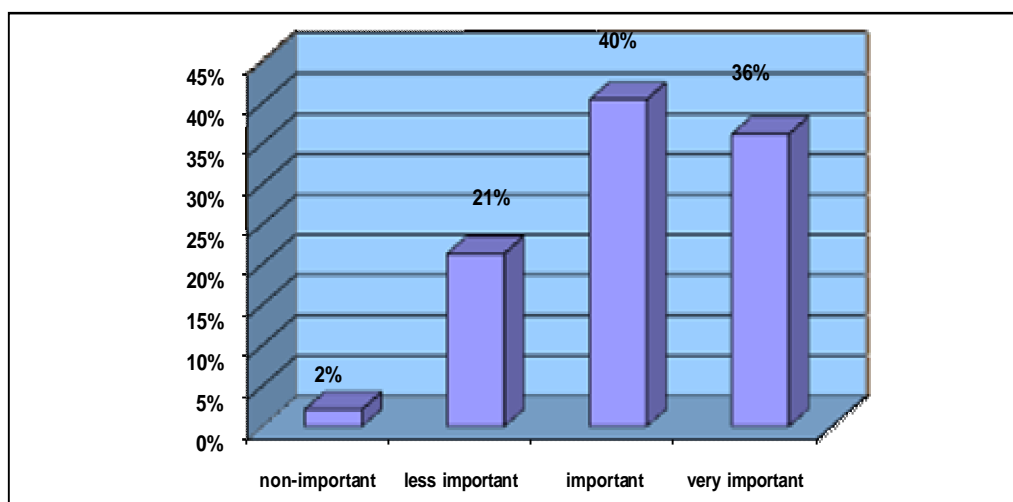


Fig. 6

From the responses given by the respondents as regards the question concerning the need of involving universities in entrepreneurial education, it results this has started being considered important as shown in figure 6. In this respect, universities should take steps, by adapting the education plans and comprising several courses providing knowledge and creating competences in entrepreneurial field.

7. Would you like to participate in an association in order to sustain entrepreneurial education?

Most people have an open attitude to be involved in actions as regards entrepreneurial education.

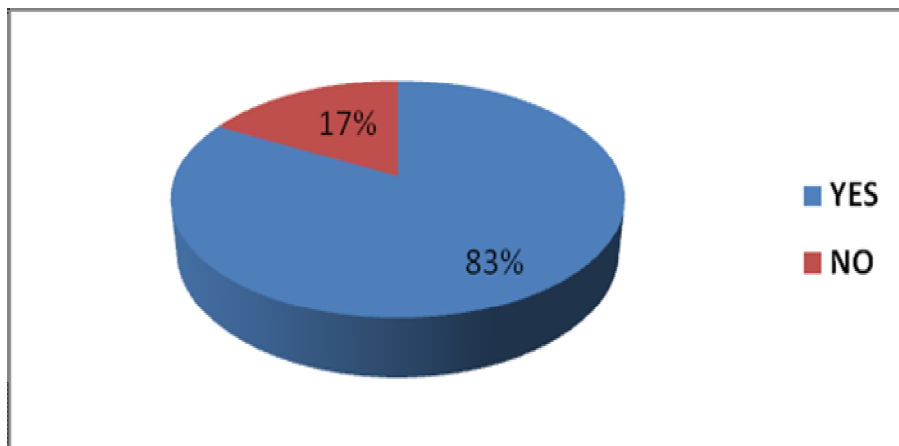


Fig. 7

The manner of respondents' distribution, according to responses given to the question concerning the desire to participate in an entrepreneurial association, is shown in table 1.

Table 1 Relation between importance of entrepreneurial education and intention of involvement in an association

Would you like to participate in an association to sustain entrepreneurial education?	How do you evaluate the involvement of universities in entrepreneurial education?				Total
	Not important	less important	important	Very important	
Yes	2%	19%	32%	30%	83%
No	0%	2%	9%	6%	17%
Total	2%	21%	40%	36%	100%

## CONCLUSIONS

Processing the questionnaires applied, the following conclusions can be drawn:

- As there is a general interest for entrepreneurial education, all respondents considered the involvement of universities as very important;
- The current development extent of entrepreneurial education within Romanian universities is considered low to average;
- In our universities there is no monitoring system of graduates after studies and the received information is just preliminary and is expressed as approximations.
- The intention to carry out a national institutional network to ensure an entrepreneurial education seems to receive an active support from several university staff.

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## COOPERATION AMONG SMALL- AND MEDIUM-SIZED ENTERPRISES

### PART ONE

#### THEORETICAL BACKGROUND

##### INTRODUCTION

Cooperation among companies was brought to the focus of attention by the fast changes of economic circumstances and the role it can play in coping with risk, appreciating all those characteristics which can help fast reactions and adaptability, like trust among business partners and long-term relationships.

Cooperation among enterprises provides competitive advantage to those, taking part in it. It allows companies to acquire additional competences, cut down their costs without any integration. Nowadays tendencies exemplify that it becomes less probable to keep competitiveness alone; cooperation among small and medium-sized enterprises is to be expected in certain fields.

If we accept the fact that cooperation among firms is appreciated, mapping the circumstances of cooperation and determining what motivation encourages cooperation, and how cooperative intentions can be strengthened, become more and more important. Moreover, it becomes necessary to examine the system of requirements for cooperation and the barriers firms have to face in terms of them.

The evolution and development of Hungarian small- and medium sized enterprises shows major differences from the international trends. This specialty is explained by several factors by the authors<sup>2</sup> (for example by historical traditions, and by socialisation inheritance of loose business faith, by the lack of the heritage effect, by the valuable nature of political relationships and their economic effects etc.) Hungary's small-and medium sized enterprises show resemblance to neither the development process based on economic logic characteristic for the Western part of Europe, nor with the SME sector of Asian countries which is based on social traditions. Its evolution and development can't be regarded as an organic process as its major fragment had evolved based on obligations after the changing of the Regime. On the other hand social traditions had not played major role in its development. All these factors determine the operation, attitudes and practice of the actors of the Hungarian SME sector.

All these specialities are of major importance even if Hungarian SME sector does not show major differences concerning statistical data from other European countries. This is the reason why we will have to be careful in using the results of international researches (for example Observatory of European SMEs, 2003).

Our research intends to fill in this gap, searching the answer for the question what type of work distribution specialties can be observed in the chosen circle of the small-and medium sized enterprises on the one hand, while on the other hand what kind of characteristic differences can be found compared to international surveys.

The role of local environment and social relationships and trust among actors are decisive for small and medium-sized enterprises' operation in generally, and as the size of the company increases, it gains even more importance.<sup>3</sup> Although the research covered these aspects of SME cooperation as well, this paper doesn't deal with them.

##### TYPOLGY OF THE FORMS OF COOPERATION

Professional literature usually analyses relationships among companies by applying four dimensions to them. These are (1) The permanency of the relationship among companies; (2) Complexity of the relationship; (3) Symmetric or asymmetric nature of the relationship; and finally (4) The indirect nature of the relationship.

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<sup>2</sup> See for example: Róbert, 1999, Román, 2007, Kuczsi, 1998, Czako et al., 1995, Gábor, 1997.

<sup>3</sup> Gubik, 2010a, 2010b, 2008.

It is probably impossible to create a perfect typology introducing cooperation forms among companies; the variety is enhanced by the industry-specific characteristics, the combinations of formal and informal elements, different goals and motivations.

In the next section we are going to make taxonomy of the cooperation forms with respect to the direction of the relationship, in order to draw conclusions on the possible roles of small- and medium sized enterprises in the division of work by getting to know the specialties of cooperation-forms, motives and barriers.

#### a. Networks

We can witness the formation of networks on each field of life, in personal relationships and among companies as well. Networks can transform in several ways, can serve different aims and must not be geographically concentrated. The main motive of networks is achieving profit-maximum (costs-saving), searching for security, exploiting the advantages of competition and broadening resource barriers (Kocsis, 2000).

OECD (2004, 14) considers the improvement of the companies abilities in dealing with complexity a further significant motivation. Besides, network-based cooperation enhances companies' flexibility and speed of adoption to new circumstances.

The relationship among the members of the network can either be formal or informal. In practice, not one of the two forms exists but a certain mixture of these (Dyker et al., 2002). Informal networks seem to be more significant for small- medium sized enterprises, friendship and family-ties can be decisive in cooperation.

Fischer (2003) differentiated five types of networks. According to his opinion any possible forms of cooperation can match one of these:

Supplier networks include any agreements between the company and its suppliers, among others on component-production and sub-contractor treaties.

Purchaser networks include the relationships of producers to distributors, marketing channels, wholesalers and final consumers.

Networks on technological cooperation aim to acquire key technologies and to participate in knowledge transfer.

Networks on research and development which also include relationships between companies and industry, which is oriented at gaining access to scientific and technological knowledge and exploiting the advantages of scale of common research and development.

Producer networks include all types of cooperation which aims to merge competing producers' capacities, financial and human resources in order to broaden their product-variety and/or geographical scope.

Networks can also be differentiated based on the relationships among the companies participating in them. So, we can differentiate vertical, hierarchical, and horizontal networks. The first two types of Fisher taxonomy (supplier and purchaser networks) belong to vertical cooperation while the others can be regarded horizontal.

#### b. Vertical cooperation among companies

Vertical cooperation between companies is a relationship between a large and a small- and medium-sized enterprise. Several small- and medium sized partners surround one or more large companies usually. Its most typical form is supplier network (subcontracting). Any activity which aims to contribute to the production of a final product, for example the production of components, spare parts or any related services can be regarded as supply. In a narrower sense all the activities which will not be built in the final product can be excluded from the category of supply but serves other purposes of the producer of the final product, for example cleaning or accounting. In a broader sense any companies which gain their revenues from large companies or small- and medium sized companies supplying large companies can be regarded as suppliers. In this case there is not any sectorial restriction.

Supplier relationship can only be an opportunity for a small fragment of companies, for several objective and subjective reasons. The scope of activities pursued by the company, its size, competences of its owners and the willingness to take risk determine whether a company can become supplier or not.

Supplying is a relationship in which two elements, replacement and subservience are present at the same time. Replacement means that the supplier takes on a certain technological and financial risk for the partner, while subservience means that it has to follow the order of the partner. Supply, according to this is a vertical, hierarchical relationship. While previously supply was a national, regional level activity, due to technological

progress and the global activity of transnational companies, it is in the process of internationalisation (Christensen, 1999). All these processes require further competences from the suppliers, for example enhanced flexibility, language knowledge, etc.

Considering the fact that being involved in a supplier-purchaser relationship also means dependence for the purchasers, mainly due to technological reasons, these cooperation are usually characterised by a large extent of stability. The need for technological progress even in case of companies located at the lowest levels of the supply chain. Besides, suppliers can also learn from their purchasers.

As any forms of relationships among companies, supply can also be organised in several fashions. Some activities do not require narrow cooperation with the partners while others can't be completed without that. Supplier partnerships can differ in terms of the complexity of their goals as well, some activities can be simple, or even standardized, while other can only be accomplished by complex coordination. Small- and medium sized enterprises can play very different roles in vertical cooperation.

Christensen (1999) differentiated possible roles in the vertical supply chain according to the scale of necessary coordination and the complexity of the interactions' objectives. Based on these he divided companies into three sorts, standard, traditional and strategic suppliers.

Jones (1995) differentiated two forms of relationships between companies, namely (1) progressive cooperation and (2) traditional supplier relationship. He saw the main advantage of the first one in forming cooperation between the companies involved, which can be exploited by efficient coordination, generating new ideas, development of products and processes, and the transfer/flow of information, knowledge and technology among companies involved.

According to Sako (1992) two ideal types of buyer-supplier relationships exist. On the one extreme company which „maintains three steps difference“ can be found. Sako calls these arm's-length contractual relation. The other type of relationship is called obligation contractual relation. Faith between partners plays an important role in case of the latter; transactions can be completed without prior settling of the conditions. Tari (1998) called this type of relationship consensus based vertical partnership.

### c. Horizontal cooperation

The other type of networks relating companies is horizontal, in which partners are in the same positions. The objective of such cooperation is to exploit common competitive advantage, for example economies of scale, greater purchasing power, bargaining power, etc.

The most important motivations to get involved in horizontal partnerships among small- and medium sized enterprises can be divided into four categories (ENSR 2003/5.):

The need to acquire resources. A group of authors is of the opinion that the significance of this aspect is exaggerated.

Lower alternative costs. First, cooperation results in lower costs directly in terms of administrative costs, fees for contracting and lawyers. Second, its advantages can be exploited indirectly too, by lowering risk connected to unknown products and partners.

Efficient reach of markets. One of the major motivations to get involved in horizontal cooperation among small- and medium sized enterprises is that together they are able to reach distinct markets more efficiently, for example by creating common infrastructure. Organising networks enables them to make better use of their capacities not only in terms of production, but also in the fields of marketing and research and development.

