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Published by:

ERENET NETWORK
 Small Business Development Centre,
 Corvinus University of Budapest

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www.erenet.org

© ERENET PROFIL, 2011
 ISSN 1789-624X

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SPRING MESSAGE OF THE SCIENTIFIC DIRECTOR



Distinguished ERENET Members and Friends,

The Spring fairy waved her magic wand and the nature has been burst into bloom. The frosty nights are over and yesterday in the garden, while celebrating the 163rd anniversary of the glorious 1848 Revolution and Fight for Freedom, I planted my pansies and geraniums listening to the song of the thrush. On the TV we heard Viktor Orbán PM speak from the steps of the National Museum. He reminded us that 1848 and 2010 brought revival and the oath of 15 March that, "We will not be slave". It is a pledge fundamental for all Hungarian. Viktor Orbán went on to say that "since the invasion of

the European communism, the Hungary has fought and sacrificed more for freedom and independence than any European nations. Truly to our oath in 1848 we did not tolerate dictates from Vienna, nor would we tolerate this from Moscow in 1956 and 1990. Nor should we allow such interference from Brussels or anywhere else today".

The solemnity of the ceremony was profoundly affected by the cry of pain from the Japanese tsunami and earthquake. Cars, ships and buildings were swept away by a wall of water after the 8.9-magnitude tremor. Japan is facing its most difficult time and crises since World War II. Fresh footage of the disaster zone indicates that the death toll could easily top 20,000. This catastrophe highlights the weakness of the mankind, who believes that man alone can control everything. Suddenly it turned out that we are only pebbles on the seashore in the hands of the Lord. And now we are facing an appalling manmade disaster through nuclear catastrophe at the Fukushima Daiichi and Daini nuclear power plants.



The European Commission's announcement that "to the best of our knowledge, these events have no effected on Europe's population whatsoever" is hardly cheering. On the one hand it is true, however, we are members of a global community and it is a statement that smacks of cynism. We are all sitting in the same boat and should empathise with the pain of the Japanese people. Almost 25 years have passed since the Chernobyl disaster in 1986 with an accident free nuclear industry but Europe has reason to be nervous. Traditional European anti-nuclear industry activists are already demonstrating against a European nuclear revival joined by new adherents. Clearly, there is an urgent need to examine the nuclear safety of all European nuclear plants and think of a safer way to generate energy not only in Japan. As of 14 March 2011 the EU statement is utterly superficial. At the present time, it appears there is no coherent strategy on what should be done to avoid a similar situation.

The Hungarian EU Presidency is naturally affected by the current world turmoil. There are hiccups in the CAP reform process and the old EU members are reluctant to give up their privileges. The Economic and Financial Affairs Council is tackling regulations on the effective enforcement of budgetary surveillance in the EURO zone to prevent and correct macroeconomic imbalances. The wave of the Arab protest is creating a headache, especially the events taking place in Libya and linked into EU relation with Gadaffi. Ideally, the EU would like to see Gadaffi in exile but the implications are far from simple. The scenario of a possible invasion of illiterate unskilled migrants from Africa is disturbing. Already there has been an outpouring of North African refugees to the Island of Lampedusa. Many EU member States, including Hungary, think "nothing would force Europe to go to war with the Arab countries" as Viktor Orbán remarked, stressing that "military operations could result in losing the trust of Arab nations, and must be avoided." And I fully agree with this statement but there is also the question of our responsibilities when leaders deny the human rights of their people.

Dear Friends, the Easter is coming soon. Let us hope that the Resurrection to work for greater peace and prosperity across the world. I wish you all ERENET Members and our Readers Happy Eastern Holiday!

Dr. Szabó Antal
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THE ROLE OF THE ERENET NETWORK IN HARMONIZING THE UNIVERSITY ENTREPRENEURIAL EDUCATION SYLLABUSES IN CENTRAL-EASTERN EUROPE AND IN DISSEMINATION OF THE BEST PRACTICES

ABSTRACT

The paper presents the historical background of the establishment of the Entrepreneurship research and Development network among the Central and Eastern European Universities - ERENET. It presents the basic declaration, its legal status, iam and main fields of activities. Special emphasis is given to strenghten the Central European Set of Values. It describes the main projects carried our by ERENET and summariyes the major events. Last it refers to the basic international relations of the organization.

JEL code: F53, L26, L31

PREFACE

Between September 1994 and August 2005, the author of this paper was employed by the United nations Economic Commission for Europe (UNECE) as Regional Adviser.

The United Nations Economic Commission for Europe (UNECE) was set up in 1947 by the Economic and Social Council (ECOSOC). It is one of five regional commissions of the United Nations. Its major aim is to promote pan-European economic integration. To do so, UNECE brings together 56 countries located in the European Union, non-EU Western and Eastern Europe, South-East Europe and Commonwealth of Independent States (CIS) and North America. All these countries dialogue and cooperate under the aegis of the UNECE on economic and sectoral issues.

When it was established, UNECE was given the mandate of helping to rebuild post-war Europe, develop economic activity and strengthen economic relations between European countries and between them and the other countries of the world. However, the Iron Curtain and the American anti-Communist policy separated East and West, in consequence of it shortly after ECE's establishment forced it to deal only with questions that were of common interest to East and West, despite their different economic systems and their political and ideological confrontation.

During the Summit of the US President George Bush and USSR Leader Mikhail Gorbachev on 2-3 December 1989 in Malta the end to the Cold War was declared. In consequence of the changing political world situation, in December 1992, the UN General Assembly adopted his proposal with its historic Resolution A/47/199, that highlighted the need for its activities to "be streamlined and rationalized, especially in the interrelated areas of programming, execution, decentralization, monitoring and evaluation, thus making the UN system more relevant and responsive to the national plans, priorities and objectives of developing countries, and more efficient in its delivery systems." As result of this structural reform some functions carried out from the headquarters in New Your were transferred to the regional commissions including the UNECE. During 1994-1995 hundreds of workshops on transition issues were conduced by the UNECE. This program was supplemented by the introduction of regional advisory services in nine major filed of activity, including the post on Regional Adviser for Industry and Technology, for which the Author was selected.

In 1994, the first Advisory Workshop on Industrial Restructuring for selected CEE and NIS was organized in Geneva with participation of high-level policy-makers. During the Workshop it turned out that the majority of the transition economies and also the advance market ones have no idea how to launch the former centrally planned economies towards the market economy based on private small and medium-sized sector. Dunja Partizzi-Ferencic, the Deputy Executive Secretary of the UNECE following a long discussion

drew my attention to the importance of this issue. She made a significant remark mentioning that the Western market economies have neither idea, nor recipe how to assist the transition economies in this issue, so we have to start everything from the base by trying to develop a model for the creation of the private SME-sector, and provide regional advisory services to the Governments of the 27 transition economies.

Between 1995 and 1998 the Integrated Model for the development of the SME Sector was elaborated including the methodology of comparative analyses of the SME sectors in these countries and the Index of the Development of the SME sector. During my UNECE carrier I visited almost all the transition economies and organized more than twenty high-level international conferences and workshops.

HISTORICAL BACKGROUND OF THE ESTABLISHMENT OF THE ERENET NETWORK

On 1-2 April 2004, the UNECE organized an Expert Meeting on "Good Governance for SMEs", which focused on current governance practices and analysed models of SME governance in countries with advanced market economies, in new and prospective EU member countries and in countries with economies in transition. The Expert Meeting also explored the situation at the micro-level, how SMEs understand corporate governance, what their problems are and what governments and non-governmental organizations can do to help them. The Meeting highlighted also the elements and importance of business ethics aspects as well as business and corporate social responsibility.

During the discussions Dr. Péter Szirmai, former Director of the Small Business Development Centre (SBDC) at the Budapest University of Economic Sciences and Public Administration - today it renamed as Budapest Corvinus University - has been called for co-operation amongst the Colleges and Universities in Central and Eastern Europe dealing with entrepreneurship and SME research and education. Participants from Croatian, Germany, Romania and Slovenia, and other experts expressed their interest in creation of a Central and Eastern European College and University Network on Entrepreneurship and SMEs with participation of departments dealing with these issues as well as individual academicians from these unites.

In the spring 2004, a Meeting was held at the Budapest University of Economic Sciences and Public Administration chaired by Prof. Tamás Mészáros, Rector of the University, with participation of the representatives of the leading Hungarian colleges and universities and the Regional Adviser on Entrepreneurship and SMEs of the UNECE, and the participants agreed on the creation of the Hungarian Network of Departments dealing with entrepreneurship and SME research and education activities.

Until the end of 2003, a historical period terminated, when majority of the Central and Eastern European countries as well as the Baltic states finished the transformation of their political and economic systems from the planned economy into a market one. The transition in these countries has radically taken place, however, young market economies and fresh entrepreneurs and enterprises are bound to face tremendous challenges in the European market competition. On 1 May 2004, eight CEE countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) and two Mediterranean countries (Cyprus and Malta) joined the European Union. This was the largest enlargement in terms of people and number of countries. Unfortunately this enlargement took asymmetrically place, since the older member states placed several restrictions on the free movement of people, agricultural support and others.

In this process the education plays a significant role in brand new Central and Eastern European entrepreneurs closing up and becoming equal competitors of their more fortunate and well established Western European partners. Basically it was a demand to gather the "start-up" entrepreneurship lecturers from CEE, majority of them who were former economic academics with Marxism and Leninism background and ideology, update their knowledge on entrepreneurship and enrich their experiences via leaning the best education experiences.

Following the meeting held in 2004, Dr. Peter Szirmai, Associate Professor of the Small Business Development Centre (SBDC) of the Corvinus University of Budapest (CUB) and me elaborated the Project on "Cooperation and networking amongst entrepreneurship and SME research and education colleges and universities in Central and Eastern Europe", which was circulated among several CEE and Hungarian institutions of higher education and universities. The concept of the project can be downloaded from the ERENET home-page. [1]

In Spring 2005, based on the positive answers of several university experts, the **Entrepreneurship Research and Education network among the Central and Eastern-European Universities** - called **ERENET** - was established at the Corvinus University of Budapest. ERENET is an acronym from **EntREpreneurship NETwork**.

BASIC DECLARATION

The higher education in Europe play and essential role in society, creating new knowledge and transferring it to students and the adult generation, fostering innovation. Europe has about 4,000 higher education institutions with 19 million students and around 1.5 million staff. there are many attempts to harmonize the curricula in Europe, however, the Bologna process did not justified so far. The two major tasks of the European Union are economic growth and employment. Europe needs to stimulate **entrepreneurial mindsets of young people**, encourage the start-ups, foster the culture which is most friendly toward entrepreneurship. The institutions of higher education has to **teach the most up-to-date business and entrepreneurial knowledge** to the future intellectuals, while they also have to open up towards economic actors and take part in **offering existing enterprises extracurricular, postgraduate trainings and education**.

Institutions of higher education as well as signers of the Declaration on the Establishment of ERENET have already taken the first steps as curriculum of fundamental importance have already been prepared, organisational units (e.g. research centres, departments and small business development centres, etc.) focusing on the conveyance of entrepreneurial knowledge and on carrying out research in their domestic SME sector have also been established. The creation of this network was an initiative of Dr. Péter Szirmai, and Dr. Antal Szabó, Regional Adviser on Entrepreneurship and SMEs of the UNECE.

The **Declaration on the Establishment of the ERENET Network** was signed on 22. April 2005 during the International Entrepreneurship Experts Meeting at the Corvinus university of Budapest by representatives of 12 CEE universities and the UNECE Regional Adviser on Entrepreneurship and SMEs. Founding members are academicians from universities and institutions of higher education from Osiek (Croatia), Cluj and Tirgu Mures (Romania), Belgrade (Serbia), Košice (Slovakia) and Ljubljana (Slovenia). From Hungary lecturers/academicians from the universities of CUB, Miskolc, Veszprém, Szeged, the Heller Farkas High School, experts of the Europrofessional and Poziteam signed the declaration. The full text of the Declaration can be downloaded from the ERENET home-page. [2]

Signatories to the declaration recognized the mutual benefit of the cooperation and coordination, the possible advantages of entrepreneurial research within the framework of the network, and the successfulness of harmonized approaches in development of high-level teaching materials.