Learning and technology. Small- and medium sized enterprises cooperate in order to be able to acquire certain technologies in several cases. A further motivation to get involved in networks is learning and getting access to new technologies and knowledge.

Measurement of cooperation's advantages is quite a difficult task, as they include much more than just easily quantifiable cost reductions. All further impacts, for example the decrease of uncertainty caused by fast market changes can be quantified only via major difficulties.

Networks of small- and medium sized enterprises differ from hierarchical networks. Relationships among them are founded by informal, prior knowledge of the partners more often (for example common school,

friends and relatives), they are based on a mutual faith arising from familiarity, and promises are strengthened by the expectations of the local community as well. Regarding the fact that the major share of small- and medium sized enterprises are managed by one person only, relationships can be personal, and are usually attached to the acquaintances of that person. Executive officers standing in the centres of junctions have personal relationship not only with other company managers/owners but employees of public bodies as well.

One of the effects of the informal nature of relationships is flexibility, as in many cases there is no contractual relationship, or only framework treaties are signed, so conditions can be adjusted to changes easily.

Due to networking, the relationships of individual companies are "aggregated", resulting in a multiple complex network, which is capable of transferring information and act efficiently. A development process can often be witnessed in cooperation, if the common work is fruitful, it can become more complex and cover different fields (Dwivendi et al., 2003). According to this, networks of small- and medium sized enterprises can serve several functions and it can be difficult to determine the frontiers of cooperation.

One of the possible motivations of cooperation among small- and medium sized enterprises can be to become able to fulfil orders of larger enterprises by aggregating their capacities. In another aspect horizontal cooperation can make small- and medium sized enterprises be able to compete with larger enterprises. It can also be imagined that cooperation can be motivated by greater bargaining power, or reaching larger economic weight. Finally, cooperation can result in "sharing" the market among the actors of the network and so in seizing price competition.

#### d. Hybrid forms of cooperation among companies

In reality border can not be draw between forms of actual cooperation precisely. Solely vertical or clearly horizontal cooperation are rare to be identified. So, further typology of networks connection of small- and medium sized enterprises is necessary. One of these is extended enterprise, in case of which companies step over traditional organisational borders in order to increase the efficiency of business processes. The application of information- and communication technologies, intensive communication and long-term cooperation are the major characteristics of this form. The existence of extended enterprise is the result of a kind of evolution process (Jagdev, 2001), which is build out during the intensive cooperation among companies and can be regarded as a higher level of buyer-supplier relationships as well.

Another form of cooperation among companies is a dynamic networks the members of which are changed over time. This type of cooperation is called „virtual“ enterprise in the literature, which can be regarded as an occasional network as well. Companies react to certain, actual market situations by forming these networks. Any new situation can result a new network which is characterised by a certain project-based structure. Mainly small- and medium sized enterprises form such occasional networks, applying info-communication techniques intensively, ignoring any physical appearance which would characterise any organisations (for example common administration or legal status). It is not a hierarchical organisation, the motivation of decisions is to exploit competences in the most ideal way, and offering solutions, companies would not be able to do individually. Another form of dynamic networks is the so called hybrid form, in which smaller and larger firms participate alike.

Evans and Wurster (1997) emphasized the complexity of cooperation among companies in their hyperarchy model as well. While in case of hierarchy several smaller enterprises surround a large one, and in case of a non-hierarchical organisation members being of the same status form a network, an extraordinarily complex, difficult relationship with several directions exists in hyperarchy networks, where the relative positions of companies are determined by the quantity of information they are able to acquire to a large extent.

The model phrased by IPM Group shows several similarities with hyperarchy type networks. The core of IPM model is the influence of involved enterprises' relationships to other companies on their relative positions. In this aspect the network is infinite (large) and never reaches an equilibrium, not optimal and offers very different alternatives for each actors (Hakansson et al., 1995). According to IPM model thinking in terms of networks is much rather an attitude, a possible vision of the world than an exactly definable aggregate of companies. Such a system is almost impossible to identify, but knowing each actors is not a task, or not a goal of enterprises participating in them. They rather aim to deal with those relationships which are significant for them. In order to be able to do so, they have to be capable of identifying relevant partners and of choosing the forms and possibilities of cooperation via which these relationships can be maintained.

## DRIVING FORCES OF COOPERATION AMONG ENTERPRISES

In this part of the paper we are going to draw up the motivations and barriers most often mentioned in literature and introduce what points of view should be considered when making a decision on the questions of cooperation.

Cooperation among companies is related to the ever-wider spread of information technologies, and their effects on economical and management processes. Still, this can not be the sufficient reason for the spread of cooperation among enterprises we meet today in itself (Kocsis, 2000). A very often mentioned argument backing cooperation is its favourable effect on company-competitiveness. Measurement of the relationship between cooperation and competitiveness is a difficult task, as competitiveness is influenced by several factors (research and development expenses, cost efficiency, etc.). In the survey of Observatory of European SMEs (Observatory of European SMEs 2003/5) which also included cooperation among small- and medium sized enterprises the following questions aimed to find relation between cooperation and competitiveness: „Did You find that the cooperation with other small-and medium sized enterprises improved your company's competitiveness?“ According to the answers given to this question, cooperation contributes to the increase of competitiveness.

Cooperation can be inspired by the broadening of the scale of products, or the achievement of economies of scale, either on the sale or the purchase side, or on the field of infrastructural investments, or negotiating with the public institutions.

The firm's partnerships can secure competitive advantage for the company as cooperation can bring them to a more favourable position compared to their counterparts in the market. Despite being not forced to integrate either horizontally, or vertically, it still can be able to decrease its cost or improve the quality of its products. Even though larger companies can have advantage on the field of economies of scale, cooperation can help smaller companies to achieve that same level of efficiency. The former is defined as internal economies of scale while the latter as collective economies of scale. Collective economies of scale are one type of external efficiency. Collective economies of scale is a kind of competitive advantage evolving from cooperation, thanks to which the company would be able to reduce its costs. This can be captured in the downward shift of the average cost (AC) function of the company (Figure 1)

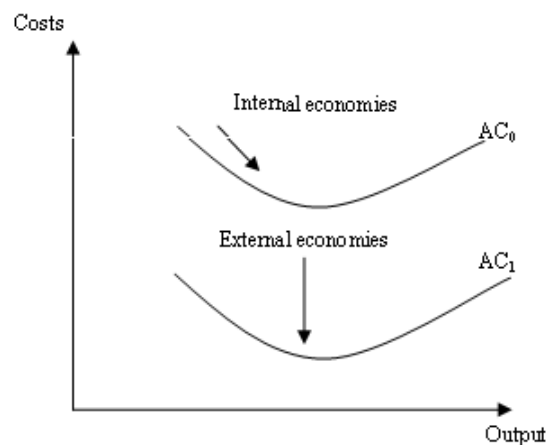


Figure 1 Figure 1: The effect of external economies of scale on costs (Lazonick, 1991)

Company integration makes it possible for a distinct resource to become exclusive, but a similar result can be achieved by cooperation among companies, or at least a more favourable situation can be achieved compared to the counterparts. Cooperation makes it possible to acquire resources without giving up independence.

Another positive argument can be the possibility of gaining more information concerning the market, or the technology. Besides, strength and weaknesses of counterparts can be gain knowledge on (Hamel, Prahalad, 1990), or new competences can be gained, learning can motivate cooperation among companies as well (Dussauge, Garrette, Mitchell, 2000).

Besides all these things mentioned above we have to emphasize the effects of cooperation on innovation and knowledge. Creation of knowledge and innovation is not only a function of the companies own efforts, but



external factors influence it as well. Networking enables companies to gain knowledge and information they would not be able obtain or produce within their own structure. Cooperation among companies creates a wider space for learning, which a precondition for enhancing efficiency and contributes to the increase of economic performance (Fischer, M.M. 2003).

Company cooperation plays an important role not only in transferring knowledge but also in stimulating innovation. According to Fritsch (Fritsch, M. 2001) innovation and cooperation are processes which strengthen each-other. Innovation hastens the need for cooperation among companies and the relation works the other way around as well; a higher level of cooperation works as an incentive for innovation too.

Production and the formation of knowledge can be coordinated more efficiently through cooperation rather than market or hierarchical solutions. It can be thought of as a kind of hybrid management system (Groenewegen, Beije, 1992), which decreases informational asymmetry and opportunism. Each stakeholder can be included in the cooperation, which helps the more efficient flow of information among those who are taking part, resulting in savings. A type of these savings can be common research and development activity, as cooperation filters parallel work resulting in enhancing innovation activity.

Fülöp (Fülöp, 2001) made up two groups of motivations for cooperation. Besides external forces, for example globalisation of tastes, global technologies, economies of scale or increasing turbulence he emphasized the importance of internal factors, like recognising that cooperation is good for the company.

Nooteboom summarised the possible goals of collaboration along the efficiency, competences and positioning.

Table 1 Possible goals of collaboration (Nooteboom, 2003)

Efficiency	Avoid overcapacity
	Economy of scale, scope or time
	Spread risk
	Combination or swap of products
Competencies	Complementary competences
	Variety of learning
	Flexibility of configuration
Positioning	Adjustment of products, technology or inputs to local market conditions
	Fast access to new markets of products inputs
	The offer of a joint product package
	Attack a competitor in his home market

Cooperation can not be thought of as a remedy for all problems of the company; what is more, it is not a path for all firms. We introduce barriers to cooperation by building on Schermerhorn's (Schermerhorn, 1980) system, completing it:

Human resource constrain. Too deep involvement in everyday matters of management can be a possible barrier to cooperation. No time and resources can be found for the overwork needed to form and maintain the additional tasks coming from cooperation.

Lack of interest. It can happen that the potential partner companies lack management abilities needed to accomplish cooperation.

Lack of financial resources. Cooperation causes additional costs, related to searching for possible partner, signing treaties with them, and the permanent communication with them.

Competition. A reason for the company to avoid committing itself in a relationship which stretches over the barriers of a usual purchaser-seller relation can be the fear of losing its competitive position, unwillingness to share its ideas (and mainly to give them out single-sided).

Legal barriers. Having no proper information on the rights and obligations can be a barrier to cooperation as

well. This can be related to the already mentioned lack of resources.

Isolation. A possible pitfall for cooperation can be geographical isolation, the difficulty of recognising and finding those enterprises which face similar problems.

Lack of recognition of cooperation's advantages. A possible barrier to cooperation can be lack of recognition for benefits of cooperation.

Several points of views must be taken into account when evaluating cooperation among companies. The question of costs arises in decision making. Costs are necessarily related to any form of cooperation the company commits itself to. Let us just think of expenses evolving from communication, legal and other costs. In an informal relationship, when cooperation is based on an oral agreement, some of these costs can be saved by the entrepreneur, but even in this case there will be some additional expenses, though these will be more difficult to measure (mutual favours, representation costs). An alternative of cooperation can be to produce within the firm, or more generally, to accomplish the task within the company. A possible point of view for deciding on the matter of cooperation or internal production can be the expected relative cost of transactions. The theory of transaction costs can give a possible answer to the question of deciding which alternative to choose.

According to another approach, the number one shaping power in terms of relationships among companies is the profitability of investments. No matter what kind of activity we talk about, it is necessary to invest in resources in order to accomplish it. On the one hand, abilities of entrepreneurs and employees need to be improved and maintained; and on the other hand investment must be made in productive resources, where the question of economies of scale must also be taken into account.

The next important question is time. It can happen that a company simply decides to get involved in using external resources to obtain products or services it needs faster.

Cooperation has a double nature, it brings out advantages and risks at the same time (Dussauge, Garrette, Mitchell, 2000). In accordance with this we have to mention some aspects which, in ideal cases, would not hinder realisation of advantages from cooperation, but they can happen to become not expected pitfalls of the relationship, so they can cause common work and the achievement of the chosen goals not to happen according to the company's ideas.

Cooperation necessarily brings the partners to a more or less interdependent position. In the ideal case this interdependence would be symmetric as the partners should have similar power in bargaining. But even if similarly sized enterprises cooperate it can happen that the relationship becomes asymmetric, and all the benefits of cooperation go to one of the partners. Some researches let us draw the consequence that the main motivation for cooperation among companies is to take over the knowledge of the partners. This behaviour is called competitive collaboration (Hamel, Doz, Prahalad, 1989), its objective is to gain as much of the other firm's knowledge as possible, while protecting our own competences. When the necessary knowledge has been obtained, these companies seize cooperation.

The company can improve its efficiency by specialization due to the involvement in cooperation, but it loses important competences at the same time, as already existing capacities and competences can be lost. Obtaining these again may require severe financial and time sacrifices. This can be a cause of evolving, and may also contribute to a badly defined adherence which may decrease company's competitiveness, if the relationship is not in the best interest of the firm any more. This problem is mostly the disadvantage of informal relationships, so it involves small- and medium sized enterprises mostly, where relationships are based on family and friendship in many cases, meaning that giving up cooperation is even more difficult.

A barrier to successful cooperation can be that partners do not recognise their common interest, as in this case cooperation will turn into competition. All this lead to decreasing communication, conflicts and loss of additional profit which should be earned from cooperation and cooperation can be given up in the end. Researches let us conclude that the success of cooperation is determined by the personal objectives of the entrepreneur/manager (Tjosvold, Weicker, 1993). Competitive („I want to win“) or independent („I am not interested, I cannot help“) can hinder the evolution of the relationship. According to the authors, cooperation is a kind of ability, and as such, it can be developed. This pops the question of education.

A large portion of companies have to face the paradox situation of having to stand strong competition on the market, while having to cooperate effectively with a small group of counterparts. Pressure to cooperate is not

of the same strength in distinct branches of the economy. In fields where innovation and fast reactions to market changes are crucial cooperation can be the only way to maintain advantage.

The parallel existence of competition and cooperation must be emphasized in relation with clusters. Clusters can inspire cooperation and competition at the same time. Without competition they could not be successful, as competition is the motivation never to give up searching for better solutions and maintaining permanent development. This gains more and more importance these days, as competitiveness becomes less dependent on the scarcity of resources and inputs, but on the productivity of firms. So, competition inspires innovations, while cooperation enables smaller companies to finance it. This contributes to the improvement of efficiency on the level of the company on the one hand, while on the branch of industry level on the hand by making parallel developments avoidable. The specific cost of problems solved together will decrease as a result of cooperation, which strengthens competition through the decrease in prices.

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Autumn leaves in Balatonalmádi at the Lake Balaton

Photo by Dr. Antal Szabó ©

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## FINANCIAL SUPPORT FOR SME SECTOR IN SERBIA

### 1. THE IMPORTANCE OF SME SECTOR IN SERBIA

Due to their significant contribution to employment, increase of productivity, turnover, GVA and export, small and medium – sized enterprises are often considered to be the single most important generator of economic growth in developed, as well as in developing and transitional economies. Furthermore, SMEs play an extremely important role in modern economies because of their innovativeness, flexibility and adaptability to ever changing business conditions. SMEs are enabling economy restructuring by absorbing the surplus of workers and by increasing market competitiveness. For these reasons, providing appropriate legal and regulatory framework and stimulating business environment for functioning and development of SME sector has been in the focus of policy makers' attention in EU countries. Following their model, Serbia has recognized the strategic importance of SME sector and set the creation of necessary infrastructure for their more intensive development as a priority.

By developing and implementing the Strategy for Development of Competitive and Innovative Small and Medium Enterprises 2008-2013 the Serbian government has set goals and provided long and short term development guidelines. The baseline for the strategy adoption is found in the Strategy for Development of Small and Medium Enterprises and Entrepreneurship in the Republic of Serbia 2003-2008 and in the Action Plan for Stimulating Development of Small and Medium Enterprises 2005-2007. The strategy is based on the fact that SMEs play a key role in the country's economic growth and prosperity. The basic goal defined in the strategy refers to fostering further strengthening and more dynamic development of the sector, along with more efficient use of SMEs' potentials and capacities.

Creating a competitive SME sector requires favourable legal and regulatory framework, easier access to financial institutions, education of entrepreneurs and employees and business environment that is convenient for the further development of SMEs. Serbian government has established a solid policy framework for the development of SMEs, which represents a significant source of business relations with other European countries and fosters the process of country's integration into the wider European economic framework.

The basic macroeconomic indicators show the increasing influence of SME sector on the overall development of Serbian economy. According to the latest available official data, in 2008 SME sector on average accounted for 99.7% of the total number of economic entities, 43.2% of employment, 35% of GVA, 45.5% of export and 59.3% of the overall import, as well as 67.2% of employment, 66.6% of turnover and 59.1% of GVA of the non-financial sector of the Serbian economy.<sup>4</sup>

SMEs' share in total number of enterprises in Serbia, as well as their role in economic growth and development, is growing year after year. According to the Serbian Chamber of Commerce, the total number of companies in Serbia in 2008 was 87,109. The SMEs account for 99% of all active enterprises. The SMEs dominate in almost every sector of the economy. According to the ownership structure, the greatest number of these companies pertains to private sector. It is believed that the growth in the number of SMEs is a result of government policy aimed at creating business environment that is stimulating for their development. A set of new legislation and regulations referring to enterprise's establishment and performing procedures, contributed greatly to the dynamics achieved in the number of new companies.

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<sup>4</sup> Report on SME sector 2008, Ministry of Economy and Regional Development, Development Fund of the Republic of Serbia, Republic Agency for the development of SME sector, Belgrade, 2009

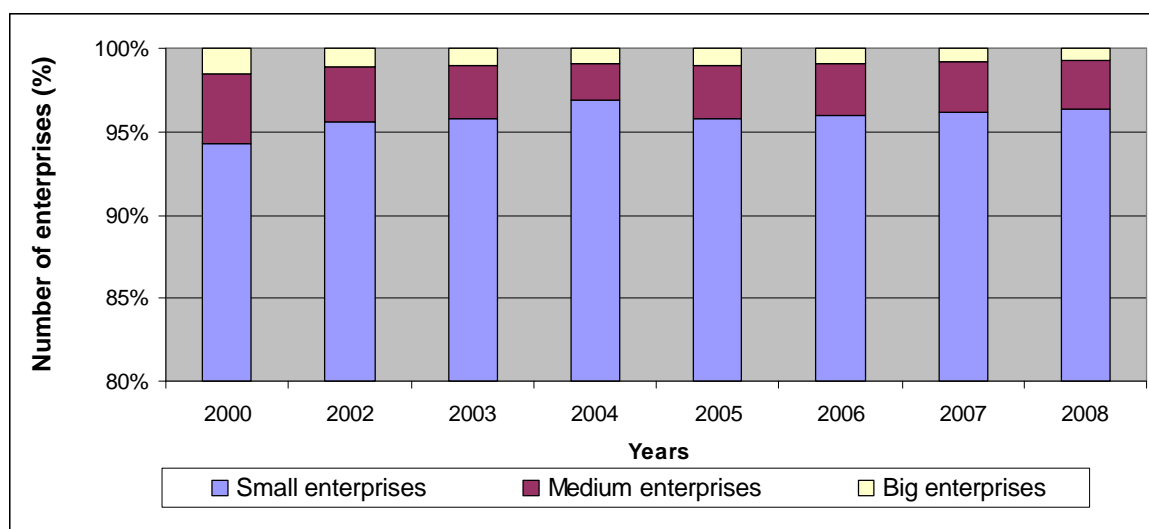


Figure 1 SME's share in total number of enterprises

In the last three years, according to data from the Business Registration Agency, all newly registered enterprises were formed in the SME sector, which points out to the fact that business environment in Serbia is stimulating enough for the development of SMEs. Some close downs were registered as well, but at a smaller or the same extent. The question arises about the survival rate of newly formed enterprises (18% in 2008 and 20.7% in 2007). This sector has been in the focus of policy makers' attention, which resulted in the increasing number of institutional measures for boosting their development and financing and obtaining borrowed capital.

Significant support is provided to SMEs in Serbia in the field of innovation (incubators, clusters, innovation centres, innovative projects etc.), but important improvements are still necessary regarding the coordination and networking between enterprises and research institutions, and the lack of risk capital that is considered to be a prerequisite of the more dynamic development of SMEs, especially of those with high growth rate.

## 2. FINANCIAL SUPPORT FOR SMES

At the very beginning of Serbia's transition into market economy it was widely believed that supporting SMEs was a necessity mostly because the old banking system was destroyed and the new one had still not been built, the great majority of SMEs performed their business activities in the grey zone so it was important to offer incentives for their legalisation, the general regulatory framework was directed against the interests of private sector, large public and governmental monopolies dominated in the economy and entrepreneurial culture was undeveloped.<sup>5</sup> As Serbia went along with a transitional process, the above mentioned reasons became less relevant. Today, every enterprise capable of creating reliable business plan and owning some property can ensure commercial bank loan with no major difficulties. Problems exist though, and are related to restrictive monetary policy and high interest rates, micro and small enterprises' inability to follow bank procedures and difficulties in start-up financing and demanding collateral requirements.

In 2008 a research under title: "Status, needs and problems of SMEs" was conducted by the Statistical office of the Republic of Serbia, on a sample of 3000 SMEs whose financial statements were recorded in Serbian Business Register Agency. The study indicates that 54.6% use their own resources and 30.6% use external sources for investment funding, while 14.8% gave no response. The dominant reliance on own sources of finance is considered as a limiting factor for SMEs' more dynamic growth and development. The structure of external sources of finance is homogenous, the most frequent are domestic commercial bank loans – 40%, followed by borrowing from cousins and friends – 15%, leasing – 14%, loans provided by state

<sup>5</sup> Begovic, B., Paunovic, M., "The analysis of the state financial support to SMEs in Serbia", Belgrade, 2008

funds and institutions – 10%, foreign loans – 7%, guarantee funds – 5%, donors and nongovernmental organizations – 5%, and other external sources of finance – 4%. 59.7% of the respondents had some investment activities during the last three years and most of them invested in equipment (58%), commercial properties (38%) and patents and licenses (4%). 46% of medium and 32% of small enterprises use consulting services. The results of a research pointed out to the fact that financial market in Serbia still has not reached the level of development necessary for providing SMEs the availability of sources of finance. The SME's wider use of bank loans is related to high interest rates, long procedures, limited amounts and high collateral requirements.

It is only recently that the banking sector in Serbia became more interested in financing SMEs and begun adjusting its products and services to their specific needs and requirements. Today the majority of commercial banks have policies and separate departments dealing with SMEs. Even though financing SMEs is still associated with high risk and banks are precautious, bank loans are the most commonly used external source of financing for Serbian SMEs.

In the previous period of time, financial support to SMEs had not been clearly defined by a unique document, but rather relayed on principles contained in the Small Business Act for Europe. A step forward has been made in improving SMEs' access to financial resources. Having recognized that SMEs are facing difficulties when providing necessary financial funds for starting up production, buying fixed assets and raw material, the Serbian government has put efforts into developing the network of institutions offering financial support to SMEs. Financial support from public sources is offered to SMEs by a number of domestic institutions either in the form of subsidies or as favorable loans. Certain but still relatively low financial support is available from banks in form of commercial loans and through credit lines of international financial institutions.

The following institutions participate in providing financial support to SMEs from government sources: Developing Fund of the Republic of Serbia, Guarantee Fund of the Republic of Serbia, National Agency for Regional Development, National Employment Service, Export Credit and Insurance Agency of the Republic of Serbia and Serbia Investment and Export Promotion Agency. An additional support from the budget is provided on a national level by the Ministry of Economy and Regional Development, Ministry of Trade and Services, Ministry of Agriculture and Ministry for National Investment Plan, as well as on provincial level by Development Fund, Guarantee Fund and Capital Investment Fund of Vojvodina. Since 2004, the City of Belgrade in cooperation with Banca Intesa S.p.A. has been realizing the SME credit program. The purpose of the program is to enable SMEs' equipment and machinery acquisition, capacity expansion, export increase and investments in working capital. In 2008 an amount of 350 million RSD was reserved in the budget for this purpose. The minimum amount of credit SMEs are allowed by a creditor is 5,000 and maximum is 30,000 Euro, the payment period is 3 years, with a 12 month grace period and an annual interest rate of 5.5%.

In 2008 the following two governmental institutions had a key role in providing favorable loans to SMEs: Developing Fund of the Republic of Serbia and Export Credit and Insurance Agency of the Republic of Serbia. Development Fund approves loans for financing investment projects and short-term loans for liquidity encouragement. The Fund is an intermediary in the implementation of three governmental programs for financing SMEs: loans for underdeveloped regions, start up loans and loans for self – employment.

The Guarantee Fund plays an important role in supporting SMEs by guaranteeing for the loans that are approved by banks and other financial institutions, and further more by helping them access financial markets in order to secure necessary funds for their development.

Because of SMEs' ability to generate employment, create added value, GDP and innovations, as well as fasten economic growth, the Ministry of Economy and Regional Development has focused on creating necessary prerequisites for their more dynamic development. The Ministry in cooperation with National Agency for Regional Development (former Republic Agency for Development of SMEE) implemented the Support to SMEs' investments in innovation program. The program was aimed at supporting the development and growth of SMEs by enhancing their innovative capacities. Financial support was provided for project implementation, and as a result of it 85 projects were approved mainly in the filed of establishing and strengthening cooperation between SMEs, R&D organizations and institutions, universities, faculties, and consulting companies, as well as for the commercialisation of innovations.

The National Agency for Regional Development (former Serbian Agency for the Development of SMEE) has been active in providing both financial and non financial support to SMEs. A number of incentive programs has been designed and implemented in attempt to foster further development of SME sector. In 2008 the total of 1.6 million Euros was granted to SMEs through the following programs: Support to development and competitiveness of SMEEs, Support to improvement of doing business and Support to Association of entrepreneurs. The programs' beneficiaries, among which there were 456 SMEEs and 56 Associations of entrepreneurs, used the granted financial funds for new product development, quality system introduction, certification, management training, business linking and networking.