At time being ERENET has 170 Members from 41 countries not only from CEE but also from nearly the whole European area, Canada, US and event Venezuela. The ERENET Network as a pan-European organization became a member of the European Small Business Alliance with Headquarters in Brussels. [3]

LEGAL STATUS

ERENET is an **open-ended research and development network** based on partnership relation among its Members. Both institutions of higher education and researchers as private individuals can join the network created in order to realise above outlined objectives. ERENET has no deed of foundation in form of international contract. According to international practice it is an unregistered contract type organization. The Members based on sovereign decision participate in specific project, support each other's events, and contribute with their scientific research results, publications to common intellectual capital. This is an indispensable condition of valid membership.

The coordination of the international network is undertaken by the Hungarian membership organisation. The managing agent called **Permanent Secretariat** is the Small Business Development Centre (SBDC) at the Corvinus University of Budapest. (At the establishment of the network it called Budapest University of Economic Sciences and Public Administration.) The network is moderated and the activities are organized by the Scientific Director of the ERENET. In 2009, the Institute for Economics Sciences based in

Belgrade became the **ERENET South-Eastern Secretariat**. The **Plenary Organization** is the **Annual Meeting**, and everybody has right to participate in it. The next, Fifth Annual Meeting will be held in May 2011 in Budapest during the Hungarian EU Presidency. ERENET has an Exclusive Board which consists of the members of the International Board of the own periodical ERENET PROFILE.

There is no membership fee in the network. The free of charge membership significantly contributed that members from the CIS and SEE countries could join the ERENET. Actual activities are performed with "shared intelligence", in other words the coordination and operation of different research, development and other tasks can be undertaken by any members of the network provided with necessary resources and capacities.

THE AIM OF THE ERENET AND ITS MAIN FIELDS OF ACTIVITIES

In order to realise above objectives, associating institutions have determined actions as follows:

- In order to create the organisational framework of their cooperation, they establish an international network of higher education on teaching and investigating entrepreneurship.
- Regularly and continuously provides exchange of information, making each other acquainted with their curriculum and researches.
- Elaboration and implementation of common research projects by taking advantage of international cooperation.
- In order to provide financial sources of outlined researches, they collectively apply for support in multilateral, pan-European projects.
- Organising conferences, workshops, seminars in the field of entrepreneurship and SME-development issues.
- Promotion of exchange of their professors, researchers and possibly students showing considerable interest in enterprise development, furthermore they also support students participating in integrated courses and education.
- They develop an Internet network with links of all participating departments.
- In the beginning only on a national level, however, later on also internationally they create a forum for publications in order to exchange, document and distribute their research results. The forum for publication is fundamentally an internet-based periodical nevertheless not excluding the publishing of special issues and unique publications.
- By keeping requirements of education development in mind, they collectively elaborate new syllabus and curriculum.
- Results of common research projects are regularly exchanged on workshops, conferences and round table discussions by taking advantage of researchers' personal mobility.

CENTRAL- AND EASTERN-EUROPEAN SET OF VALUES

In addition to the professional interest of the ERENET network it has a far-reaching aim to strengthen the Central- and Eastern-European set of values. During the past centuries the Great Powers left rather chaotic and full of hatred nations. The doctrine of Maria Theresia "Divide et impera", the 1848-49 War of Independence, the attempt in Sarajevo, the Treaty of Trianon, the horrors of the I. and II. World War, the disintegration of the Soviet Union and Yugoslavia are illustrative examples of this process. This is why the CEE lecturers prefer to cooperate with professionals from the old Europe and beyond the sea instead of the neighbouring countries. And what is more, if some high-level policy-makers ignore the rule of the multiethnicism and punish their minority citizens for using the mother tongue, after this you won't be surprised if national authorities are hesitating to answer a call for cooperation from the neighbouring capital.

There is a need for paradigm shift, and ERENET wish to be on the cutting edge in this field. We have to unite our activities and cooperation against considering us as second-hand citizens by Brussels.

I highly value the Polish-Hungarian Friendship Memorial inaugurated by Presidents Lach Kaczyński and László Sólyom in 2006 in city Győr. The memorial in fact is two oak-trees holding on to each other, and

this symbolizes the thought from Stanislaw Worcell to paper in 1849 as following: *"Hungary and Poland are two eternal oak, which are grown in a separate tribe, but the roots run far underground, invisibly linked and intertwined. Therefore, one is the existence and strength of the other life and health condition."* And this thought is valid also to the ERENET Members. We are interdependent and we have to fend ourselves. We can be successful if we respect each other and cooperate between ourselves.

ERENET HOME PAGE

The mission, the founding declaration, list of members and our activities can be followed from the ERENET home page at <http://www.erenet.org>. The home page is edited by the Scientific Director and the Secretary as web-master. In 2010, the ERENET home-page received more than 100,000 hits.

ERENET PROFILE

ERENET PROFILE

In 2006, in the line of the aim, an Internet-based periodical called ERENET PROFILE was created. The Mission of the ERENET PROFILE is to present and entrepreneurial curricula, their philosophy and best practices, as well as the national and regional enterprise development policies of the countries of the members. We highlight the major events relating to entrepreneurship and SMEs every quarter, present the findings, conclusions and recommendations of those events in which ERENET members took place of those international events which have major significance for our members. The ERENET PROFILE introduces the institutions and organizations of the ERENET Members and other ones which arouse public interest. It draws attention to the coming entrepreneurship and SME-related events, present main points of the news from the EU and international organization. Last but not least offers book reviews.

The ERENET PROFILE has an international registration in the ISSN - International Standard Serial Number - Network. The identification code is: **1789-624X**.

In 2008, following the first ten issues we prepared a hard copy anthology titled as **4E Entrepreneurship in Eastern European Economy**. So far 21 issues were prepared. All previous periodicals can be downloaded from the home-page <http://www.erenet.org>. At time being we are compiling the continuation of the anthology.

The US Congress Library referred to the ERENET PROFILE as one of the best source of information on entrepreneurship and SME-sector from CEE.

MAIN PROJECTS

In connection with the aim of ERENET below please find summaries of six projects which were carried out by ERENET and its Members:

1. COMPARATIVE ANALYSIS AND BENCHMARKING OF BUSINESS INCUBATORS IN SELECTED CEE AND CIS COUNTRIES [4]

The project aimed at supporting the design and establishing business support institutions in transition and emerging market by analyzing the best practices in business incubation process in selected Central-Eastern European countries (CEE) and Commonwealth of Independent States (CIS). 13 countries participated in the project by preparing national studies on business incubation in their countries. The Workshop on "Benchmarking Business Incubators in Selected CEE and CIS Countries" held on 23 June 2006 at the CUB in Budapest. The Workshop was organized by the financial assistance of the Norwegian SINTEF within the framework of The Foundation for Scientific and Industrial Research at the Norwegian Institute of Technology through ENTRANSE. The Canadian Business Incubator Association provided assistance in financing the participation of the national expert from Moldova, while the OSEC office at Yerevan financed the participation of their experts.

The Workshop was aimed at:

- Sharing experiences in best practicing in business incubation in CEE (Croatia, Hungary, Poland, Romania, Serbia, Slovakia and Slovenia); and

- Discussing the modalities on how to design, establish and manage business incubator in the new EU countries in emerging and transition economies, which could operate in a sustainable manner in such a way, that those to contribute to the creation of a sound SME-sector.

Within the framework of the project a harmonized questionnaire was prepared filled and analysed by national experts. The replies are evaluated by Ph.D. students of the SBDC of the CUB jointly with the former president of the Polish Association of Business Incubators and Innovation centers. and a benchmarking document was prepared. [5]

2. STRATEGIES FOR THE DEVELOPMENT OF ENTREPRENEURSHIP AND THE SME SECTOR IN THE BLACK SEA ECONOMIC COOPERATION REGION - BSEC

Since the launch of the initiative of the Black Sea Economic Cooperation (BSEC) in 1992, it has evolved into a full-fledged regional organization with the establishment of the Permanent International Secretariat (PERMIS) in Istanbul in 1994 and adoption of its Charter in 1999, supported by the Black Sea Trade and Development Bank based in Thessalonica. Now it has 12 members - Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Serbia, Ukraine and Turkey.

The core element of the political and economic transformation of any country in transition is the creation of a sound private sector and further development of SME & entrepreneurship. These are considered as the principal driving forces in economic development. SMEs promote private ownership, stimulate innovations and develop entrepreneurial

The adoption in Istanbul on 27 September 2001 of the document entitled "Declaration on Small and Medium-sized Enterprises at the Dawn of the 21st Century" by the Ministers in charge of SMEs as well as the subsequent establishment of the Working Group on SMEs (WG on SMEs) on 16-17 May 2002, have been timely steps in the right direction. Today SMEs rank high in the priority list of BSEC.

In order to assist to analyse the SME sector development in the BSEC region, especially in the transition economies as well as in the new or associated EU countries, the PERMIS BSEC and Konrad Adenauer Stiftung decided to organize a high-level policy meeting on achievement and task in the entrepreneurship and SME development policies to be held at the end of 2007 at the BSEC Headquarters in Istanbul. This project aims at elaboration of the background document for this meeting.

International experts from Armenia, Azerbaijan, Russia, Serbia and Turkey and the former UNECE Regional Adviser on Entrepreneurship and SMEs, Scientific Director of the ERENET Network prepared a Discussion Paper on "Strategies of the Development of Entrepreneurship and SME Sector in the Black Sea Economic Cooperation Region", which served as a background paper for a High-level Meeting held on 22-24 November 2007 in Istanbul. All experts preparing evaluation of the SME sector in geographically neighbouring countries are Members of the ERENET Network, and express their views independently from their Government authorities or any political parties. The Strategic Document was well received by the BSEC Governments and serves as a guiding material for further development of the SME sector in individual countries as well for the BSEC WG on SMEs. [6]

3. STRENGTHENING THE EDUCATIONAL AND SCIENTIFIC COLLABORATION AMONG FACULTIES OF ECONOMICS WITHIN V4 AND COUNTRIES OF SOUTH EASTERN EUROPE [7]

Strengthening the educational and scientific collaboration among Faculties of Economics within V4 and countries of South Eastern Europe (No. 30810004 - IVF) is a research project realised by an international consortium of partners, co-financed by International Visegrad Fund. Project started on 1 September 2008 and lasted for 22 months.

Project aims at joining educational institutions of Economics for establishing mutual educational and scientific network of teachers and researchers from corresponding V4 countries and neighbouring countries. This project reaches the priority "Sharing V4 know-how with neighbouring regions". A network established within this project will coordinate the mobility of Faculties' project personnel; prepare workshops on best practices in educational area within Investment, Banking and Business oriented study programmes. Moreover it has been 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 will be 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 will accelerate the exchange of research results, comments and ideas for starting further common project collaboration in near future. The project was implemented under the coordination of Dr. Renáta Vokorokosová, Associate Professor, Department of Investment and Banking, Faculty of Economics, Technical University of Košice.

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. Consortium members were:

- University of Economics in Bratislava, Faculty of National Economy
<http://nhf.euba.sk/>
- Silesian University in Opava, School of Business Administration in Karviná
<http://opf.slu.cz/>
- College of Social and Administrative Affairs, Havířov
<http://www.vsss.cz>
- University of Pardubice, Faculty of Economics and Administration
<http://www.upce.cz/fes/index.html>
- Czestochova University of Technology, Faculty of Management
<http://www.pcz.pl>
- University of Miskolc, Faculty of Economics
<http://www.uni-miskolc.hu>
- Union University of Belgrade, Belgrade Banking Academy
<http://www.ien.bg.ac.rs>

During the implementation of the project the participating institutions made acquainted with new teaching methodology including the distance learning and e-learning, visited each institutions and agreed on further cooperation.