Since SMEs are believed to be the driving force of dynamic economic development and the evidence suggest that economies that are based on cooperation and networking between companies, financial institutions, public and academic actors generate better outcomes, the role of Serbian government in promoting cluster development and creating cluster policies has been increasing in the last decade. Because clusters are related to prosperity and SMEs benefit from them, the Cluster Development Support program was implemented by the Ministry of Economy and Regional Development and the Republic Agency for Development of SMEE. Grants for up to 50% of the total eligible costs for cluster initiatives in different stages of development were provided by the program. The general idea was to support private sector development, job creation and export expansion by establishing and strengthening linkages between enterprises, R&D institutions and business associations. The amount of grant aid per cluster was 8,600 Euro for the new cluster initiatives, and 54,000 Euro for the already established ones.<sup>6</sup>

Significant progress has been made in financing business start-ups. In 2007 the Ministry of Economy and Regional Development has began approving start-up loans. The National Agency for Regional Development, together with a network of regional agencies and centers, participates in project realization, thus enabling decentralization of the loan applications collection. Regional disposition of loans approved in 2007, 2008 and 2009 was unbalanced, while the largest number of beneficiaries belonged to the City of Belgrade and Sumadija County. In 2009 the total of 44 million Euro was approved mainly in the sectors of food processing, beverages and tobacco production, services, wood processing and transportation and communications.

In June 2007 Serbian Government adopted the Decree by which investment projects in the field of production and services, which might be subject to international trade and R&D, can apply for grants from the state budget. Grants are not intended for projects in fields of trade, tourism, catering and agriculture. So far, eight public calls have been published and SIEPA<sup>7</sup> has registered 1068 companies that have applied for obtaining the funds. In most cases funds were awarded to SMEs.

Table 1 Statistical Review of free funds award

No.	Position	Number	Percentage
1.	Companies that were awarded the funds	644	60.3
2.	Companies that were not awarded the funds	424	39.7
3.	Companies where the funds were refunded	544	84.5
4.	Companies where the funds were not refunded	100	15.5

Source: SIEPA

The largest percentage of free funds was assigned to design of promotional materials (28.9%) and certification and recertification of quality management system (20.1%).

In addition to national programs, and with an aim to support innovative activities and provide SMEs with better access to financial sources and business support services at regional level, the Competitiveness and

<sup>6</sup> <http://klasteri.merr.gov.rs/O-klasterima/Aktivnosti-Ministarstva>

<sup>7</sup> Serbia Investment and Export Promotion Agency, <http://www.siepa.gov.rs/site/sr/home/>



Innovation Framework Programme (CIP) was introduced. Total Budget for CIP programme is 3.6 billion Euros and the realization of this project is expected between year 2007 and 2013.

In 2008 financial support to SME sector from governmental sources amounted to 19.5 billion RSD and was distributed mainly through start-up loans, subsidies for self-employment, loans for cluster and business incubators development, loans for underdeveloped municipalities and loans for exporting enterprises, export insurance and factoring.

Table 2 Structure of the approved applications according to the activities in 2009

<b>No.</b>	<b>Position</b>	<b>Percentage</b>
1.	Design of promotional materials	28.9
2.	Certification and recertification of quality management systems	20.1
3.	Testing, certification and recertification of products	14.0
4.	Independent participation in international economic fairs abroad	11.2
5.	New packaging design of products	10.9
6.	New product design	7.9
7.	Organized visits to foreign markets	3.0
8.	Advertising in foreign journals	2.7
9.	Organized business meetings abroad	1.2

Source: SIEPA

### 3. FINANCING SMES IN TIMES OF CRISIS

The SME sector in Serbia was seriously hit by the world financial crisis. Along with reduced inflow of foreign capital at the beginning of October 2008, the first effects of the crisis occurred imposing new business conditions characterized by a more rigid discipline in debt repayment. An increase in the price of capital put in question the further operation and development of SME sector.

In order to preserve financial stability, the National Bank of Serbia and the Government took over a set of measures in order to ease off effects of the world economic crisis. In the last trimester of 2008, the NBS adopted measures directed towards improving the foreign currency liquidity of banks. The amount of ensured deposit has increased from 3,000 to 50,000 Euro. With an aim to increase and stimulate domestic savings, from 1 January 2009 income from the interest on foreign currency savings were exempted from tax. Another set of measures were adopted by the government in order to keep loan making activities and help companies get more favorable loans with the subvention of the state for liquidity and investments, as well as citizens to get cheaper consumers' loans for domestic commodity goods.

The crisis affected the liquidity/solvency of SMEs, led to an increase of the cost of capital, reduction in amount of funds and loans available to SMEs, fluctuations of foreign exchange rate and reduction in import/export activities and in the level of employment. In January 2009, the Serbian government adopted a set of measures aimed at lessening the negative impacts of world financial crisis on SME sector. As a result of that, foreign credit lines were introduced. Credits are being approved by domestic banks at more favourable terms. In 2009 the total of 480 million Euros was assigned to crediting SMEs.

Institution	Amount
EIB	250 million Euro
KfW	100 million Euro
EBRD	100 million Euro
Italian government	30 million Euro
	Total = 480 million Euro

#### 4. CONCLUSION

The volume and intensity of financial support to SMEs in Serbia has increased significantly, as well as the number of institutions that directly or indirectly realize various incentive programmes. Since the evidence suggest that SMES' more dynamic growth is determinate by their access to financial resources, the development of financial support measures is of crucial importance for both SME sector and the country's overall economic development. Further development of financial instruments and suitable financial institutions (micro financing, regional guarantee schemes, equity financing, venture capital, etc.) is necessary. Establishing the system of co-financing is advisable not only because of the risk sharing between the government and the company, but also for it would improve the quality of management within SMEs. Dealing with the issue of the price of capital at which SMEs have the ability to finance their development and growth remains challenging, especially considering the extant to which the monetary policy aimed at presrvng macroeconomic stability is restrictive.

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Autumn crocus

Photo by Dr. Antal Szabó ©



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## STRENGTHENING THE EDUCATIONAL AND SCIENTIFIC COLLABORATION WITHIN V4 AND THE COUNTRIES OF SOUTH EASTERN EUROPE

Strengthening the educational and scientific collaboration among Faculties of Economics within V4 and countries of South Eastern Europe (No. 30810004 - IVF) was a project realized by an international consortium of partners, co-financed by International Visegrad Fund. Project was commenced on the 1st of September 2008 and lasted 22 months with coordinator Assoc. Prof. Renáta Vokorokosová, PhD from Technical University of Kosice including following universities:



**Technical University of Kosice, Faculty of Economics** (Coordinator), Slovakia, coordinated by Assoc. Prof. Renáta Vokorokosová, PhD.



**University of Economics in Bratislava, Faculty of National Economy** (Partner), Slovakia, coordinated by Assoc. Prof. Eva Horvátová, PhD.



**Silesian University in Opava, School of Business Administration in Karviná** (Partner), Czech Republic, coordinated by Assoc. Prof. Marian Lebedzik, PhD.



**Czestochova University of Technology, Faculty of Management** (Partner), Poland, coordinated by prof. PCz. dr. hab. in•. Janusz Grabara



**University of Miskolc, Faculty of Economics** (Partner), Hungary, coordinated by Assoc. Prof. Sándor Karajz



**Union University of Belgrade, Belgrade Banking Academy** (Partner), Serbia, coordinated by Prof. Dejan Eric



**College of Social and Administrative Affairs, Havířov** (Partner), Czech Republic, coordinated by Prof. PhDr. RNDr. Stanislav Poloušek, CSs.



**University of Pardubice, Faculty of Economics and Administration (Partner),**  
Czech Republic, coordinate by Assoc. Prof. Iлона Obršálová, CSc.

Project was aimed at joining educational institutions of Economics for establishing and strengthening mutual educational and scientific network of teachers and researchers from corresponding V4 countries and neighbouring countries.

This project reached the priority "Sharing V4 know-how with neighbouring regions". A network established within this project coordinated the mobility of Faculties' project personnel; prepared workshops on best practices in educational area within Investment, Banking and Business oriented study programmes. Moreover it coped with presentation of new teaching methods and know-how within distance and e-learning educational approaches. V4 practical abilities and skills in project targeting areas were further on spread out to neighbouring regions via workshops and conferences with expert participation from praxis, leading industries and educational institutions besides the Visegrad Countries. Hence the Visual collaboration (videoconferences) between V4 and neighbouring countries accelerated the exchange of research results, comments and ideas for starting further common project collaboration in near future.

In compliance with events planned, in the first phase of the project there was a meeting held in Bratislava in September 2008 attended by each partner institution. The aim of this meeting was to enable the representatives from partner institutions to meet and to discuss in details all the issues concerning the project collaboration.

Second event was organized by the project partner Czestochowa University of Technology in Poland in March 2009. This workshop devoted to the presentation of study programmes and teaching methods was held at the premises of the Faculty of Management in Czestochowa, Poland.

Following meeting in June 2009 (third one) took place in Miškolc, at the University of Miškolc, Faculty of Economics. Participants presented their experiences with distance and e-learning educational approaches, and the research results on SMEs performances.

In the second phase of the project two meetings were organized. During the first one participants discussed the topic about SMEs performance, financing and relating issues. This meeting was hosted by the project partner The Silesian University in Opava, School of Business Administration in Karviná in the end of October 2009.

Second meeting - workshop organized by BBA (Belgrade Banking Academy) along with all partner institutions and the University of Ljubljana, Faculty of Economics, was held in Belgrade in April 2010. It coped with the following matter: "Economic Prospects in the Second Decade of the 21st Century- How to Get Out of the Crisis".

The closing event was held in Košice in June 2010. Participants discussed their project cooperation and set forth the aims for further collaboration in science and education within the established network of V4 researchers and researchers of South Eastern Europe.

Goals and expected contribution set in the project were within the project cooperation successfully fulfilled. From eight project institutions there was a reliable network of researchers and academicians created among the faculties of Economics of V4 countries and countries of South Eastern Europe. The events, workshops, conferences, discussions organized within project collaboration promoted the main goal of the project, to exchange know-how and to share knowledge with neighbouring countries. Majority of mutually prepared and issued publications confirm the strong collaboration on SMEs, distance and e-learning issues.

Publication activities of the consortium involves: papers published in the Journal of Scientific Works, Faculty of Management Czestochowa, Technical University; Acta academica karviniensia – Journal of The Silesian University in Opava, School of Business Administration in Karviná; Journal of Women's Entrepreneurship and Education published by the Institute of Economic Sciences, Belgrade; Economic Analysis journal of the Institute of Economic Sciences in Belgrade and in two monographs. One Enterprise – Constituent Element of National Competitiveness touches upon many topics concerning the management and the business environment of small and medium-sized enterprises (SMEs) and special attention is paid to the contemporary forms of distance learning, and their advantages and disadvantages in the V4 countries and Serbia.

Second monograph Influence of Global Economic Crisis on CEE Region – Possible Way Out was prepared and published by the Technical University of Košice, Faculty of Economics in cooperation with Belgrade Banking Academy and Institute of Economic Sciences.

The collaboration among partners was outstanding. The outputs are: new contacts and partnerships, network of experts, consultants, reviewers, and high interest in further collaboration. Bilateral projects collaboration proposals between Slovakia – Poland and Slovakia – Serbia were prepared. And what more there was a scientific KEGA project submitted by the Faculty of National Economics in Bratislava, Faculty of Economics in Košice involving foreign partners from the established V4 network.

From all these results we can see that the IVF project brought together a well-balanced mixture of partners, each one bringing into the project a different experiences and a different perspective of emphasis.








**ESBA**  
EUROPEAN SMALL BUSINESS ALLIANCE  
The Independent Voice for Small and Medium Enterprises in Europe


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ESBA Activities  
2010-2011

THE WAY FORWARD FOR  
SMALL BUSINESSES IN EUROPE

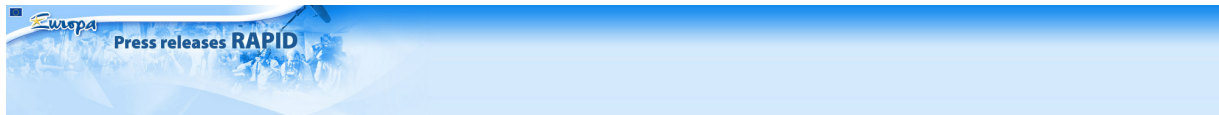






**ESBA**  
EUROPEAN SMALL BUSINESS ALLIANCE  
The Independent Voice for Small and Medium Enterprises in Europe

The new European Small Business Alliance Report on the Activities for 2010-2011 was coordinated by the ESBA Team in Brussels. It is available at the ESBA web-site at <http://www.esba-europe.org>. For detailed information please contact ESBA Secretariat at the following E-mail: [secretariat@esba-europe.org](mailto:secretariat@esba-europe.org)

## CONFERENCE PAPERS



Reference: SPEECH/10/397 Date: 19/07/2010



### **José Manuel Durão Barroso President of the European Commission Statement of President Barroso following the meeting of the European Commission, the European Council and the European Parliament with religious leaders to discuss how to combat poverty and social exclusion Press conference Brussels, 19 July 2010**

Statement of President Barroso following the meeting of the European Commission, the European Council and the European Parliament with religious leaders to discuss how to combat poverty and social exclusion

#### **Good afternoon Ladies and Gentlemen,**

It was a pleasure for me, together with President Van Rompuy, President of the European Council, and President Buzek, President of the European Parliament, to welcome here today very eminent religious dignitaries of the Christian, Jewish and Muslim religions, as well as from the Sikh and Hindu communities.

As you know our dialogue that we initiated in 2005 has become a good tradition. And this year, for the first time, it takes place in the context of our new treaty, the Lisbon Treaty, which gives a legal basis to the dialogue between the European institutions and religion, churches and also communities of convictions.

The subject was fight against poverty, the fight for the poor, the fight for human dignity.

The economic and financial crisis has hit many people hard. It is unquestionable that for many of those, charities and faith have played invaluable roles in helping them through very difficult times – both in terms of material assistance, but also by providing spiritual and emotional guidance. This complements in a positive way the support that our social security systems and other actors in our societies were able to provide.

Churches and religious communities are important providers of social services in EU member states. If we want to combat poverty effectively and not only within Europe, but also in many other parts in the world, it is essential to draw from their long standing and wide ranging experience.

Our meeting today takes place against the backdrop of the European Year for combating Poverty and Social Exclusion 2010 and just a few weeks after the adoption in the EU of our Europe 2020 strategy.

We therefore discussed effective ways of getting the most vulnerable back into the midst of our society. We discussed how to allow for equal access to education and training; how to empower people; how to guarantee that everyone has the chance to find a job; how to guarantee sustainability in our societies also from an economic, ecological and social point of view. I have appreciated the high quality of our discussions today and the precious inspiration that participants were able to provide.

I think we can say that all of the participants agreed that sustainable, smart, inclusive growth simply cannot be achieved if we neglect the needs of the 84 million Europeans who live at risk of poverty – many of them are children! Many of them are very young people so it is obvious that the fight against poverty cannot only be the fight for employment. Employment is critically important. It is the best tool to fight poverty, but we need to go beyond that. The current situation in many areas in Europe is dramatic and unacceptable. We cannot defend or afford to waste people and their talent. Nobody should be left behind. We must empower people through high levels of employment, investing in skills and also promoting social inclusion.

I am happy that the Commission succeeded in embedding a credible social dimension in the new Europe 2020 Strategy, endorsed unanimously by Heads of State and Government in June. EU-wide targets and flagship initiatives for poverty reduction and access to education have been agreed and will help build momentum in the member states. I also want to thank President Van Rompuy for his very explicit support to the target of fight against poverty and also President Buzek and the European parliament for their support in this regard. We will now start implementing this important strategy in partnership.

I count on religions, churches and communities of conviction to play an important role in reaching our common European aims, regardless of their creed or denomination. And I am more than happy that all participants, including the EU institutions, are deeply committed to step up our action to alleviate poverty and wider human misery. The European Commission will continue placing people at the heart of policy-making. Social justice, responsibility and solidarity are values that need constantly be embodied and reinvigorated at all levels of society. Within the limits of EU competencies in the social area, we will continue to support and complement action at national, regional and local level, for example through the European Social Fund and also with the presentation of our flagship initiative Platform against poverty. We count on different religions and religious communities to give support to that flagship initiative Platform against poverty and in fact to participate on that. Today in a very informal way we've started a discussion on practical ways of doing that for instance, at local level.

For all of us in the European Union it should be clear: poverty and social exclusion do not belong in our 21st century Europe. This is also a question of ethics; this is also a question of the European Union based on values that we want to build. This is also the spirit of the social market economy that is rightly considered by the Lisbon treaty a priority for our joint European action.

Thank you!



Spinning

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**CONSULTATION DOCUMENT  
ON THE REVIEW OF THE “SMALL BUSINESS ACT” FOR EUROPE**

**This summer the ERENET Secretariat received a request from ESBA to participate in the process of reviewing the Small Business Act for Europe and comment the Consultation Document prepare by the European Commission. The ERENET Secretariat circulated this document among our members and based on their remarks as well as following the consultation with several Members we sent our comments. Below please find the Consultation Document and the ERENET comment.**

## **A. Introduction**

### **Two years after the adoption of the SBA - what have we achieved?**

The “Small Business Act” for Europe (SBA), launched by the Commission in June 2008, provides an ambitious policy framework for actions in favour of small and medium-sized enterprises (SMEs). Structured around ten key principles and accompanied by a set of policy actions to implement them, the SBA also includes major legislative initiatives designed according to the ‘Think Small First’ principle.

The SBA has put SMEs at the heart of European policy making. Their role as major drivers of growth and job creation is now widely acknowledged and their interests are increasingly being taken into account in law and policy making both at EU level and in the Member States through the application of the ‘Think Small First’ principle. Moreover, the SBA has irrefutably managed to raise awareness of the important role small businesses and their owners play in our societies throughout the EU.

The Commission has made the speedy implementation of the SBA actions one of its priorities and presented a first progress report in December 2009. Indeed, the Commission has successfully launched all the policy and legislative actions announced in the SBA. In the first year of SBA implementation, the Member States focused their efforts on the implementation of the SBA Action Plan, which includes measures designed to help SMEs to recover from the economic crisis by facilitating access to finance, encouraging SMEs’ access to markets and cutting red tape. While all Member States have acknowledged the importance of a rapid implementation of actions in these areas, the approaches taken and the results achieved vary considerably between Member States. Moreover, the overall assessment by major SME stakeholder organisations points to an uneven and sometimes slow uptake of the SBA in certain Member States.

### **How to give fresh impetus to the SBA?**

To remedy the shortcomings in the implementation of the SBA and to give it fresh impetus, the Commission will undertake a review of the SBA, as announced in the Commission work programme, which is scheduled for adoption in October 2010. It has three main objectives:

1. to take stock of recent developments in implementing the SBA;
2. to link the SBA to the Commission’s new policy agenda, Europe 2020, by including new actions under the ten principles, without changing the basic structure of the SBA;
3. to assess carefully the implementation process and governance-related issues with a view to encouraging the Member States to back up their commitments with concrete actions in favour of SMEs and to improve the instruments for collecting information on and monitoring the implementation in Member States.



A roadmap giving details on the context, objectives, options and impacts of the review is available on the Commission's EUROPA website:

[http://ec.europa.eu/atwork/programmes/index\\_en.htm](http://ec.europa.eu/atwork/programmes/index_en.htm)

## **B. Reviewing the SBA – collecting input from stakeholders**

The aim of this document is to collect stakeholders' views and comments on the implementation of the SBA as well as ideas for new actions to be included under the existing ten key principles, in order to link the SBA closely to the Europe 2020 strategy.

The first part of the document sets out some of the main SME-relevant areas of the Europe 2020 strategy, sums up related challenges and opportunities for SMEs and asks stakeholders for proposals for possible further actions. The second part focuses on getting stakeholders' input on the implementation of the SBA mainly in the Member States but also by the Commission and invites stakeholders to provide new ideas on how to improve it.

### **I. Linking the SBA closely to the Europe 2020 strategy and looking for new actions**

Linking the SBA closely to the Commission's main reform agenda, the Jobs and Growth strategy, has highlighted the economic and social importance of SMEs and provided political visibility for SME policy actions. To ensure continuity, it is essential to link the SBA closely to the Commission's new policy agenda, the Europe 2020 strategy. The aim of this strategy, which the Commission presented in March 2010, is to help the EU to come out stronger from the crisis and to become a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion.

Many of the ambitious objectives of the Europe 2020 strategy are instrumental in improving the business environment and making SMEs more competitive. For example, with a view to implementing the 'flagship initiatives' on innovation and industrial policy, the Commission is currently preparing Communications on both issues, to be adopted in the second half of 2010. The three areas of the SBA Action Plan are also well embedded in the new strategy and their implementation remains a priority for 2010. Moreover, the objectives to reduce administrative burdens, to promote internationalisation, to set up a 'Digital Agenda for Europe' and to promote a resource-efficient Europe are of particular relevance to SMEs.

To fully integrate SMEs into the key flagship initiatives of Europe 2020 Strategy, the Commission is collecting stakeholders' feedback, focusing on the following key areas:

- Enhancing the implementation of the 'Think Small First' principle
- Promoting entrepreneurship, especially among women
- Integrating SMEs into the Digital Agenda for Europe
- Turning environmental challenges into opportunities for SMEs
- Promoting internationalisation of SMEs

#### **• Enhancing the implementation of the 'Think Small First' principle**

One of the key objectives of the SBA is to integrate the 'Think Small First' principle into law- and policy-making in the EU and in Member States. In practice this means systematically consulting SME representatives when elaborating and applying legislation, evaluating the impact of forthcoming legislation on SMEs or providing appropriate business support to SMEs. While the Commission has introduced an 'SME Test' as a part of the integrated guidelines on impact assessments and applies common principles in involving stakeholders closely with its policy and law-making, the picture is more varied in the Member States. While a number of Member States have integrated an SME Test into their national decision-making approach, they remain a minority. All Member States have adopted national targets for reducing administrative burdens. While the average time and cost to start up a company is

falling and one-stop-shops are increasingly used, there is still scope for further action, in particular to shorten the time needed to complete all legal procedures to wind up a business in case of non-fraudulent bankruptcy.

- **Promoting entrepreneurship**

The SBA invites the EU and Member States to create an environment within which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded. The Commission has launched major new policy initiatives announced in the SBA, including the SME Week, the EU network of female entrepreneur ambassadors and the Erasmus for Young entrepreneurs scheme, to encourage more people to consider entrepreneurship as a career option, to stimulate the exchange of skills and mutual learning among young entrepreneurs and to promote female entrepreneurship. All these initiatives have been taken up widely by stakeholders and citizens. Member States' actions include making entrepreneurship a key competence in school curricula. Despite these positive developments, the 2010 Flash Eurobarometer on entrepreneurial mindsets shows that the number of Europeans who would prefer to be self-employed remains unchanged (45%). Also, there has been relatively little progress concerning the number of start-ups by women entrepreneurs.

- **Integrating SMEs into the Digital Agenda for Europe**

Promoting the use of ICT is included in several principles of the SBA. Both the EU and the Member States are taking action to make public administrations responsive to SMEs' needs, notably by promoting e-government. Actions to develop e-skills, to help SMEs to 'diagnose' their e-business needs and to promote electronic procurement procedures have as their objective to enable SMEs to save time and costs when dealing with administrative obligations, to find new business opportunities and to develop new models of doing business.

Setting up a Digital Agenda for Europe, one of the flagship initiatives of the Europe 2020 strategy, covers a broad range of issues directly relevant to SMEs. Electronic commerce offers new EU-wide business opportunities for SMEs, yet e-commerce figures demonstrate that they are not at present fully exploited. It is therefore essential to create optimal conditions for a well functioning e-Internal Market by creating interoperable e-services such as e-invoicing, e-government, e-procurement and EU-wide online dispute resolution systems responding to the needs of small businesses.

SMEs should also be able to participate to a greater extent in ICT research and innovation, notably through lighter and faster Community support schemes. Finally, actions to promote ICT skills among entrepreneurs and their employees should be strengthened.

- **Turning environmental challenges into opportunities for SMEs**

The Europe 2020 strategy sets as the EU the objective of becoming a resource-efficient, sustainable and competitive economy, exploiting Europe's leadership in the race to develop new processes and technologies, including green technologies. The demand for environmentally friendly products and services opens the way for new business opportunities. However, lack of information, insufficient expertise and scarcity of financial and human resources often create specific obstacles for SMEs to fully exploit the opportunities for new "green" markets. Fostering SMEs' market share in eco-industry and increasing SMEs' eco-efficiency are key for achieving a greener EU economy. The Commission will, among other things, work on a plan defining key actions necessary to achieve the energy saving potential of 20%, most notably in the transport and building sectors, with high business opportunities for SMEs.

- **Promoting the internationalisation of SMEs**

The SBA invites the EU and the Member States to support and encourage SMEs to benefit from the growth of markets outside the EU, in particular through market-specific support and business training activities. The Commission is currently establishing European Business Centres in selected markets, including India and China. Moreover, the Commission has established over 30 market access teams in key export markets to ensure closer and more action-oriented cooperation between the European Commission, Member States and business. To ensure the optimal value-added of the Commission's actions and to avoid overlapping with existing support schemes, the Commission is currently carrying out two parallel actions: analysing the needs of SMEs in third country markets and developing common guidelines for setting up EU business centres abroad.