4. HARMONIZATION OF ENTREPRENEURIAL TEACHING PROGRAMS

4.1. EDARO Project

In mid 2007, the Management-Economy department of the Faculty of Economics, Law and Administrative Sciences at the Petru maior University of Tirgu Mures in cooperation with the ERENET Network has been launched the **Project on "Researcher Regarding Harmonization of Entrepreneurial Education of Romanian Universities with the EU and Eastern European Universities (EDARO)"**. [8] The purpose of this project is to collect current practice in entrepreneurship education at the Romanian universities as well as collect best practices and curriculums in entrepreneurship education in the old, new and associated EU countries as well as in North-America in order to develop and establish an advance similar education in the country too. The research is oriented to an educational component which support the economy based on knowledge and innovation, entrepreneurship, sustainable development, elaboration and development of the research networks. The project gathered information in the field of investigation and implementation of the entrepreneurial education in the Romanian universities, specialized institutions of Romania and European Union. The presented astudies were analysed and discussed on International Conferences on Economics, Law and Management - ICELM – in 2007, 2008 and 2009 in Tirgu Mures and the 3rd ERENET Annual Meetings in Budapest. The current practices in entrepreneurship education are collected. We looked out the European continent and highlighted some of the achievements made in North-America (Canada and US) as well as in advanced Middle East (Lebanon).

One of the cornerstones of the project was a Roundtable on "Entrepreneurship Education" held within the framework of the ICELM3 Conference on 5 June 2008 in Tirgu Mures.

The finding and studies are collected in a book "Comparative Studies on Entrepreneurship Education - National Case Studies" was prepared. [9]

4.2 Project on "European Entrepreneurship Education" ERASMUS-ECDM

In 2008-2009, the European Commission financed a **Project on European Entrepreneurship Education** under the supervision of the Petru Maior University in Tirgu Mures (Romania). In this project the Fachhochschule Frankfurt am Main – University for Applied Science (Germany), Université de Strasbourg IUT Louis Pasteur Schiltigheim (France), Miskolc University (Hungary), Technical University in Kosice (Slovakia) and Petru Maior University took place. The international teaching staff prepared 6 harmonized teaching materials on the following subjects:

1. Sustainable Development and Business Opportunities [10];
2. Entrepreneurial Creativity and Innovation Management [11];
3. Entrepreneurship [12];
4. Business Planning [13];
5. Small Business Administration [14]; and
6. English for Business [15].

These materials are already in the teaching curricula of these institutions.

5. THE REACTION AND PROTECTION MECHANISMS OF SMALL BUSINESSES AGAINST THE STRESS-FACTORS OF THE INTERNATIONAL FINANCIAL AND ECONOMIC CRISIS IN SOME COUNTRIES OF THE CENTRAL AND EASTERN EUROPEAN REGION

The international financial and economic crisis is such a global and overall concept that has evident interest on the economy of all European countries. At the same time it is also evident that this effect may be different in the single countries or even in the regions. There are places where the circumstances are very critical, there are some other ones where these effects are shorter-term, and we may suppose that the restructuring processes have winners, too.

In 2009, Small Business Development Center of Corvinus University of Budapest, based on the intellectual basis of ERENET research network, undertook to explore the developed Hungarian circumstances and features after the economic crisis with the help of an examination, built on a detailed and overall empirical data acquisition. Furthermore it collects information about this issue for selected CEE countries in form of **national expert studies**. Our research work was invited for and is supported by one of the biggest CEE financial companies. It exercises considerable influence on the region, since it has interest and offices in eight countries altogether. So the bank has share in collecting information about the local appearance and feature of the global crisis in order to improve its strategy. ERENET members from Bulgaria, Croatia, Romania, Serbia, Slovakia and Ukraine were involved in the research work. The topic and also the title of the research was: **□The reaction and protection mechanisms of small businesses against the stress-factors of the international financial and economic crisis in some countries of the Central Eastern European region□**

The global economic recession and crises significantly affected the Central- and Eastern-European (CEE) countries, the new member States, especially the export oriented ones due to the devaluation of their national currencies. The recession has been increased and the crises more sever and expanded than it was prognosed by optimistic politicians and governmental economic research institutions. The economic crises hit especially the SME-sector in each country, where due to weaker financial position and lack of orders SMEs in large number were ruined. In any case the economic crisis indicates that the free market economy is not a panacea and not a perfect system for safeguarding the economic welfare of the mankind. Certain countries in different manners provided assistance for survival of the sector and diminishing the consequences of the crises.

The summary of the research on the impact of the economic crises in six CEE countries is published in the ERENET PROFILE. [16]

EVENTS ORGANIZED BY ERENET

One of the aims and main activities of the ERENET Network is organizing conferences, workshops, event on entrepreneurship, innovation and SME-related subjects. The passage below highlights some of the events in the line of the ERENET aim. The main institutions actively invilved in these events are the Permanent International Secretary of the organization of the Black Sea Economic Cooperation jointly with the Turkish Representative of the Konrad Adenauer Foundation, the Petru Maior University of Tirgu Mures and

the CUB.

ROUND TABLE ON "INCREASE INVESTMENT IN HUMAN CAPITAL THROUGH BETTER EDUCATION AND SKILLS - EXPERIENCES FROM THE EU" - ZAGREB

On 6 October 2006, ERENET and the J.J. Strossmayer University organized a Round table on "Increase investment in human capital through better education and skills" in the Congress Hall V. Lisinski in Zagreb. This event was organized within the framework of the 3rd European Day of Entrepreneurs - EDE 2006 - in Zagreb. The Roundtable raised awareness about new role of the education systems in EU and Croatia, in particular in the field of higher education and entrepreneurship education. Roundtable analyzed and compared several programs in entrepreneurship education in order to learn from the best practice and share the experiences. The experiences of the universities in creating and developing entrepreneurship education, as well as strategies for collaboration such as networking, creating supporting infrastructure, private-public partnership, etc. were presented and best practices identified. A number of forming and governance challenges such as gaps in policy, strategy, and capacity, hinder responsiveness, accessibility and accountability of the entrepreneurship education. The main papers and conclusions on the EDE 2006 Round Table can be found in the ERENET PROFILE Vol.I. No.4. [17]

ROUND TABLE ON "HOW TO BECOME SUCCESSFUL AND SOCIALLY RESPONSIBLE ENTREPRENEUR? - LEARN FROM EXPERIENCE" - BUDAPEST

The European Academy of Science and Art (EASA) made an important initiative, when decided to devote the 2006 Budapest Round Table to the issue of Successful and Social Responsible Entrepreneurship. It was also a right decision to ask ERENET, to be a partner of this event and assist finding appropriate participants and moderators to facilitate dialogue in this field. ERENET Secretariat called its Members, the YES for Europe as well as YES for Hungary to delegate students and entrepreneurs experts. The Bank of Sweden Tercentenary Foundation, Korral Partners A/S from Denmark, Atlantis Research Organization from Greece and the Hungarian National Commission for UNESCO provided financial assistance to organize this event on 10 November 2006 at the premises of the Hungarian Academy of Sciences.

The selection of the subject is very appropriate, because it is the time to wake up political and governmental leaders to move from its lukewarm place the European economy, which is in the state of suspended animation and promote entrepreneurship in order to make the new and enlarged Europe a favourable place to work and live. Rediscovering the entrepreneurial spirit of Europe through better regulation, education, access to finance and innovation are the primary goals. It is not accidental, that in November 2005, the young European entrepreneurs, the YES for Europe requested the European Parliament to stimulate *EntrepreneurShip* and lower the sail with a stormy but well managed wind of change in the EU.

This time - more than 40 participants – entrepreneurs, start-ups and successful ones, venture capitalists, students and academicians from 13 countries sit at the Round Table. But the lively discussions soon had the audience involved.

The Round Table was proud to have two international experts to moderate the discussions. Both Professor David Smallbone, - BSc (Econ), MSc, Hon PhD, Professor Small Business and Entrepreneurship and Associate Director of the Small Business Research Centre – SBRC – at the Kingston University – and Professor János Vecsenyi, - Full Professor of Entrepreneurship at Budapest Corvinus University, Small Business Development Center and Head of Training and Development at GE Consumer Finance-Budapest Bank Hungary.

The main points of discussions included the following

- To be a successful entrepreneur (moderated by Prof. Vecsenyi)
- To be a socially responsible entrepreneur (moderated by Professor Smallbone)
- To be young, creative, innovative entrepreneur (moderated by Prof. Vecsenyi)
- Lessons to learn from successful young and socially responsible entrepreneurs (moderated by Professor Smallbone)

The Budapest Round Table adopted a Memorandum, dedicated to Professor László Sólyom,

President of Hungary, and the European Economic and Social Committee, which was presented by Dr. Gilbert Fayl, Secretary of External Affairs of EASA, the organizer of the event. This Memorandum see in the news session of the ERENET PROFILE Vol.II, No.5. [18]

5th EUROPEAN DAY OF THE ENTREPRENEUR IN CROATIA - CROATIAN GATEWAY TO GROWTH - ZAGREB

The ERENET Scientific Director moderated the Conference on Employment through Education at the Almeria Centre in Zagreb held during the 5th EDE event on 1-2 October 2008. Some 60 participants including 40 high-school and university students attended this event. Other events run parallel in rather faraway places from each other. Several ERENET Members participated in this event. I wish to express by special thanks to Mrs. Visna Mc.Master, an innovative entrepreneur, founder and business owner, whose enthusiastic contribution raised the attention of the audience – especially youth – toward entrepreneurship.

The subject of this Conference was appropriate both in Croatia as well as in the old and new EU countries. By 2010, half of the jobs available in Europe will require people with high skills. Only 15% will be available for those people who have only primary education. The Croatian current structure of the labour force – only 7.8% with higher education while 50% with primary education – does not fit with the future requirements in closing up with the Europe and shows the direction where the education Government and the society should go.

In addition to encourage the entrepreneurial spirit among the citizens there is also a need to encourage the entrepreneurial thinking at the government level as well.

There is an important task in increasing skill by developing and redefining the education. The Croatian Government has to improve its educational and training policies to make these more responsive to anticipated changes in the labour market.

WORKSHOP ON ENTREPRENEURSHIP IN COMPARATIVE PERSPECTIVE - LONDON

The University College London - School of Slavonic and East European Studies is one of the world's leading specialist institutions, and the largest national centre in the UK, for the study of Central, Eastern and South-East Europe and Russia. More than 60 academic staff work at UCL SSEES, teaching and conducting research in the history, economics, politics, sociology, anthropology, culture, literature and languages of the countries of the region.

On 3 November 2008, the UCL SSEES Centre for the Study of Economic and Social Change in Europe and ERENET organized a Workshop on "Entrepreneurship in Comparative Perspective" at the UCL SSEES Building in London. The program of the Workshop see below:

SESSION I Chair: Simona Iammarino (University of Sussex)

- Igor Filatotchev (Cass Business School)
Strategic Flexibility, Governance and Knowledge in Threshold Entrepreneurial Firms
- Saul Estrin (LSE), Julia Korosteleva, Tomasz Mickiewicz (UCL)
Determinants of High-Growth Entrepreneurship in Comparative Perspective
- Slavo Radosevic (UCL) and Maja Savic (Birkbeck)
Knowledge Intensive Entrepreneurship in Central and Eastern Europe. Results of Firm Level Survey

SESSION II Chair: Natalia Isachenkova (Kingston University)

- Friederike Welter (JIBS) and David Smallbone (Kingston University)
Entrepreneurship in Transition Economies
- William Bartlett (University of Bristol) and Mirela Xeneti (Kingston University)
Entrepreneurship in the Western Balkans
- Antal Szabó (ERENET, Budapest), Tigran Sukiasyan (OSCE Yerevan Office), Ishkhan Karapetyan (SME Development National Centre of Armenia)
Entrepreneurship in the Southern Caucasus

ECONOMICS SCIENCES IN THE 21ST CENTURY" - BELGRADE

The Institute of Economic Sciences - IES - was founded in 1958 as Department for Economic Researches and Methodology Planning of the Federal Bureau for Economic Planning. The Institute operated under this name until 1963 when, according to former Federal Executive Council Regulation, it became Yugoslav Institute for Economic Research. In 1969 the Institute got its current name. The IES, as a research institution deals with scientific research in the field of macroeconomics, microeconomics, regional economic development, development studies of national and world market, beside the activities in consulting, professional training, and education related to current business economics, management, marketing, entrepreneurship, financing, banking, etc. The long tradition of successful business activities along with high professionalism of the employees in research engagement by many national and international organizations and institutions.

This event held on 4-5 December 2008, was milestone in the recent SEE economic development. Beside the celebration of the past 50 years it paved the way for further economic cooperation and regional development. The Session on Entrepreneurship and SME Activities was organized in cooperation with ERENET. This conference was a high-level events. Practically all main academicians and economic experts from the succession states of the former Yugoslavia plus experts from old and new EU countries and overseas attended this event. The papers are available in form of a book issued by the Institute of Economic Sciences. [19]

The author expresses the thanks of the ERENET Secretariat to the IES's Management offering IES to become the Secretary for SEE. ERENET considers this region more wider as just the Balkan countries, but it should be include all the countries after the disintegration of the former Yugoslavia, plus Albania, Bulgaria, Greece, Moldova, Romania and Turkey.

INTERNATIONAL SCIENTIFIC CONFERENCE ON ENTREPRENEURSHIP AND GROWTH OF FAMILY FIRMS - CRACOW

The research on family business is now a well established, but still expanding area of study. As the media, scholar community and public in Poland is increasingly curious of how the family companies perform on the market, the Department of European Studies and the Department of Entrepreneurship and Innovation from the Cracow University of Economics, together with the Entrepreneurship Research and Education Network of Central European Universities (ERENET) organized on 4-5 June 2009 the **International Scientific Conference "Entrepreneurship and Growth of Family Firms"**. The conference was held in Cracow, at the campus of Cracow University of Economics. Almost 40 scholars from 20 countries took part in this interesting event. Dr. Krzysztof Wach from the Department of Entrepreneurship and Innovation, and Prof. Dr. Aleksander Surdej, head of the Department of European Studies played and extremely hard work in bringing experts and organizing this event. The conference participants were welcome by the co-organizer Dr. Antal Szabo. Financial support for the conference was provided by Polish Ministry of Science and Higher Education (MNiSW), Polish Agency for Enterprise Development (PARP), the Municipality of Cracow (UMK) and the Italian Culture Institute of Cracow (IIC). The conference was an event within the research project "Succession scenarios in the first generation of family firms in Poland" financed by Polish Ministry of Science and Higher Education realized by Prof. Aleksander Surdej and Dr. Krzysztof Wach at the Faculty of Economics and International Relations at Cracow University of Economics.

Conference Topics:

- The idea and determinants of entrepreneurship in modern economies.
- The relations between entrepreneurship and family firms
- The advantages and disadvantages of family as a vehicle for entrepreneurship.
- The impact of family entrepreneurs on local development: spatial dimension of entrepreneurship.
- Challenges of family firms' succession.
- Various research approaches to study family firms' development and growth.
- Public policy instrument to promote the growth of entrepreneurship.

Outcome of the Conference:

The family business must face several challenges. The most visible difficulty in the family firm development is how to maintain the control on the company by the family, when the company expands, gains foothold in the new markets and diversify its activity. There are also problems of balancing the values of a family with the economic effectiveness of the enterprise, and of course the issue of succession, i.e. the heading over the control over the company to the new generation.

It was suggested that Cracow University of Economics should be a centre of excellence for family businesses and let organize jointly with ERENET regular biannual event on this subject.

Cracow University of Economics - CUE - has designed the conference as a meeting point to discuss past, present and future tendencies with regard to entrepreneurship and family firms as well as to share ideas on modern entrepreneurship and family firms research. Main papers presented at the Conference can be found in the ERENET PROFILES Vol. IV, No.4 and Vol. V, No.1 as well as in the book titled *Managing Ownership and Succession in Family Firms* issued by CUE. [20]

PRE-CONFERENCE ON "ENTREPRENEURSHIP IN TIME OF CRISES" - BUDAPEST

The 23rd Researching Entrepreneurship and Small Business - RENT - Annual Conference held in November 2008 in Budapest, aimed to encourage discussions about entrepreneurship and growth. Scholars as well as practitioners commonly associate business growth with entrepreneurship. In addition, the European Council has also set the objective to breed European gazelles by 2010. Connecting the conference with the actual economic situation CUB in collaboration with the European Council of Small Business and Entrepreneurship and ERENET organized a pre-conference forum for collaboration among policy-makers, advisors, practitioners and conference participants on the issue of Entrepreneurship Policy in Times of Economic Crises. This event was held on 18 November 2009 and the CUB, in Budapest.

Most of the discussion surrounding the current economic crisis has focused on the implications for large businesses and their hiring and investment decisions, or households and their employment possibilities. One overlooked and underemphasized aspect of the issue is the impact on small and medium-sized firms. The crises in fact has had deep implications to entrepreneurship since SMEs have the least access to retained earnings, and have to rely most on bank credit as opposed to capital markets. And of course for new firms, startup capital will be even harder to access.

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

As part of the pre-conference ERENET organized a Forum Round-table on Forum: Breeding Gazelles and Sustainable SMEs in the Time of Economic Crisis (Chaired: Dr. Antal Szabó). The panelists of the Forum were Dr. Péter Szirmai (Corvinus University of Budapest, Hungary), Dr. Sanja Pfeifer (J.J. Strossmayer University of Osijek, Croatia), Dr. Eric Dejan (Institute of Economic Sciences, Serbia), Dr. Zsuzsanna Katalin Szabó (Petru Maior University, Romania), Dr. Krzysztof Wach (Cracow University of Economics, Poland), Dr. Vincent Šoltés (Technical University of Košice, Slovakia) and Dieter Ibielski (UMU, Germany)

The participation fee of the regular RENT conferences are relatively very expensive. Experts from CEE and CIS could not afford to participate in these event. Therefore, the ERENET supported by the CUB invited experts and discussants free of charge. Some 60 participants from 35 countries attended the pre-conference.

WORKSHOP ON "THE HUNGARIAN SME POLICY - EVALUATION AND POSSIBLE FUTURE DEVELOPMENT" - GYŐR

Similar to everywhere in Europe, micro, small and medium-sized enterprises (SMEs) play a determining role in the Hungarian economy. These enterprises during the past two decade of the transition

followed the way of the creation of the private sector in the transition economies. The regulatory framework could not followed the requested changes, and the governing elite considered the only possibility of creation of the private sector by mass privatization, while it neglected the establishment and development of the private sector based on sound SME sector. The political elite never used the scientific approach for creation and development of the SME sector.

On 11 April 2010, Hungary faced Parliamentary election followed by the formulation of a new Government. This process provided a new change to correct the direction of the economic policy, its means, the regulatory framework and within it the creation of a business friendly condition for SMEs. The Hungarian Session of the ERENET Network decided to review the current national SME policy, its strength and weaknesses and highlights those issues, which could lead to adjustment of the current not effective policy and assist the new Government to adjust its policy for entrepreneurship development.

The Hungarian Branch of the ERENET consists of the most excellent experts from 14 Hungarian universities and high-schools, the Hungarian Academy of Sciences and the Hungarian Enterprise Development Network Consortia. ERENET has kept an eye on the situation of the indigenous SME-sector, and has compared it from time to time with the CEE and EU countries. Workshop on "The Hungarian SME Policy - Evaluation and Possible Future Development" was organized on 27 March 2010 at the Szécheny István University in Győr by ERENET and the Szécheny István University in cooperation with the Hungarian Enterprise Development network Consortium.

During the Workshop the following main topics were discussed:

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

The Workshop adopted recommendations - called Győr Declaration - for the **elaboration of a new national SME enterprise development policy**. Following the Parliamentary election the Győr Declaration was sent to the new Prime-Minister Viktor Orbán, the Minister for National Economic development Mr. György Matolcsy and all parliamentary political parties. [21]

COOPERATION WITH INTERNATIONAL ORGANIZATIONS

EUROPEAN SMALL BUSINESS ALLIANCE - ESBA

<http://www.esba-europe.org/>



The European Small Business Alliance was founded in 1998 by 8 independent national small business associations. It is a non-party political group, which cares for small business entrepreneurs and the self-employed and represents them through targeted EU advocacy and profiling activities. ESBA also works towards the development of strong independent advocacy and benefits groups in European countries. ESBA's new website, which provides an innovative approach to communication amongst business organisations, reflects these three main fields of activity.

Today, ESBA is one of the largest organisations based on voluntary membership in Europe. Through its direct membership, associate membership and cooperation agreements, the Alliance now represents almost one million small businesses and covers 35 European countries. Increased support and recognition, internally and externally, however will only be achieved through tangible results. Through implementation of its 'Vision 2020' and the corresponding business plan, this is what ESBA is constantly striving to achieve on behalf of its

members and SMEs in Europe.

In 2006, the ERENET become an Associated Member of the European Small Business Alliance (ESBA), which was approved by the ESBA Board at the ESBA Board Meeting of 15-16 September in Amsterdam. ESBA and ERENET agreed to exchange information and send to each other all relevant information. We highly appreciate the issue of the ESBA Bulletin with ESBA views on EU news and views on entrepreneurship. Recently ERENET commented the review of the EU SBA, so ERENET's voice and opinion can be heard at the European Commission level in Brussels.

The ERENET Secretary send to its members the most important documents published by ESBA. We also provided contact information for ESBA for exploring the cooperation with Croatia, Poland and Serbia. In consequence of our activity ESBA prepared a country study on Croatia and UMIS became a member of the ESBA.

Since the ESBA President, Tina Sommer, is also the Chairperson of European and International Affairs of the Federation of Small Businesses (UK), ERENET got an invitation as a honorable guest to participate in the FSB Annual Meetings from 2008 held in London, South Wales, Aberdeen and Liverpool.

In December 2010, ESBA has been awarded the European Public Affairs Award 2010 in the category "European Trade Association of the Year". ESBA has been working hard to fight for recognition by the Institutions of micro-enterprises as a separate group of businesses that needs a tailored approach when legislating. People hear the word "micro" make faces, however, one should not forget that 91% of all enterprises in EU are microenterprises! This is why the advocacy is ESBA's core activity, and hereby it is also a very important issue for the ERENET's member countries.

Permanent International Secretary of the Organization of the Black Sea Economic Cooperation (PERMIS BSEC) and the Turkish Representative of the Konrad Adenauer Foundation (KAS)

<http://www.bsec-organization.org/> és <http://www.kas.de/tuerkei>

Since 1997, as Regional Adviser on Entrepreneurship and SMEs of the UNECE, the Scientific Director of ERENET developed and established special relationship with the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS) and the Representation of the Konrad-Adenauer-Stiftung (Foundation) (KAS) for Turkey. The KAS regularly organizes SME-related workshops and events in the BSEC region. The programmes of these workshops are designed by the Scientific Director of ERENET including nomination of keynote speakers. This fact provides good opportunities to include appropriate and highly specialized ERENET Members.

Following the High-level Meeting held on 22-24 November 2007 in Istanbul, representatives of the ERENET assisted in compiling programmes and moderating the BSEC-KAS workshops:

- June 2008 Social responsible entrepreneurs and SMEs (Moscow)
- April 2009 Development of young entrepreneurs (Istanbul)
- October 2009 Women entrepreneurs and SMEs (Chisinau)
- May 2010 SMEs in the era of global economic crises (Tirana) and
- October 2010 Entrepreneurial education of SMEs (Belgrade)
- July 2011 High-level meeting on the strategies of the SME sectors in the BSEC region (Istanbul)

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ENTREPRENEURSHIP EDUCATION IN SERBIA

ABSTRACT

The paper elaborates the importance as well as current situation in entrepreneurship education in Serbia. Although Serbia generally achieved considerable progress in implementation of the European Charter for Small Enterprises in many areas, it is evident that referent score for entrepreneurship education and training in Serbia is relatively low comparing other dimensions. National Strategy for the Development of Competitive and Innovative SMEs, adopted in 2008, recognized the role of entrepreneurship education as the necessary precondition for the future development of entrepreneurial economy based on knowledge and innovations. In this context, policy measures have been identified that should contribute to the more dynamic development of the entrepreneurship education in Serbia. The programmes of entrepreneurship have not been integrated in the existing system of elementary education in Serbia. Progress was made regarding the integration of entrepreneurship education in the secondary vocational schools. At the university level, programmes educate «about entrepreneurship» rather than «for entrepreneurship», providing knowledge about key elements of entrepreneurship, but fail to create and improve abilities and skills to implement entrepreneurial behaviour in the real business environment. All participants in the entrepreneurship education process are expected to shift from traditional methods of teaching to methods of learning which support entrepreneurial spirit, creativity and intuition. But, it is absolutely clear that the education for entrepreneurship is not only a lecturing activity and that future development requires much more than good curriculum. Universities are expected to be entrepreneurial. Teachers and students should turn themselves into entrepreneurs, while the interaction of the universities with the community should follow entrepreneurship patterns.