*Please consider the following questions:*

1. *How could the Commission/Member States strengthen their actions/initiatives in the above-mentioned areas?*
2. *What new policy/legislative actions would usefully contribute to achieving the objectives set out in the above-mentioned areas?*
3. *What other areas should the Commission/Member States consider in order to make SMEs more competitive? What new action(s) would you propose?*

## **II. Implementing the SBA and improving governance**

To ensure that the Member States deliver on their commitments, the SBA governance framework needs to be adjusted. We need transparent benchmarks and indicators for assessing progress. Therefore, the Commission will take action to improve the instruments at its disposal to ensure timely and effective implementation of the SBA.

The "Europe 2020 Integrated Guidelines" which set out the framework for the Europe 2020 Strategy will be instrumental in monitoring the implementation of the SBA in the Member States. Indeed, guideline 6 focuses on measures aimed at "improving the business and consumer environment and modernising the industrial base" and covers SME policy. It also explicitly mentions the Small Business Act.

Moreover, the SME Performance Review managed by DG Enterprise and Industry will be further developed. The purpose of the Annual SME Report is to provide an overview of the size, structure and importance of the EU-27 SMEs in the European economy. It also investigates the situation of these enterprises with a particular focus on areas covered in the SBA. Last but not least, the SBA fact sheets present in a concise way the latest available statistical data as well as SBA-related policy information for the 27 Member States plus 10 non-Member States.

Finally, the Commission will explore opportunities to use existing channels, such as the Enterprise Policy Group and the regular SBA follow-up meetings, in a more efficient and structured way to collect feedback on the implementation of the SBA. Last but not least, the meetings of the Competitiveness Council and the European Parliament will continue to ensure that the SBA is kept high on the political agenda.

Questions:

4. How could the Commission better monitor the implementation of the SBA in the Member States?
5. Which role could the other EU institutions (Competitiveness Council / European Parliament) and stakeholders play in monitoring the implementation of the SBA?

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**REMARKS ON THE CONSULTATION DOCUMENT  
ON THE REVIEW OF THE “SMALL BUSINESS ACT” FOR EUROPE**

The Secretariat of the Entrepreneurship Research and Education Network among the Universities of Central- and Eastern-European Universities: ERENET disseminated the Consultation documents on the review of the Small Business Act for Europe. We received a few remarks from our Members, which we sum up as following:

1. The “Small Business Act” for Europe (SBA), launched by the Commission in June 2008 is rather a generalization of the previous documents issued by the European Commission and does not contain significant revolutionary transformation of the mindset for the European policymakers. This document was not well received especially in the new EU countries. The Governments in majority of the CEE countries did not disseminate it within the national governing authorities and action taken by national SME focal points are rather similar to the former “socialist brigade movements” established in Brussels. The SBA was not nation-wide disseminated neither via local government system, nor via mass media and majority of the population is not aware about this.

2. The set of 10 principles is rather a wish-list than concrete roadmap. The most important principle is “I Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded”. In connection with this please note, that majority of CEE countries did not adopt any legal definition yet on family business. According to document COM\_2008\_394 “As an estimated 6 million small business owners will retire over the next ten years, Europe cannot afford to risk losing these businesses due simply to difficulties in business transfers and to a lack of appreciation of the traditional role of family business.” The Cracow University of Economy jointly with ERENET organized an International Conference where researchers have started to investigate the distinctiveness of family firms, their functioning and efficiency outcomes. Everybody agreed that one of the significant problems is the succession. If EU intends to safeguard continuation of the family businesses, then the European Commission should abolish the inheritance tax. This is extremely important for nearly half of the CEE family businesses, which are on side week, and on the second the youngest generation is not keen to run the business.

3. The principle “II Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance” is an important one. However, in all new EU countries there is a lack of role model for honest entrepreneurs. Raising awareness for SMEs would be required by organizing national award for excellent entrepreneurs in various categories - like most innovative entrepreneur, eco-entrepreneur, social responsible entrepreneur, disabled entrepreneur, etc. Such kind of national award schemes could provide a nation-wide recognition and awards should be given by the Prime Minister of a given country. Mass media should focus on these excellent entrepreneurs and should hold up as a model. At time being mass media rather focus on the negative aspect of entrepreneurship reporting corrupt managers and scandals instead of positive one.

4. The principle “V Adapt public policy tools to SME needs: facilitate SMEs’ participation in public procurement and better use State Aid possibilities for SMEs” is an important one. The UK Government just intends to increase the lowest limit from 15% to 25% for SME public procurement participation. In CEE this figure is even less. It would be desirable to foster the European Commission to investigate the procedure in the EU member state and provide guideline to increase the SME participation in public procurement process between 20-30%.





## CROATIA AT THE CENTRE Split Declaration on Entrepreneurship 27 September 2010, Split

The **2<sup>nd</sup> Croatian Global Round Table** and **7<sup>th</sup> European Day of the Entrepreneur in Croatia** was generously supported and inspired by the President of the Republic of Croatia. This and similar events play an important role in boosting confidence in Croatia on its way to successfully joining the European Union.

SMEs and entrepreneurs offer the greatest job-creation potential. To realize this potential, the entrepreneurial spirit must be encouraged, promoted and maintained by society as a whole. It starts in childhood. Policymakers, educators and families must work together in a life-long process. It will ensure that inspiration and creativity generate the opportunities and prosperity Croatia deserves.

In view of these facts, the participants call upon the various societal actors to take inspiration from the following:

### **Don't Be Afraid**

Perceptions of fear and uncertainty about entrepreneurship need to be overcome. Entrepreneurs and we all need to realize that failure is a step on the road to entrepreneurial success. Families and educators need to support entrepreneurs in their aspirations and dreams. Public authorities and policymakers need to be willing to make entrepreneurship a priority.

### **Make It Easy**

A concerted effort is needed to identify and crystallize the best practices from the rich background of initiatives that have accumulated in Croatia. Building thereupon, the conditions need to be simplified for entrepreneurs with regards to founding, setting-up and conducting business. Entrepreneurs who fail, need to be helped to quickly and efficiently “get-back-on-their-feet”.

### **Push It Forward**

Concerted effort is needed to make Croatia aware of its worth and value-added in the EU and global context. Croatia must promote its entrepreneurial best-practice examples, and learn from entrepreneurial failures. Croatian products and services need to incorporate unique domestic competitive advantages.

The 2010 “Global Round Table – Croatia” participants invite Croatia to focus its efforts to become the “European Centre for Quality of Life” and call upon all relevant public actors and authorities to make the necessary resources available.



## INSTITUTIONAL PROFILE

### FIRST WORLD UNION OF SMALL AND MEDIUM ENTERPRISES CONSTITUTED IN SAN MARINO

Autor: [WUSME](#) | Erstellt am: 27.04.2010

**(Online-Artikel.de) - Dr. Gian Franco Terenzi, RSM, elected President. Dr. Norbert W. Knoll von Dornhoff appointed General Secretary**



Delegates of SMEs supporting organisations from more than 50 Countries in Africa, Asia, Europe, Latin America, USA, Russian Federation, among them Government Agencies, Chambers of Commerce and Industry, Women Entrepreneurs Organisations and Banks participated in the Conference. According to recent estimations of the World Bank, we have world wide approx. 500 million formal and informal entrepreneurs, 99% of them SMEs including Micro-Entrepreneurs. The number fluctuates with the ups and downs of the economic cycles. Though since the begin of this year, a significant rebound of the world economy can be felt, it has not yet become a recovery. Due to the crisis approx. 14 million more people, among them millions of small- and micro entrepreneurs, primarily in the less developed countries will be in poverty in this year 2010. Many of the achievements in recent years made to facilitate business of SMEs in the world, to reduce poverty in less privileged economies have seriously been jeopardised by shrinking demand for SMEs export products, increasing prices for energy and food, falling commodity prices, significant reductions in foreign investment and a general liquidity shortage. The strong interdependence among the worlds' economies made this a literally global economic crisis and human tragedy.

#### **0,005% Transaction Levy (CTL) brings annually 15 billion US Dollars for poverty reduction and crises prevention**

Knoll-Dornhoff's prediction at the conference: SMEs cannot rely alone on Governments help and financial support in times of crises. Faced with huge budget deficits and public anger, almost all counties in the world, including the US and the Countries of the European Union will have to impose a financial transaction levy soon, based on the proposal of the Nobel Price laureate James Tobin. The revenue generating potential of a levy is tremendous. A tiny levy rate 0.005 would generate proxy. \$15 billion per year, of which a substantial amount could be allocated to promote international economic development and prevent Mmes from bankruptcy in times of financial crises.

A pilot CTL pilot project initiated by WUSME shall now prove the feasibility of a CTL on a voluntary basis agreed between Governments and local Banks. WUSME President Terenzi is convinced: Micro financing has proven a critical tool in the fight for survival of SMEs in times of a crisis and for further development. Access to a range of micro finance services, savings, loans, and money transfers— enables poor families to invest in enterprise and in better nutrition, improved living conditions, and the health and education of their children.

#### **DECLARATION OF PURPOSE** decided:

The adoption of a WUSME Action Plan and Programme to include but not necessarily limited to:

1. A commitment to support and assist, as appropriate, SME and microenterprise (inclusive of those enterprises referred to as handicraft and/or cottage industries) creation, development and growth including appropriate rural activities targeting such things as continuing viability and sustainability.

2. A commitment to promote and assist in the establishment of relevant branched support services providers as appropriate.
3. A commitment to working with this vital sector to build a global networking alliance among SMEs and appropriate government and private entities, agencies, institutions and individuals supporting and promoting the ongoing creation, growth and development of SMEs and related economic enterprises and endeavors.
4. A commitment to take action as necessary and appropriate in working to create and/or strengthen a working alliance between SMEs and those agencies, institutions, groups and individuals intended to offer and provide assistance in areas such as microcredit, currency transaction levies, SME expansion and development funding, etc.
5. A commitment to creating an oversight committee dedicated to identifying and implementing best practices thereby assuring ongoing quality and continuing business improvement for the Union as well as those entities and individuals it actively supports and promotes.
6. A commitment to focus on Micro- and Small agribusiness in to the existing approaches being followed for the structural transformation, technological upgrading and economic diversification of economies, agribusiness is the key determinant of overall economic growth and poverty reduction in most developing Countries. The accelerated development of agribusiness will benefit a large majority particularly of the population in most countries of Sub-Saharan Africa, and it will enhance the well-being of both producers and consumers, generate employment, income and food security and contribute to solve the problem of increasing immigration and emigration of the local population. Access to Micro-financing for SMEs in the agro-industry will have priority for WUSME's Action Plan. Africa, Asia and South America as an important complementary strategy.
7. A commitment to give the following institutions of the Action Plan high priority:  
ISO9001 Quality Plan is the Business Plan (presented by Dennis Hughey, USA and Dr. Mohammed Tajudin Alias, Kingdom of Malaysia).

Implementation of a SME University of Entreprenology (presented by Prof. Dr. Mohammed Tajudin Alias, Malaysia)

Promotion of "Green Industry Projects" (energy production from renewable sources, e.g. water, wind, sun, waste treatment with Gas Plasma Technology (presented by Prof. Agoston L•rincz, International University of Entreprenology, USA and Hungary)

Establishment of a SMEs- Trust Foundation for Economic Development (SMETFED) funded by a Currency Transaction Levy.

Prof. Dr. Norbert W. Knoll von Dornhoff

file: <http://www.online-artikel.de/article/first-world-union-of-small-and-medium-enterprises-constituted-in-san-marino-46180-1.html>



## UNIVERSITY OF TEHRAN FACULTY OF ENTREPRENEURSHIP



Faculty of Entrepreneurship  
University of Tehran

### HISTORY

The Faculty of Entrepreneurship was founded in 2007 upon the approval given by the Tehran University's Board of Trustees on the back of the previously established Entrepreneurship Center and Entrepreneurship Department affiliated to this university. This Faculty, staffed with the most recognized entrepreneurship experts from various sectors, offers one of the most comprehensive entrepreneurship curricula for master level. It originally commenced its activities by admitting 50 students for master's degree programs soon after its inception.

### OBJECTIVES AND PRESENT STATUS

1. Offering academic programs on entrepreneurship management
2. Promoting entrepreneurial skills and knowledge in the society
3. Offering entrepreneurship education for master and PhD programs



#### Objectives of the College:

#### Objectives can be summarized as follows:

1. To offer entrepreneurial education in the three Department of:
  - New Business Creation
  - Entrepreneurship Development
  - Organizational Entrepreneurship
2. To organize education workshops, symposia and conferences in various areas of entrepreneurship
3. To organize educational workshops, symposia and conferences on knowledge management
4. To organize educational workshops, symposia and conferences on management and higher education and education quality
5. To conduct fundamental, applied and developmental research programs in the area of entrepreneurship



#### Contact

**Address:** Farshi Moghaddam 16<sup>th</sup> St., North Kargar Ave., Teheran, Iran

Telephone/Fax: +98 21 88339094-8

E-mail: entrepreneurship@ut.ac.ir and info@ent.ut.ac.ir

Web: <http://ent.ut.ac.ir>

## CALLS – EVENTS – NEWS



### European Parliament of Enterprises Brussels, 14 October 2010

For the "European Parliament of Enterprises" EUROCHAMBRES brings together **over 750 business men and women, coming from 45 European countries** who get a chance to 'become' Members of the European Parliament for one day, debating and voting on some of the most crucial topics currently at the heart of the political debate.