JEL code: L26, M53, P43

1. IMPORTANCE OF ENTREPRENEURSHIP EDUCATION

The importance of entrepreneurship education derives from the essence of entrepreneurship as a key developmental resource, pro-active way of thinking that puts innovations in the centre of its interests. Increasing dynamics of technological changes, globalisation as well as impact of financial crisis bring tremendous challenges to entrepreneurs. Entrepreneurship is crucially important for processes of market positioning under the conditions of unpredictable environment. This is especially true in the context of the world economy recession having in mind that it is always a trigger for the release and closing jobs. One of the best responses to these challenges is orientation on human resources and strengthening of entrepreneurial competencies. Entrepreneurship has been recognised as a basic skill in the process of permanent (life-long) learning.

Entrepreneurial education has a strong European dimension, as a key policy instrument for the achievement of Lisbon Agenda goals. This is why the European Commission adopted in 2008 the Small Business Act for Europe (formerly the European Charter for Small Enterprises¹), which was verified by the Council of Europe in December 2008. Similar to the European Charter for Small Enterprises, this document also contains 10 key areas for the development of SMEs and is, basically, conceived as a shift from guidelines to real, targeted activities.

¹ The European Charter for Small Enterprises contains 10 key areas which serve as benchmarks to Western Balkan countries for measuring progress achieved in the development of SMEs and entrepreneurship. Also, based on the achieved results, comparison between countries which participated in the process of implementation of this document could be carried out.

Entrepreneurship education has been promoted and practically implemented in educational system of the EU countries at all levels of both formal (from primary to university education) and informal education. The EU Expert group defines entrepreneurship education not only as a process of preparation, education and trainings for creating business, but in a wider context as a process of developing entrepreneurial way of thinking, entrepreneurial skills and certain personal characteristics and qualities which do not directly refer to creation of business. Entrepreneurship is treated as a way of thinking which can be applied in different fields of life and work. The aims of such education, which has been realised at different levels, entail the following: raising awareness among the participants of the educational process on the importance of taking over responsibilities for their own lives, abandoning the “getting a job” and accepting “create your own job” philosophy, developing and promoting entrepreneurial qualities (creativity, identification of business challenges and opportunities in the environment, pro-active orientation, responsibility for results achieved) and accepting changes as a way of life.

The importance of entrepreneurship has been emphasized in many EU documents. Regarding the aims of educational system, EU has given priority to intensifying efforts on establishing relationships among educational institutions and companies, as well as to strengthening entrepreneurial spirit through educational and training system². The EU Forum on entrepreneurship training³ held in 2003, elaborated the issue of entrepreneurship education in both formal and informal system of education as well as in companies. The three major recommendations of the Forum are defined in the following way:

- It is necessary to develop entrepreneur-led educational system
- It is necessary to create a comprehensive strategy which involves all levels of formal and informal education as well as all relevant participants in the educational process
- Entrepreneurship has to be treated as a basic set of skills which are constantly being improved in the process of life-long learning.

In the final remarks⁴, the EU Expert group concluded that apart from the fact that numerous activities had been undertaken at various levels of education, many of them were not integrated in appropriate programmes, nor are they a part of a unique concept. One thing is for sure, educational system should be prepared for challenges, first of all in terms of creation and development of the long-term concept of entrepreneurship education.

2. ENTREPRENEURSHIP EDUCATION IN SERBIA- RELEVANT POLICY DOCUMENTS

Achieved progress in the implementation of the **European Charter for Small Enterprises** in Serbia regarding entrepreneurship education was presented in the annual report – Progress in the Implementation of the European Charter for Small Enterprises in the Western Balkans: SME Policy Index 2009, prepared by the European Commission (EC), European Training Foundation (ETF), European Bank for Reconstruction and Development (EBRD), and Organization for Economic Cooperation and Development (OECD)⁵. The Annual Report is a synthesis of two parallel processes: self-assessment carried out by countries’ governments as well as independent assessment carried out by partner organizations. Assessment of policy implementation was based on the following key areas⁶: Education and training for entrepreneurs; Cheaper and faster start-up; Better legislation and regulation; Availability of skills; Improving on-line access; Getting more out of the single market; Taxation and financial matters; Strengthening the technological capacity of small enterprises; Making use of successful e-business models and developing top-class small business support, and Developing stronger, more effective representation of small enterprises’ interests.

² <http://europa.eu.int/comm/enterprise/entrepreneurship>

³ http://europa.eu.int/comm/enterprise/entrepreneurship/support_measures/training_education/

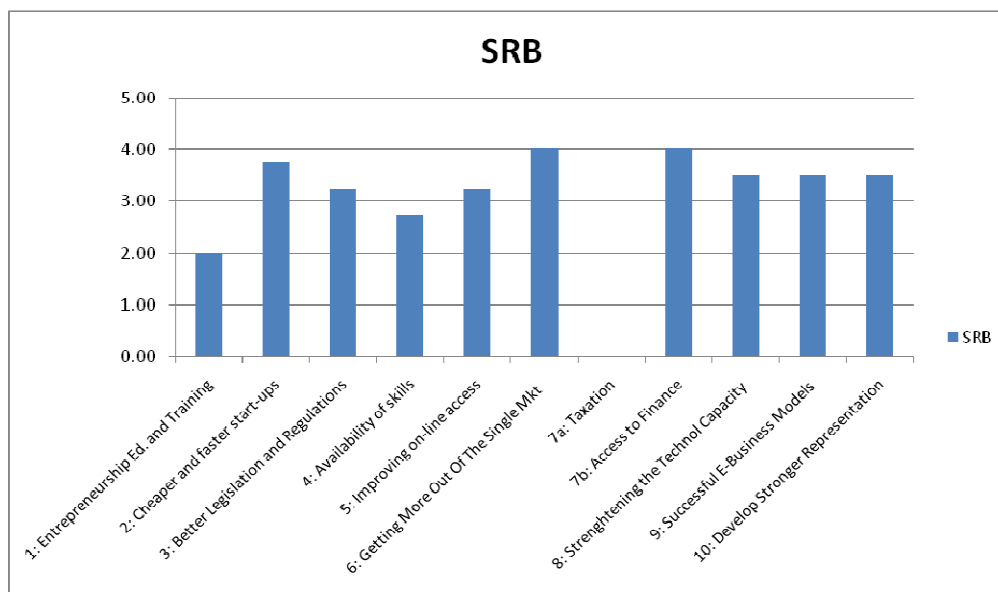
⁴ European Commission - Enterprise Directorate-General: Final Report of the Expert Group “Best Procedure” Project on the Education and Training for Entrepreneurship, 2002.

⁵ See: OECD, European Commission, European Bank for Reconstruction and Development and the European Training Foundation: Progress in the Implementation of the European Charter for Small Enterprises in the Western Balkans: 2009 SME Policy Index.

⁶ Each area is divided into a set of sub-areas which contain a few indicators. Each indicator is based on grading policy development starting from the first level (lack of initiative in policy) to the fifth level (implementation close to good practice defined under the Charter and OECD’s Bologna Process for SMEE).

A key finding of the 2008 assessment is that Serbia has achieved considerable progress over the past two years in many areas (3.3 on 1-5 grading scale) which is significant progress with regard to the previous cycle (2.48). Furthermore, it was emphasized that Serbia shifted very fast from the policy formulation stage and defining of strategic goals into the policy implementation stage, especially in the areas such as support to innovative enterprises, start-up enterprises, providing business services and sending information online, improvement of dialogue on the SMEE policy between the public and the private sector. In addition to that, Serbia has been improving its results in a number of areas in which positive trends had already been recorded, such as business registration and export promotion⁷.

SME Policy Index scores for Serbia per Charter dimensions 2009



Source: OECD, European Commission, European Bank for Reconstruction and Development and the European Training Foundation: Progress in the Implementation of the European Charter for Small Enterprises in the Western Balkans: 2009 SME Policy Index, p.251

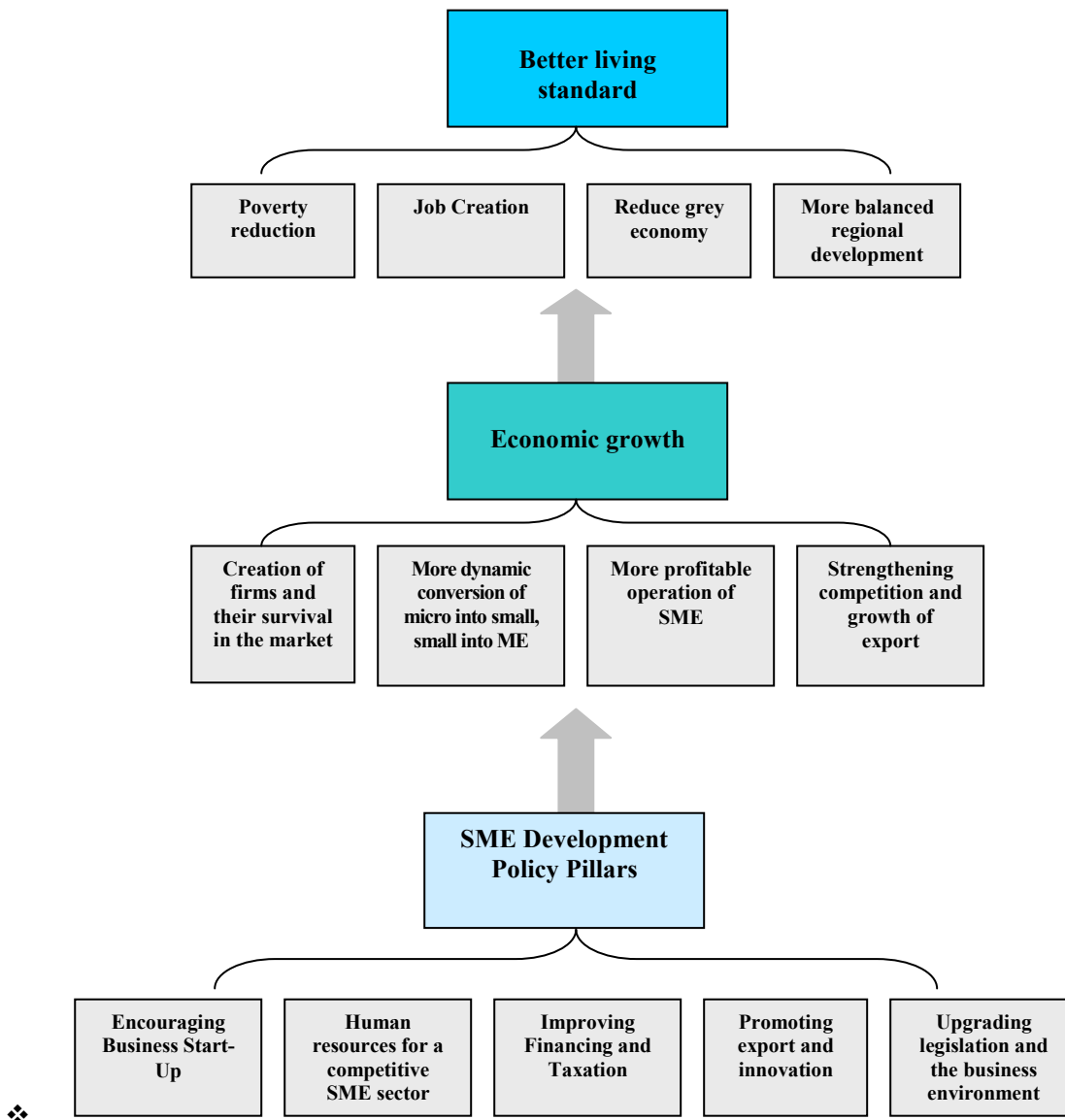
Entrepreneurship education is about the development of human resources and in this light it bears the essential importance for the implementation of SMEE development policies. Comparing the relevant Charter dimensions, the referent score (2 on 1-5 grading scale) for entrepreneurship education and training in Serbia is very low. Poor performances in entrepreneurship education and training in Serbia can be also recognized while comparing with other Western Balkans countries. Over the past period, the process of establishing lifelong learning partnership (LLL) in entrepreneurship in Serbia was slow. The Ministry of Economy and Regional Development invests efforts in order to improve the concept of lifelong learning in the debate on the national SMEE policy. However, more emphasis should be placed on entrepreneurial education in referent institutions. So far, the emphasis has been on entrepreneurship within professional education, whereas now it is necessary to pay more attention to different forms of introducing entrepreneurship at all levels of formal education (primary, secondary and tertiary)⁸.

⁷ Ministry of Economy and Regional Development, Republic Development Bureau, Republic Agency for Development of SME and Entrepreneurship: Report on Small and medium-sized enterprises and entrepreneurship 2008, Beograd, 2009, p. 10.

⁸ Op. cit., p.11

In the context of entrepreneurship education, following policy documents are of special importance in Serbia⁹:

- *Law on Education*, adopted in 2009, which recognized the importance of introduction of entrepreneurial learning. In the article 5 it was stated that “the ability of pupils (students) to initiate changes, take responsibility and demonstrate entrepreneurial approach and clear commitment to achieving the objectives” is one of the key outcomes of the educational process.
- *National Youth Strategy*, adopted in 2008, which contains the principles of entrepreneurship learning.
- *National Strategy for the Development of Competitive and Innovative SME*, adopted in 2008. The referent pillar 2 of the Strategy is committed to development of *Human resources for competitive SME sector*. The strategic vision is to develop an entrepreneurial economy based on knowledge and innovativeness, which creates a strong, competitive and export oriented SME sector and substantially contributes to an increase in living standard.



Source: *Strategy for Development of Competitive and Innovative Small and Medium-sized Enterprises 2008-2013*, p.9

⁹ Public debate in the Serbian Parliament: *Why entrepreneurship learning is so important*, organized by Gradjanske inicijative, Beograd, 2010.

Within the pillar 2 *Human resources for competitive SME sector*, following policy measures, that refer to module 1 *Better entrepreneurship education*, were envisaged¹⁰:

Improved policy framework for entrepreneurship education

- Prepare, adopt and implement the National Strategy for entrepreneurship education in cooperation with business community and other stakeholders
- Establish Working Group for entrepreneurship education within the National SME Council
- Awareness campaigns - Promote entrepreneurship education at the national / regional level and develop a strong entrepreneurial culture
- Promote good practice examples in the field of entrepreneurship education

Integration and constant improvement of entrepreneurship education at all education levels

- Integrate programmes of entrepreneurship education in the curriculum of primary school, secondary vocational schools and university programmes
- Training for teachers and lecturers in the field of entrepreneurship
- Fostering extra curricular activities at all levels of education
- Connecting educational institutions with business community to implement business projects

Legislation and financing to foster different forms of formal and informal entrepreneurship education

- Develop legislation regulating the foundation and operation of pupils' and students' enterprises
- Grant public and private funding that encourage establishment of pupils' enterprises and entrepreneurship projects in educational institutions
- Develop education programme accreditation system and a system of issuing recognized training certificates

3. ENTREPRENEURSHIP EDUCATION IN SERBIA- CURRENT DEVELOPMENTS

The programmes of entrepreneurship have not been integrated in the system of elementary education in Serbia. There is no formal program consisting of entrepreneurship. In order to support development of personal qualities (creativity, entrepreneurial spirit) as well as an early contact with the world of business, schools organize different events such as exhibitions, competitions at local and national level.

As far as secondary schools are concerned, progress was made regarding the integration of entrepreneurship education in the secondary vocational schools – through pilot CARDS projects of introducing entrepreneurship as curricular or extra curricular activities (exhibitions, competitions, carrier days, sport events, fashion weeks, publishing school magazine) in order to rise awareness of self-employment as a career option. Grammar schools actively took part in Junior Achievement project in Serbia in order to improve pupils' entrepreneurial capacities. Entrepreneurship projects, implemented with donor support, were also initiated in many secondary vocational schools.

Experiences of university entrepreneurship education are very modest and relatively new. A small number of private and state-owned faculties (mainly in economics, business or management) offer their students opportunity to learn more about entrepreneurship. At a few faculties entrepreneurship is studied as a separate (core or elective) course, while at majority of the faculties some segments of entrepreneurship have been studied within other courses. Having in mind that almost all faculties undergo the process of accreditation and curriculum innovation, it should be expected that the entrepreneurship will be given more importance in the curriculum of university institutions in Serbia in the future. It is very important to reveal specially this

¹⁰ See: Strategy for Development of Competitive and Innovative Small and Medium-sized Enterprises 2008-2013, p. 13

subject to students of engineering faculties, who by definition present the innovative nucleus which is not sufficiently market and entrepreneurship orientated.

Educational process uses traditional methods and techniques in a great deal. There is some kind of combination of lectures, case study approach and individual (team) business projects. Generally speaking, existing programmes educate «about entrepreneurship» rather than «for entrepreneurship», providing knowledge about key elements of entrepreneurship, but fail to create and improve abilities and skills to implement entrepreneurial behaviour in the real business environment.

Entrepreneurship training in informal sector tries to respond to the needs of SMEs. In this context, the activities of National Agency for Regional Development and the network of Regional support agencies/centres, National Employment Service, Chambers of commerce and specialized informal educational institutions are particularly significant. Regarding existing informal entrepreneurship education and training offer, there is an evident problem of disparities in quality of available training programmes. The *Strategy for the Development of Competitive and Innovative SME in Serbia* pointed the necessity to redefine the links between SMEs and educational and scientific research systems. It is an important task to adjust the services of educational and scientific research institutions to the needs of SME sector. In the field of informal education and consulting services, institutional support of National Agency for Regional Development, National Employment Service, Serbian Chamber of Commerce and other institutions and associations will be integrated, based on certified programmes. The Strategy also envisaged the establishment of a transparent programme certification system and a system of issuing recognized training certificates for trainees.

4. NEXT STEPS AND HOW TO MAKE ENTREPRENEURSHIP EDUCATION MORE EFFICIENT?

It is absolutely clear that the education for entrepreneurship is not only a lecturing activity and that future development requires much more than good curriculum. In that context, internal and external factors that transform the role of the educational institutions at all levels are of special importance. Entrepreneurship education incorporates concrete project activities which should lead to capitalisation of knowledge. In order to carry out programmes of entrepreneurship education, educational institutions need lecturers/trainers/consultants/partners/ with high-quality theoretical and practical knowledge, who have modern approach and experiences in management, entrepreneurship and other disciplines. The fundamental thesis is that educators /teachers/trainers have to be “entrepreneurs” and to apply entrepreneurial methods and techniques in these processes.

As far as universities are concerned, the concept of “classic” university gives way to the model of the university which puts the knowledge in the context of innovative learning and interaction with external community. The adequate concept of the entrepreneurial education is connected with the issue of the role of the university in a future dynamic and innovation-orientated development of society. The new model of “entrepreneurial” university, which is based on re-defined concept of education at all levels, is required. A predominant form of education based on teaching should be enlarged to scientific and research projects and full valorisation of knowledge through processes of commercialisation and capitalisation. In other words, in the process of university evolution, a step forward has to be made towards transforming the university from being the creator of knowledge to becoming the key element in the process of spreading and capitalisation of knowledge.

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INVESTMENT STIMULI □ PART OF INVESTMENT AID

ABSTRACT

The paper deals with the characteristics of the current situation in the State aid, regional aid, investment aid, and investment stimuli in Slovakia. It refers to the legislative changes in this area and to the issues of measuring the efficiency of investment stimuli. The experts continue to argue to what extent the investment stimuli represent a reasonable and appropriate tool of the economic policy and whether it is possible to measure the efficiency thereof.

Key words: *State aid, regional aid, investment aid, investment stimuli, efficiency*

JEL Code: E22, H71, H81, L53, R11

INTRODUCTION

The terms “State aid”, “investment aid”, “regional aid”, and “investment stimuli” are the terms that are frequently confused. State aid is a general term covering several types of aid. It may be provided for several purposes, for example for education, disadvantaged job seekers, research and development, environmental protection, and also for redressing regional disparities, and also as regional aid provided in the form of investment stimuli. Generally, the task of regional aid is to promote the economic development of less-favoured regions and to mitigate the differences between them. The characteristic sign thereof is that the aid is bound to a specific region, the effort to ensure investments (not only foreign), and also to promote creation of new jobs. The primary task of investment stimuli should be to motivate the investors to place their projects in the regions with higher unemployment rate and lower economic performances.

LEGISLATION

Since 1998, the Slovak Government started to more strictly apply the pro-reform, development-oriented approaches to investors. The first complex concept document for promotion of strategic investments was approved on 9 March, 1999 under the name: „Strategy of Promotion of Entry of Foreign Investments to the Slovak Republic“. That document defined governmental policy in relation to direct foreign investments and declared a clear will to promote large foreign investors producing for export, and to stimulate the inflow of their investments by various financial, economic, legislative, and administrative benefits as compared with e.g. the small and medium-sized enterprises.

In 2001, the Government adopted the Law No. 565/ 2001 Coll. on investment stimuli, where the investment stimuli were defined as purposeful money-valued benefits for the investor that should affect his decision in favour of making investments in the given country. Based on that law, the investment stimuli could be provided in the form of tax relief, contributions for newly created jobs and re-qualification. By adopting a new Law No. 595/2003 Coll. on income taxes, the provision of tax relief was limited until the end of 2006, and by adopting a new Law No. 5/2004 Coll. on employment services, the provision of contributions for newly created jobs and re-qualification under the Law No. 565/2001 Coll. was completely stopped.

In order to prevent Slovakia to become less beneficial from the aspect of competition, the Slovak Government, by its Resolution No. 1217/2003 to the National Strategy of Promotion of Investments, imposed a liability on the Prime Minister acting also as the Economy Minister to submit an amendment to the Investment Stimuli Law, by which the Slovak Republic would maintain its position in the competition created by the Investment Stimuli Law. However, the new bill on the investment stimuli proposed in 2004 was not

adopted. Adoption of the new law was included in the Governmental Legislation Plan for April 2006. However, no new law was adopted in that period either.

The first concept of the investment stimuli law provided a space for provision of various investment stimuli from the State budget, that were subsequently packed in various forms of State aid. By that, the investors could obtain large volumes of „investment stimuli“, which was not in compliance with the requirements of the European Commission. The main criticism was aimed particularly at creation of uneven conditions for local and foreign entrepreneurs and deformation of the economic competition. The Investment Stimuli Law did not bind the Government to decide according to certain clear criteria. Thus, in practice it could happen and actually happened that promotion was focused mainly on the investments in the surroundings of Bratislava. The Law actually contributed to deepening of the regional differences, the corruptive behavior of officers, and waste of public funds. In spite of that, during the four-year period from the effective date of the said Law, 19 applications for granting investment stimuli were approved. [9]

R. Fico's Government, according to its program declaration, planned to focus on improvement of the conditions for promotion of investment projects in the area of knowledge economics. The aim was to prepare a new law on investment stimuli that would ensure equality for local and foreign investors and transparency of the process of providing investment stimuli. The Government also decided to promote development of industrial parks and industrial zones as a tool of regional development and mitigation of disparities between the individual regions. It also decided to evaluate the efficiency of provision of investment stimuli in relation to the regional and economic development of the Slovak Republic. On 1.1.2008, a new Law No. 561/2007 Coll. on investment aid and on amendment to certain laws came into force, canceling the Law No. 565/2001 Coll. on investment stimuli and on amendment to certain laws, as amended by the Law No. 203/2004 Coll. The investment stimuli, approved according to the applicable regulations before coming into force of the said law, continued to be valid under the terms and in the extent as set forth in the decision on provision of investment stimuli, and the procedures that had commenced before the date of coming into force of the new law would be finalized according to the regulations in accordance with the regional map of aid for the years 2007-2013.

Under the Law No. 561/2007 Coll. on investment aid, the regional investment aid and the employment aid for investment projects or projects of expansion of industrial manufacture, technologic centers, strategic services centers, and complex tourism centers is provided. The terms and limits of individual forms of investment aid are stipulated in the law in different ways. They are divided according to the type of project and according to the unemployment rate in the region. The Law preserves the principle of providing higher rate of aid to better-sophisticated projects and projects with added value in less developed regions. The material change of the new law is that it treats the local and foreign investors on the basis of equality. The positive fact is that the State aid applies also to extension of investments. [6] However, provision of investment stimuli cannot be claimed. Upon satisfying the conditions for granting the stimulus, there still exists a subjective approach of the Government to individual investment plans. It should be also noted that the investment contracts are not available to the public and thus it is questionable what terms and conditions, in addition to the investment stimuli, are contained in the contracts.