#### History

The "European Parliament of Enterprises" is organised by EUROCHAMBRES, the Association of European chambers of Commerce and Industry, once every two years. The first edition of the event was launched on 14 October 2008 on the occasion of EUROCHAMBRES' 50th anniversary.

The concept of the "European Parliament of Enterprises" (EPE) originated from the consideration that there is a democratic gap between the EU institutions and the main actors of economic growth which are the entrepreneurs. EU legislators do not take sufficiently into account the entrepreneurs' concerns. On the other hand, the role and functioning of the European Union are insufficiently known to businesses.

#### Aims and objectives

The EPE aims to bring companies and Institutions face-to-face for one day, so as to enhance mutual understanding.

The EPE represents a unique opportunity for businesses to have a direct debate with high representatives of the EU institutions and to provide them with a direct bottom-up feedback on EU policies.

#### Votes

During the EPE entrepreneurs also exercise their voting rights on major EU business-related issues.

The results of the votes are presented by EUROCHAMBRES to the relevant political interlocutors from all the EU institutions as "the voice of European businesses".

The "European Parliament of Enterprises" is organised with an active cooperation of EUROCHAMBRES' Member organisations.

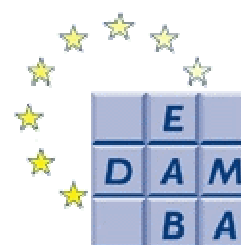
#### Registration

The "European Parliament of Enterprises" (EPE) is organised by EUROCHAMBRES with an active cooperation of its member Chambers.

Within each member Chamber an **EPE National Coordinator** has been appointed. Besides assisting EUROCHAMBRES in designing the content of the event, identifying the topics for debate and preparing resolutions for voting, National Coordinators are responsible for the recruitment of entrepreneurs corresponding to the number of Members of the European Parliament of Enterprises allocated to their country.

Therefore, questions related to the potential participation of companies in the EPE should be addressed to the National Coordinator of the relevant country.

For further information see <http://www.parliament-of-enterprises.eu/index.php?cid=01&tid=home>



## 3rd EDAMBA WINTER ACADEMY ON DOCTORAL SUPERVISION & THE NEW GLOBAL RESEARCH SYSTEM

Grenoble Ecole de Management  
25-28 October 2010

Building on the success of the first two EDAMBA winter academies that took place at Grenoble Ecole de Management in 2008 and 2009, the Grenoble Ecole de Management is pleased to announce the 3rd EDAMBA Winter Academy from October 25-28, 2010.

### Aims

The fourth cycle in the 'Bologna process' targeting newly appointed or/and junior faculty to benefit from best practice in doctoral supervision against a background of the emerging global research system is clearly identified as a key issue for our community of doctoral programs in Management and Business Studies.

Developing competent supervisors for addressing the increasing shortage of doctorally qualified faculty in Business and Management Studies in European Universities and Business Schools has become a major concern. Hence, developing research capacity has been identified as a core activity of EDAMBA for our members

### Target Audience

The Winter Academy is targeted at newly appointed doctoral supervisors, or/and potential supervisors who have recently gained their doctorates and work in Management and Business Schools of our network, but do not have yet a successful PhD or DBA completion in their record.

They will mostly benefit from exchanging across institutional, disciplinary and geographical boundaries, fostering a dialogue in an intellectually stimulating and rather intimate environment, learning from best practices throughout Europe and beyond.

### Format

The size of the group will be limited to about 30 doctoral supervisors (mainly junior faculty with a doctoral degree gained in the past 3 to 5 years of their career) coming from a broad range of Business and Management disciplines and from our network of doctoral programmes throughout Europe and beyond. A dozen or so members of senior faculty will also participate in the academy, mentoring and teaching through small group teaching, lectures and informal seminars over an intensive 5-day period. A certificate of attendance will be awarded to all participants.

### Content

For detailed programme outline, please click [HERE](#)

**Some places still available. Please contact Nina Payen at [payen@eiasm.be](mailto:payen@eiasm.be) or  
Mrs Isabelle Ne - [isabelle.ne@grenoble-em.com](mailto:isabelle.ne@grenoble-em.com)**

### Registration Fee and Form

Registration Fee: 475.00 euros. This does not include travel and hotel accommodation. Participants should make their own hotel booking and travel arrangements to and from the Grenoble Ecole de Management

### Contacts:

Dimitris Assimakopoulos - [dimitris.assimakopoulos@grenoble-em.com](mailto:dimitris.assimakopoulos@grenoble-em.com), Professor and Director of Doctoral Programs, Grenoble Ecole de Management & EDAMBA Secretary General

<http://www.grenoble-em.com/linclab>

Winter Academy Administrator, Mrs Isabelle Ne - [isabelle.ne@grenoble-em.com](mailto:isabelle.ne@grenoble-em.com)

Source: <http://www.edamba.eu/r/default.asp?Id=MFHJG>



## AIM and SCOPES

In the 20th century, the provision of education that relates to an individual's interests, needs, expectations and global expectations is gaining importance day by day. Moreover, the match between an individual's characteristics with the environment in which learning takes place, together with the management of those learning environments are also important. In this framework, the conference aims to bring together educational scientists, administrators, counselors, teachers, graduate students and members of NGOs to discuss theoretical and practical implications of learning, teaching and administration in a scientific environment.

So, we invite all colleagues, researchers, academicians, graduate students, teachers and project leaders around the world to submit their original research articles and review papers to this leading international conference.

## CALL FOR PROPOSAL

Dear Colleagues

We would like to invite you to submission proposals for the "WORLD CONFERENCE ON LEARNING, TEACHING AND ADMINISTRATION" which will take place on October 29-31, 2010, at the American University in Cairo in Egypt.

In the 20th century, the provision of education that relates to an individual's interests, needs, expectations and global expectations is gaining importance day by day. Moreover, the match between an individual's characteristics with the environment in which learning takes place, together with the management of those learning environments are also important. In this framework, the conference aims to bring together educational scientists, administrators, counselors, teachers, graduate students and members of NGOs to discuss theoretical and practical implications of learning, teaching and administration in a scientific environment. So, we invite all colleagues, researchers, academicians, graduate students, teachers and project leaders around the world to submit their original research articles and review papers to this leading international conference.

The proceedings of the conference will be published in *Procedia – Social and Behavioral Sciences Journal* by ELSEVIER ([www.elsevier.com](http://www.elsevier.com)) and will be indexed Science Direct, Scopus, and Thomson Reuters Conference Proceedings Citation Index (ISI Web of Science). In addition, there are keynote speakers who will also give workshops. You will also have a chance to discuss your work, should you wish to publish it with the editors of the most respected journals in the world, while making close connection with them.

Let's meet the historical and holiday city in Cairo in Egypt.

PROF. DR. HAFIZE KESER  
President of the Conference

The scope of the conference includes, but is not limited to; the following major topics as they relate to:

- Active Learning
- Administration of Education
- Adult Education
- Affective Learning
- Arts Teaching
- Asynchronous Learning
- Behaviorist Learning
- Biology Education
- Blended Learning
- Chemistry Education
- Classroom Assessment
- Classroom Management
- Classroom Teacher Education
- Collaborative Learning
- College and Higher Education
- Constructivist Learning
- Content Development
- Counseling Underperformers
- Course and Programme Evaluation
- Critical Thinking and Problem Solving Development
- Curriculum and Instruction
- Democracy Education
- Desktop Sharing
- Developmental Psychology
- Digital Content Creation, Preservation and Delivery
- Distance Learning
- E-administration
- E-assessment
- Education and Culture
- Educational Administration
- Educational Technology
- E-learning
- E-Learning Strategies
- E-Library and Learning Resources
- Embedding Soft Skills in Curriculum Development
- Enhancing and Integrating Employability
- Environmental
- Faculty Development and Support
- Future Learning Trends and Globalization
- Gaming, Simulation and Virtual Worlds
- Guiding and Counseling
- Healthy Education
- High School Teacher Education
- History Education
- Human Resources in Education
- Human Resources Management
- Human Rights Education
- Humanistic Learning
- Information Literacy Support for Teaching, Learning and Assessment
- Innovation and Changing in Education
- Innovations in e-Assessment
- Innovative Teaching Strategies
- Institutional Audit and Quality Assurance
- Institutional Performance
- Instructional Design
- Instructional Design
- Knowledge Management in Education
- Language Learning and Teaching
- Language Teacher Education
- Learner Centered Strategies
- Learners Diversity, Inclusiveness and Inequality
- Learning and Teaching Research Methods
- Learning Assessment and Evaluation
- Learning Disabilities
- Learning Psychology
- Learning Skills
- Learning Theories
- Lifelong Learning
- Measurement and Evaluation in Education
- Middle School Teacher Education
- Mobile Learning
- Multi-cultural Education
- Multiple Intelligences
- Music Learning and Teaching
- New Learning Environments
- New Learning Web Technologies
- Nursery Education
- Outcome-based Education
- Performance Assessment
- Physics Education
- Portfolio Assessment
- Pre-school Education
- Primary School Education
- Professional Development
- School Administration
- Science Education
- Science Teaching
- Social Networking and Interactive, Participatory Applications and Services
- Social Sciences Teaching
- Special Education
- Sport and Physical Education
- Strategic Alliances, Collaborations and Partnerships
- Student Diversity
- Student Motivation
- Supporting Students Experience
- Table of Specifications
- Teacher skills
- Teacher Training
- Technology and the Learning Environment
- Virtual Classroom Management
- Vocational Education
- Web Conferencing

## ORGANIZING COMMITTEE

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Prof. Dr. Hafize Keser

### Executive Board

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For further information see from <http://www.wc-lta.org/index.htm>

**INTERNATIONAL CONFERENCE “FROM APPLIED RESEARCH TO  
ENTREPRENEURSHIP: PROMOTING INNOVATION-DRIVEN START-UPS AND  
ACADEMIC SPIN-OFFS”  
AND  
CAPACITY-BUILDING SEMINAR “INTELLECTUAL PROPERTY MANAGEMENT AT  
PUBLIC RESEARCH ORGANIZATIONS”**

Kiev, Ukraine, 9 – 11 November 2010

**Dear colleague,**

On behalf of the United Nations Economic Commission for Europe (UNECE) and the Ministry of Education and Science of Ukraine, I am pleased to invite you to the above-mentioned International Conference and Capacity-building Seminar.

The International Conference is the third and final in a series of events covering three interrelated thematic areas of the Programme of Work of the UNECE Committee on Economic Cooperation and Integration: entrepreneurship and enterprise development; financing of innovation and commercialization of intellectual property rights. Its objective is to discuss major issues related to the establishment of an enabling environment for setting up new innovative companies and developing their competitive advantages through the commercialization of the results of their research and development activities. It will also consider ways and means of facilitating the interaction between knowledge institutions and business sector to support research-based entrepreneurial opportunities. The Capacity-building Seminar, organized in conjunction with the Conference, will tackle the issue of intellectual property management at public research institutions.

Drawing on the exchange of experiences and good practices, both events will discuss policy options to facilitate the emergence of new innovation-based enterprises and their growth at the initial stages of their life cycle. Proposals from the participants may provide a background for practical recommendations to government bodies dealing with the commercialization of intellectual property, innovation cycle and the promotion of small and medium-sized enterprises, and contribute to future capacity-building activities by the UNECE secretariat in this area.

No conference fee is charged for participation in the two events. Travel and accommodation expenses are borne by the participants.

If you have any further questions, please contact:

Mr. Iouri Adjoubei or Mr. José Palacin  
Tel.: (+41 22) 917 2488 Tel.: (+41 22) 917 1643  
Fax: (+41 22) 917 0178 Fax: (+41 22) 917 0178  
E-mail: iouri.adjoubei@unece.org E-mail: jose.palacin@unece.org

We look forward to your active participation in the forthcoming UNECE Conference and Capacity-building Seminar in Kiev.

Yours sincerely,  
Rumen Dobrinsky  
Director, Economic Cooperation and Integration Division, UNECE



## 2ND INTERNATIONAL CONFERENCE ON SMALL BUSINESSES AND ENTREPRENEURSHIP

24 – 27 February, 2011  
Nicosia, Cyprus, Golden Tulip Nicosia Hotel

### CALL FOR PAPER

Hosted by Eastern Mediterranean University (EMU),

Supported by The European Council for Small Business and Entrepreneurship (ECSB)



Sponsored and supported by Cyprus Turkish Chamber of Industry



Supported by The Management Research Centre (MRC) at EMU



The Organizing Committee for the “*2nd International Conference on Small Business and Entrepreneurship*” invites you to submit abstracts.