On 1.4.2009, the Law No. 56/2009 Coll. came into force, amending the Law No. 561/2007 Coll. on investment aid and on amendment to certain laws. The importance of this Law is, *inter alia*, that it stipulates, for temporary period (until 31.12.2010), the limit of the provided investment aid. Thus, the current legal regulations applicable for the given issues in the Slovak Republic include the following regulations: the Law No. 231/1999 Coll. on State aid, the Law No. 595/2003 Coll. on income tax, the Law No. 5/2004 Coll. on employment services, the Law No. 561/2007 Coll. on investment aid, the Act No. 342/2008 Coll. providing the application form for investment aid, and the Law 56/2009 Coll. amending the Law No. 561/2007 Coll. on investment aid and on amendment to certain laws. The European regulations are: the EC Treaty, the Regulation 800/2008, and the Guidelines of the European Commission on National Regional Aid for 2007-2013.

The current I. Radičová's Government, in its Program Declaration for 2010 – 2014, has declared as their aim to review the current method of promotion of direct foreign investments, including effective functioning of the supporting institutions, and to create a new „functional model“ which, however, has not

been specified in detail. In any proposed rules for granting the investment aid, the Government shall account also for the experience before 2006, enjoying the most effective growth of investments. The current Government has undertaken „to prefer the active policy of obtaining foreign investments also in the form of building the „Slovakia“ brand (branding)...“. Foreign investments should be placed particularly to the less-developed regions of Slovakia. Such types of stimuli shall be preferred, which do not represent any burden for the public finance – granting of stimuli in the form of increased tax relief and cheaper transfers of immovable properties to investors. The aim will also be large diversification of the structure of investments. Those investments which have higher added value which requires higher qualification of employees and which will be placed first of all into the areas of information technologies will be preferred. [6]

It is evident from the proposed governmental budget for 2011 that the Slovak Ministry of Economy and Construction will have every year less and less funds to grant investment stimuli to any new investors. A reserve for any non-approved investment projects should be in the amount of EUR 8 m in 2011, it should be EUR 2.4 m in 2012, and the economic resort shall have only the amount of EUR 1.1 m for new investment projects in 2013. In 2011, the Slovak Ministry of Economy and Construction should receive in total EUR 63.5 m. That amount represents the annual growth by almost 42%. However, EUR 53.5 m from those funds are determined for the pending investment projects, and EUR 1.9 m are determined for the Slovak Agency for Development of Investments and Trade. In 2012, the amount of EUR 23.5 m should be allocated to investment stimuli from the State budget, including more than EUR 19 m that should be allocated to promote the already established investors. In 2013, only EUR 4.9 m are planned for investment stimuli [5].

GRANTING OF INVESTMENT STIMULI IN THE PERIOD OF 1.1.2001-13.5.2010

The Slovak Ministry of Economy published a comparison of granting the investment stimuli by individual governments during the period between 1.1.2001 and 30.6.2006 (M. Dzurinda's Government) and during the period between 1.7.2006 and 13.5.2010 (R. Fico's Government). The data are shown in Table 1 below.

The data show that in the given period, M. Dzurinda's Government approved 21 applications for granting investment stimuli in the total amount of EUR 558.75 m and R. Fico's Government approved 81 applications for granting the State aid in the form of investment stimuli – the investment aid in the total amount of EUR 604.426 m.

During M. Dzurinda's Government, the most frequent form of State aid were direct subsidies for procurement of fixed assets, that represented 68.91% of the provided stimuli. The tax relief represented 20.38% of the approved State aid. During R. Fico's Government, the stimuli granted in the form of direct financial subsidies were dramatically reduced. Procurement of fixed assets represented 30.3% of the State aid. At the same time, the share of indirect aid in the form of tax relief was increased to 55.94% of the total approved State aid.

Table 1. Investment Stimuli during the period between 1.1.2001 and 13.5.2010

Form of State aid	Period 1.1.2001 - 30.6.2006	Share in the total State aid	Period 1.7.2006 - 12.5.2010	Share in the total State aid	Total
Financial subsidy for procurement of fixed assets and small assets	€385,042,820	68.91%	€183,416,024	30.35%	€568,458,844
Income tax relief	€113,906,920	20.39%	€338,142,857	55.94%	€452,049,777
Contribution for requalification and education	€38,119,900	6.82%	€11,505,540	1.90%	€49,625,440
Contribution for newly created jobs	€21,682,270	3.88%	€69,018,880	11.42%	€90,701,150

Transfer of property for a price lower than the market value thereof	€0.00	0.00%	€2,343,490	0.39%	€2,343,490
Total State aid	€558,751,910	100.00%	€604,426,791	100.00%	€1,163,178,701
Number of approved applications for granting the aid	21	-	81	-	102
Costs / expenditures per 1 newly created job	€39,636		€22,957		
Planned number of newly created jobs	14,097	-	26,329	-	40,426
Reasonable investment costs	€3,314,680,000		€3,017,578,000		€6,332,258,000

Source: Communication Department of the Slovak Ministry of Economy

During the period between 1.1.2001 and 30.6.2006, the contributions for re-qualification of employees of the beneficiaries of aid represented 6.82% from the total granted State aid. The least consumed form of aid was the financial contribution for newly created jobs. It represented 3.89% from the total State aid. Upon granting the State aid, 14,097 new jobs should have been created and the amount of minimum EUR 3.314 billion should have been invested. The costs per 1 newly created job in that period represented almost EUR 40,000. During the period between 1.7.2006 and 13.5.2010, 11.41% of the total approved State aid was approved in the form of financial subsidies for newly created jobs. The contribution for re-qualification of employees of the beneficiaries of aid represented 1.95% of the total approved State aid. Transfer or barter of immovable properties for prices lower than the general value of property represented 0.40% of the total approved State aid. The beneficiaries of the aid, whose applications for granting investment stimuli, i.e. investment aid were approved should create 26,329 new jobs. The reasonable costs connected with the promoted investments should reach EUR 3.017 billion. The costs per 1 newly created job in that period were significantly decreased and represented less than EUR 23,000. [4]

REASONABLE EXISTENCE OF INVESTMENT STIMULI

In spite of unquestionable contributions, the investments, particularly the direct foreign investments, tag along also various risks that must be accounted for in providing the investment stimuli. It is often argued that the investment stimuli or some types of the provided investment stimuli are ineffective. The arguments for such opinion are various. One of the most frequent arguments is that the governments provide investment stimuli also in the events when the investors in the given country would invest even without receiving such stimuli. Another argument is that the investors elect host countries according to the real and permanent factors determining the business, e.g. the political stability, the size and power of the market, the payroll and transport costs, rather than according to such artificial short-term factors as financial subsidies and tax relief. There exist also some other opinions that the investment stimuli may act as a controversy factor, because they may be a signal for the investor that the overall level of the investment milieu is low. In our conditions, the importance of investment stimuli is grows in making decision on investment in the last stage when the foreign investor decides on distribution of his investments among the countries or regions with comparable business conditions. [10]

As declared by the Finance Ministry, the provision of governmental stimuli to foreign investors in Slovakia should be limited or completely stopped. This opinion was declared by V. Tvaroška, the state secretary of the Slovak Finance Ministry at the international conference of the Slovak Association for Knowledge Society and the Institute of Economic Social Analyses on 2.11.2010. He said that the fact that such stimuli were not effective is also notified by the Organization for Economic Cooperation and Development. Currently, the Ministry of Economy prepares an amendment to the Investment Stimuli Law. It

should provide for significant limitation of the specific stimuli for newly created jobs. Such step should be done based on the experts' analyses that the business environment in Slovakia should be sufficiently attractive for foreign investors to lure them without any additional motivation in the form of governmental stimuli. However, they also say that such stimuli may be, under certain circumstances, a good tool for mitigating the regional differences or directing the industrial orientation of the country. The experts also point out that explicit measurement of efficiency of individual investments would be a rather complicated process. [3]

In the conditions of Slovakia, the investment stimuli are applied particularly as the tool for redressing the regional disparities. However, positive effect of the investment stimuli in this respect is not quite clear. The remaining regions that have problems with unemployment have usually a problem with basic infrastructure in the area. Therefore, the investors prefer regions with higher economic level in spite of receiving lower volume of investment stimuli in their investments. This leads to transfer of sources between the regions in opposite direction than wanted – several poorest regions pay for development of the advanced ones. *„Therefore, we consider the investment stimuli, from the aspect of promotion of the regional development, to be a non-systematic element that may be a source of further growing regional disparities. The regional development requires particularly completion of the basic infrastructure and development of the business environment in the underdeveloped regions, while accounting for their specific features.“* say Uramová and Marcineková. [10]

In connection with the economic crisis, the Government focuses again on the issue of granting the State aid in the form of investment stimuli. Therefore, in reviewing the provision of investment stimuli, it will be necessary to take into consideration the experts' opinions and to impose more strict criteria for all information related to the investors. The process of reviewing the efficiency is demanding also due to the fact that the individual investment projects cannot be assessed in isolation, but they should be perceived in wider context of the overall development of both the Slovak and global economy. [8]

EFFICIENCY OF INVESTMENT STIMULI

In providing the investment stimuli, the economic efficiency thereof should also be evaluated in addition to reviewing the purpose of the given investment. We are unable to quantify all contributions arising from the promoted investments, not even to assess the share of the pure investment stimuli therein. It is a problem to assess the behaviour of the investors after consumption of the investment stimuli. It is quite impossible to exactly determine the extent and duration of the period during which the investors will be willing to maintain the number of newly created jobs in the regions, neither the time horizon of their presence in our market. Evaluation of the economic efficiency requires complex review of all direct and indirect benefits earned and losses incurred by all engaged subjects. This is almost impossible due to poor availability of the relevant information and very complex process of quantification thereof. The Government should focus on transfer of the stimuli for investments to local entrepreneurs. The supranational companies have often larger incomes than the State and they need not rely on any investment aid. [10]

According to the macroeconomic analysis provided by the Newton group [1], the basic criterion of the method of evaluation of efficiency of the individual stimuli is the cost/effects ratio, i.e. the costs for an investment stimulus and the effects arising from the investment. The Newton group primarily focused on direct foreign investments. However, the efficiency of investments in this respect may be assessed on global basis. The investments have a whole range of effects in the country. However, there are some problems of how to express them. One type of problems is that they cannot be precisely measured. Another type of problems is that it is not easy to distinguish the effect arising from one specific investment from the effects arising from all or from a group of investments. Another problem is the hardly predictable development of effects which arise from one specific investment in time, even provided that all effects could be qualified and quantified. Therefore, simple indicators are used as factors of analysis, that can be measured either in money or they are evaluated by points. In spite of that, many effects are omitted either due to being complex or being impossible to measure. In view of the fact that there are several effects and their weights change in time and space due to preferences of the economic policy, the method of multi-criteria analysis should be used in evaluation of efficiency. It covers also the changing preferences of the economic policy.

The general formula for calculation of efficiency of stimulating investment may be expressed as follows:

$$\text{Efficiency} = f(\text{current value } E, \text{ current value } N) \quad (1)$$

Where:

$$E = \sum_{t=m}^n \text{Effects} \quad (2)$$

$$N = \sum_{t=m}^p \text{Costs} \quad (3)$$

Where: $t = \text{time}$,
 $m =$ beginning of existence of measurable effects,
 $n =$ end of existence of measurable effects,
 $p =$ end of IS costs, most frequently the end of tax holiday.