#### Who should attend this conference?

* Researchers	* Entrepreneurs	* Consultants
* Teachers	* Policy makers	* Doctoral students

#### Tracks

- Financial crises and its impact on SMEs
- Competitiveness of SMEs
- Women and gender issues
- Micro-Financing issues
- Entrepreneurship
- Electronic commerce, Technology transfer
- Human resource management
- Government policy
- The role of SMEs in economic development and growth
- Case studies of SME developments in regional economies
- International Business

#### Publication Opportunity

Papers accepted for the conference will be published in the conference proceedings (full manuscripts), subject to author registration. The proceedings will have an ISBN number. Selected papers presented at the Conference will be considered for publication in the "Journal for Women's Studies" and "Review of Social, Economic and Business Studies"

#### Submission Guidelines

1. All competitive paper submissions and special session proposals are blind reviewed by multiple reviewers. Authors should avoid identifying themselves in the text.



2. Abstract of the papers should be between 200-250 words, and the summary should not be more than 1000 words.
3. All paper submissions must not have been published, accepted for publication, or be under consideration for publication elsewhere. And, if under review, must NOT appear in print before the Conference.
4. Each submission should be covered with a title page indicating authors' names, affiliation, academic rank, mailing address, telephone number and e-mail address. Please indicate the author to be contacted.
5. You can send more than one manuscript or proposal to the conference. However, submit your manuscript or proposal for only one track. If you are unsure which track to choose for submission, please contact the Conference Chair. (Dr. Mustafa TÜMER - [mtumer@emu.edu.tr](mailto:mtumer@emu.edu.tr))
6. At least one author of each accepted paper must attend the Conference.
7. Presentations and proposals should be in English
8. Please specify any special equipment that will be required.
9. Papers will be accepted for presentation at the conference on the basis of competitive review. Final papers accepted for presentation (full manuscript) will be published in a book with an ISBN number. A proceedings with abstracts of all papers will be published and distributed to all attendees.
10. Proposals should be sent (e-mailed) to the MRC (Management Research Centre) and the conference assistant, Mr. Ali MAYBOUDI. ([ali.mayboudi@emu.edu.tr](mailto:ali.mayboudi@emu.edu.tr))
11. You can download the submission guidelines in .pdf format from the conference web site (<http://www.emu.edu.tr/sbconf>)

### Conference Secretariat

Management Research Centre  
 Department of Business Administration  
 Eastern Mediterranean University  
 Famagusta – North Cyprus  
 E-mail: [ali.mayboudi@emu.edu.tr](mailto:ali.mayboudi@emu.edu.tr)  
 Web: <http://www.emu.edu.tr/sbconf>

### For Travel and Accommodation

All travel and accommodation will be organized by the Cyprus Tourism Centre

<http://www.cyprustourismcentre.com/>

<http://www.goldentulipnicosia.com/>

### IMPORTANT DATES

Abstract Submission deadline:	29 September 2010
Notification of Abstract acceptance:	11 October 2010
Final copy of full paper due for review:	25 October 2010
Notification of paper acceptance:	4 November 2010
Earlybird registration period:	5 October - 15 November 2010
Final paper due (with changes):	15 November 2010
Final author registration date:	15 November 2010

## PUBLICATIONS

### Small businesses benefit from internationalisation

Internationalisation is vital for SMEs to prosper in an increasingly competitive world and could contribute to sustaining employment, according to a recent study. The survey maps the level of internationalisation of European SMEs, identifies the main barriers and advantages of internationalisation and proposes policy recommendations.



The European Commission-funded study, “[Internationalisation of European SMEs](#)”, was carried out in 2009 and analyses all modes of internationalisation, namely direct exports, direct imports, foreign direct investment, subcontracting and international technical co-operation. (See [http://ec.europa.eu/enterprise/e\\_i/news/article\\_10487\\_en.htm](http://ec.europa.eu/enterprise/e_i/news/article_10487_en.htm))

The study finds that there is a direct link between internationalisation and increased SME performance: international activities reinforce growth, enhance competitiveness and support the long-term sustainability of companies. Consequently, two main points highlighted by the study are: there are economic welfare gains from increasing the number of internationally active SMEs, and public support should play an important role in promoting greater internationalisation.

### Internationalisation of European SMEs



One important finding of the study is that a quarter of SMEs in the EU export or have exported at some point during the last three years. However, international activities are mostly geared towards other countries inside the Union's single market and only about 13% of EU SMEs are active in markets outside the EU. Nonetheless, European SMEs are more internationally active than their US and Japanese counterparts.

### It pays to internationalise

The study found a strong correlation between SMEs being internationally active and having better than average business performance scores. Although part of this may be due to 'self-selection', in the sense that SMEs with better performance are more likely to be active internationally, it is also probable that there is a direct, positive effect on the performance of enterprises that become internationally active. Indeed, the development of revenue streams in 2008 compared to 2007 showed a positive correlation between being internationally active and higher turnover growth. Internationally active SMEs also reported higher employment growth from 2007 to 2008 than other SMEs, and international SMEs tend to be more innovative. Therefore, the internationalisation of SMEs could play an important role in sustaining employment as well.

The survey also underlines that public support mechanisms can play a pivotal role in the promotion of greater internationalisation and help address perceived barriers to internationalisation, such as providing better access to information and access to financial support. Despite these benefits, public support goes largely unnoticed: only 16% of SMEs are aware of public support programmes for internationalisation and only a small number of SMEs actually utilise it.

The report also notes that not all public support is equally effective: public support must target areas where there is a market failure, and must set clear quantitative objectives and targets, establish monitoring tools and assess the results.

### Best supporting role

The study makes a number of recommendations on how public support programmes can better aid SMEs. First and foremost, there is a need to increase awareness of the benefits of internationalisation among SMEs and provide easier access to public support. Information and counselling campaigns aimed at SMEs that are potentially international traders should be strengthened, and the type of support offered needs to be adapted according to the stage of international development of the firm.

Governments also need to improve the access of micro and small SMEs to existing public financial support mechanisms and to relevant information sources. Lack of capital figured prominently in the survey. The study found that larger SMEs are generally more aware of public support programmes, and that financial support is generally more used the larger the enterprise.

Public bodies should also consider a unified approach to support measures aimed at stimulating innovation and internationalisation as there is a strong link between both. Internationally active firms more often introduce product, service and process innovations and 60% of internationally active SMEs developed these new products or services by themselves.

### A world of innovation

The survey results confirm that firms see innovation both as being necessary to enter foreign markets and as a consequence of foreign market activities,. This is reinforced by the fact that competition from foreign enterprises on home markets is a main driver for innovation.

Policy instruments for international business should not only be aimed at potential exporters but also at importers. While the focus of policy instruments is generally on exports, SMEs most often start their internationalisation process with imports and later go into export markets. Furthermore, policies should be developed to support greater use of the internet by SMEs and especially of e-commerce as this lowers barriers for internationalisation for smaller companies.

The high cost of internationalisation is a major barrier to SMEs, something that the report accepts is to some extent a 'fact of life'. Over the past few decades, however, major decreases in several areas, such as costs of communication and transport, have occurred. Public policy should contribute to reducing some of the other cost elements, including tariffs and quotas and other barriers to trade.

The source of the article is quoted:

Enterprise & Industry magazine

([http://ec.europa.eu/enterprise/e\\_i/index\\_en.htm](http://ec.europa.eu/enterprise/e_i/index_en.htm)), © European Union, 2008 - 2010

## THE CZECH GOVERNMENT PREPARES FOR RAISING THE DOMESTIC EMPLOYMENT RATE



Raising the employment rate to 75% is one of the five priorities of a draft ten-year economic plan unveiled by the European Commission in March, called 'Europe 2020'. The strategy defines five headline targets at EU level, which member states will be asked to translate into national goals reflecting their differing starting points:

- Raising the **employment rate** of the population aged 20-64 from the current 69% to 75%.
- Raising the **investment in R&D** to 3% of the EU's GDP.
- Meeting the EU's '**20/20/20**' objectives on greenhouse gas emission reduction and renewable energies.
- Reducing the share of **early school leavers** from the current 15% to under 10% and making sure that at least 40% of youngsters have a degree or diploma.
- Reducing the number of Europeans living below the **poverty** line by 25%, lifting 20 million out of poverty from the current 80 million.

(EurActiv 03/03/10).

The Czech labour market was hit hard by the economic crisis and the new government will need to implement key reforms if the country is to achieve its employment target under the 'Europe 2020' strategy. EurActiv.cz reports from Prague.

In June, the Czech government approved the country's own target: a 75% employment rate among 20-64 year olds by 2020 – the same figure as the EU's overall objective

"Raising the employment rate is one of the key factors for future growth, especially in view of the current [unfavourable] demographic development of the Czech Republic," *Václav Kužel*, head of the employment policy strategy department in the Ministry of Labour and Social Affairs, told EurActiv.cz

"It is a basic condition, not only for our future competitiveness, but also for the EU as a whole. We are an inseparable and interconnected part of it," he added.

To achieve its national goal, the Czech Republic has set itself a number of partial targets: raising the employment rate among women to 65% and among older workers to 55%; reducing unemployment among 15-24 year olds by a third (compared with 11% in 2010); and reducing unemployment among lower-skilled workers by a quarter (compared with around 13% in 2010).

### New government unlikely to change targets

The Czech targets are the result of negotiations between the European Commission and the government of former Prime Minister Jan Fischer. Although the Commission's suggestions are only indicative, it is possible that the new coalition government, led by *Petr Nečas* of the centre-right Civic Democratic Party, will decide to renegotiate the figures.

A source close to *Juraj Chmiel*, a former European affairs minister, does not think that this will happen. "The goal was set with respect to the needs of the Czech economy, in other words to maintain or even increase the living standards of the citizens of the Czech Republic. From this point of view, there are no reasons for it to be reassessed," he told EurActiv.cz.

However, *Václav Kužel* from the Ministry of Labour and Social Affairs believes it is possible that Nečas's cabinet could make some changes to the goals. "The new government could reassess the national partial targets in terms of priorities or how to meet them," he said.

Despite the impact of the crisis, the most recent figures published by the Czech Statistical Office suggest that the downward trend is ending, with the unemployment rate also falling by 1.4% in the latest quarter. Based on this, *Kužel* believes that the national target is "achievable and desirable within the next decade," despite the current situation

### **Impact of crisis over?**

But is the Czech employment objective really achievable? During the first half of the last decade, the employment rate in the country gradually improved. In 2000, the rate among 20-64 year olds was 70.9%. Two years later it reached 71.7% and by 2008 it had reached a high of 72.4%.

But the onset of the financial crisis and its impact on the labour market reversed the positive trend, as the employment rate for 2009 shows: it fell to 70.9% that year, the lowest figure in the previous ten years.

*Václav Kužel* notes that the crisis "hit mostly agency workers, foreign workers, older workers and negatively influenced the prospects of young people entering the labour market". As some sectors were hit harder than others – the construction and processing industries in particular – male employees were more affected than female ones, he explained.

### **Reforms and revisions required**

What does the Czech government intend to do to fulfill the employment goals? "In order to accomplish whichever country-specific goal of the Europe 2020 strategy, it is essential to restart economic growth," said *Kužel* from the Ministry of Labour and Social Affairs.

The country is therefore going to proceed with structural reforms and will try to boost labour flexibility, starting with a revision of its labour code. It will also work to cut administrative red tape for companies and seek to simplify conditions for SMEs.

An ongoing national debate has identified several weaknesses that may obstruct implementation of the objective, the Ministry for Labour and Social Affairs noted. Among others, the inflexibility of the labour market and a lack of coordination between employment policy and other policies have been cited as key issues.

Source: <http://www.euractiv.com/en/priorities/czechs-prepare-major-job-market-reforms-news-497637>

The Hungarian government has pledged to create one million jobs over the next ten years – an ambitious plan that would help bring the country's employment rate up to 70% by the year 2020. EurActiv Hungary reports.

If it succeeds in this ambitious venture, Hungary may even go beyond the suggested goal. Yet the country – which will assume the rotating EU presidency in January 2011 – has not yet decided on an exact national target.

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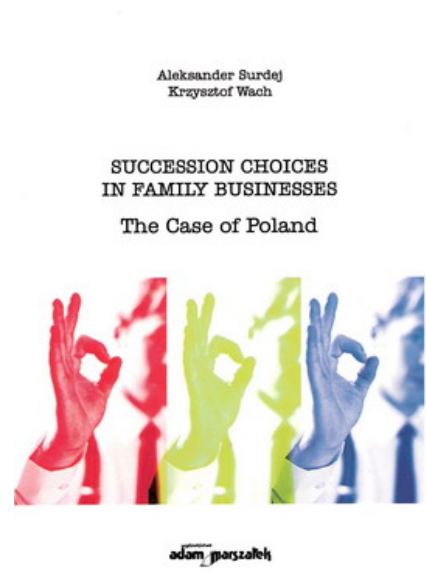
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