The effects cover the amount of investments, the number of newly created jobs, the structural characteristics, the export performance, the importance of the investor, the connections with local firms, and the impacts of the investment on the local population and firms. The investment stimuli costs mean only fiscal costs (in order to be simple, there is often no difference between the so-called direct and indirect investment stimuli). The result of the multi-criteria analysis calculation is a specific number that evaluates the given investment according to the inserted values of factors and weights thereof. Based on research, in the opinion of the Newton group, the questions about stimuli may be optimized in the following directions:

- determining certain minimum value, when provision of the stimuli is beneficial for the State according to the elected criteria (balance between the stimuli costs and the positive contributions of the investment),
- determining the order of benefits of the investment plan for the State, and then providing the stimuli until the limit of funds determined for the stimuli is consumed,
- determining the proposition and structure of individual stimuli and subsequent implementation thereof based on the required benefit. [1]

Based on the proposed options for optimization, the competent bodies may consider in the future how the investment stimuli may be modified in the legislation, how to change the criteria of granting thereof, and how to change the used stimuli. Realisation of the multi-criteria evaluations may also help to answer the question which type of investments should be the target of promotion by the economic policy.

The Slovak Ministry of Economy in cooperation with *Ekonom servis*, a contributory organization, have introduced the so-called effect number – a mathematical formula for calculation of evaluation of investments. By a letter No. 14/2004/Ka dated 23.1.2004, the Slovak Vice Prime Minister acting as the then Economic Minister received a draft „Effect Number Methodology“ for evaluation of returnability of the requirements for provision of investment stimuli. The draft methodology was discussed in the 2nd meeting of the multi-resort expert group for investment stimuli, that was held on 4. 2. 2004. [2] [7] The analysis of efficiency of investments based on that effect number has not been and is not available.

CONCLUSION

In Slovakia, there exist several forms of promotion of the business or investments. One of the forms is the State aid realised via the regional aid for local and foreign investors. This issue is regulated by a special legal regulation – Law No. 561/2007 Coll. on investment aid, that harmonized the granting of regional

and investment aid with the legislation of the European Union; the Slovak Agency for Development of Investments and Trade being responsible for procedural coordination. The trend of decreasing the State aid for sectors is evident. At the same time, the importance of horizontal State aid is growing. Within that, the support of objectives in the environment and energy saving, research and development, and employment play more and more important role. Therefore, in order to ensure sustainable growth of the economy, it will be necessary to effectively apply the available knowledge and information, and it is most required to mobilize the public and private sources in research, technologies, and development of human sources. The State promotion policy of Slovakia should be oriented in this direction. There exist several recommendations how to evaluate the efficiency of the provided investment stimuli. The State or the competent bodies that have available the information required for calculation of efficiency have not published any results yet. Other engaged independent institutions that would be willing to make such calculations have no access to the required information. Many information regarding the investment stimuli are not available to the public. Currently, the terms and conditions of investment contracts are reviewed by the investors. However, any reasonable analysis will be hard to do, because it is rather difficult to assess particularly the indirect effect of investments even in the relatively stable economic conditions. This is because the global crisis has broken some traditionally accepted rules and brings many unexpected problems in all areas of the economic life.

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FINANCIAL CONDITION OF SMALL AND MEDIUM ENTERPRISES IN REGIONS OF WARMIA AND MAZURY IN POLAND

ABSTRACT

The aim of this study was to present the financial condition of small and medium-sized enterprises operating in rural areas of Warmia and Mazury. Efforts concerns the average financial performance of the surveyed companies mainly the sales revenues, operating and financial costs and amount of profit. The gross profitability of studied businesses from the past two years was also analyzed.

Data are collected from the author's own research and cover the years 2005-2007. Financial situation of the analyzed companies largely depends on the type of their activities and development determinants.

Key words

Small and medium enterprises, region, Poland, financial condition

JEL code: G28, L26, R11

INTRODUCTION

The concept of entrepreneurship has become very popular in the last few years both in the scientific literature and everyday language. Because of the great importance for economic development, issues relating to entrepreneurship are the subject of many research centers studies and are undertaken at a variety of scientific disciplines such as economics, management, sociology or psychology. Those disciplines, because of its interest area present its economic, social, personal and educational aspects. However, in most approaches to this issue, particularly in micro-economical sense, entrepreneurship is connected with economic activity and with economic benefits achieved by operators in the local, regional and the whole economy (Sikorska-Wolak, 2008). On the other hand in macroeconomic terms entrepreneurship is understood as a key factor of economic development, as emphasized as far back as at the beginning of the last century J. Schumpeter, showing consistency between the macroeconomic theory of economic development and micro-economic concept of the individual entrepreneur and innovator (Šubertová, 2006).

Systemic transformations, which have been taking place for many years in Poland have brought consequences for agriculture and rural development. The most important of these is a decrease in profitability of farms, structural unemployment and poverty. Exacerbate the disparities in living standards between city and countryside. Rural development problems in Poland are under discussion for many years and affect the search for new rural development strategy. Increasingly, there is a feeling that a way out of the country crisis is a departure from mono functionality and application in rural economy non-agricultural functions. (Schumpeter, 2006)

Especially needed in rural areas become small and medium enterprises, as a factor activating their development, enabling them to be multifunctional and to contribute to reducing the number of adverse events, such as: large scale of open and disguised unemployment, poor financial situation of farm families, low degree of sophistication of non-agricultural functions on the country and the increasing migration of young people from countryside to cities. These adverse events occur in the greatest severity in peripherally located rural areas, especially in the north-eastern Polish territories. Enterprise development is an opportunity for those areas of socio-economic boost throughout diversification of holdings and multifunctional development of rural areas (Sikorska-Wolak, 2008, p. 16).

This article aims to determine the financial condition of small and medium entrepreneurs in rural

areas of warminsko-mazurskie voivodeship.

CHARACTERISTICS OF STUDIED POPULATION

The research was conducted in 2008 with using a questionnaire survey and included 186 small (10-49 employees) and medium (50-249) off-farm enterprises in rural areas of Warmia and Mazury.

In our sample the majority were small businesses - accounted for 76 %, what corresponded to 142 enterprises and medium companies accounted for 24 %, which was 44 companies. Almost 43 % of surveyed companies were located in rural areas in Elblag subregion, 38 % in Olsztyn subregion and about 19 % in Ełk subregion.

Approximately 74 % of surveyed enterprises had a stable position in the market because it already worked several years (before 1989 every fifth company was founded, in the 1990-1999 period more than half of the surveyed companies was founded). During the Polish accession to the European Union, namely the years 2000-2004, it was started 20 % of the surveyed businesses, and after Polish join the European Union was created only 11 companies (5,9 % of the studied population).

There was not a specific relation in respect to gender of surveyed companies owners. Men were the owners of 54 % of surveyed enterprises (102 firms) and women owned 46 %, or 84 businesses.

One can say about a strong differences of business owners based on their age. More than a half of the respondents were 46 years old or more (46-55 years old respectively accounted for 38 % and over 56 years about 13 % of the surveyed company owners). Every third of the entrepreneur was in the age group 30-45 years (60 businesses), and the youngest owners in the age of 30 accounted for approximately 17 % of the entire studied population.

It was preferably presented the structure of the surveyed companies owners according to their education (table 1). Management of 43 % firms had higher education, which is a positive feature in business operating in rural areas (whereas there is the migration of educated people from village to the city). According the sex, it was not differences in educational level - there was a slight predominance of women with this level of education. Higher education had mainly managers aged between 30-55 years old (over 60 %). Every fourth manager with higher education was no more than 30 years old.

Table 1: Education of business owners, depending on age and gender (%)

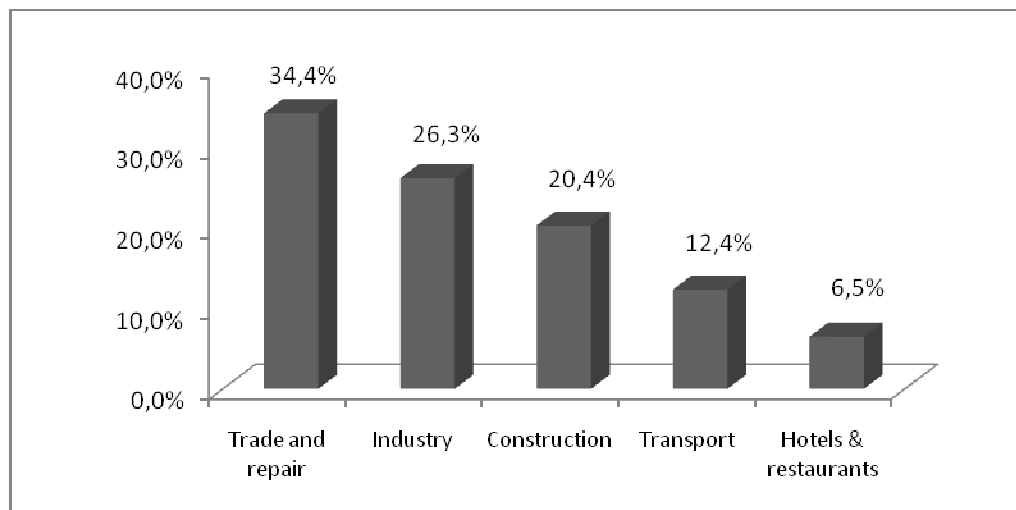
Education	Total	Gender		Age			
		Female	Male	to 30	30-45	46-55	over 56
Higher	43,0	52,5	47,5	26,3	28,8	32,5	12,4
Secondary	47,0	45,5	54,5	10,2	34,1	42,0	13,7
Vocational	10,0	11,1	88,9	5,6	38,9	44,4	11,1

Source: own research.

Almost half of respondents had a secondary education, which corresponded to the number of 89 enterprises. A slight prevalence in this group had men, and the age range was dominated by managers aged 46-55 years. The remaining business owners were characterized only by basic education and accounted for approximately 10 % of the studied population (18 enterprises). For this level of education there was a large predominance of men aged 30-55 years (over 83 %).

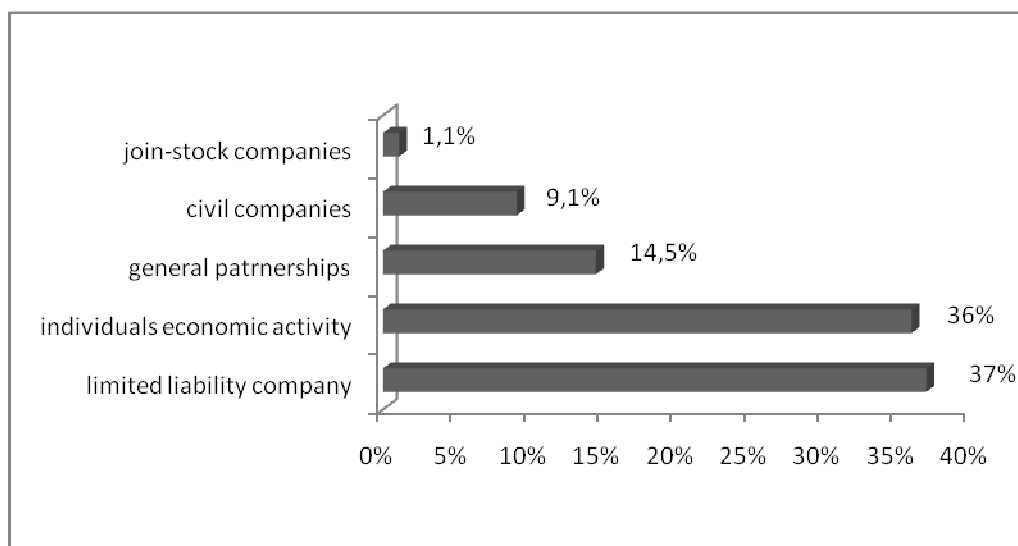
Structure of surveyed entrepreneurs by section of conducted business is shown on figure 1.

Over 1/3 of respondents conducted business in the trade section, which is also characteristic for all small and medium-sized enterprises in the country. On the other hand, there was a lot of entrepreneurs engaged in the industry and construction (respectively, every fourth and every fifth respondent), which was due to frequent location of those firms in rural areas near big cities. The remaining sections, transport and hotels & restaurants accounted for approximately 19% of surveyed structures. It should be noted that in rural areas there were no concerns from the real estate and businesses services section.

Figure 1: The structure of the surveyed companies by sections of the economy (%)

Source: own research.

It is also interesting what kind of the legal forms have examined enterprises (figure 2). Most of surveyed businesses in rural areas (more than 70 %) are functioning as a limited liability company and individuals engaged in economic activity. These two legal forms clearly dominated tested population and were also the most popular across the country. In other cases surveyed companies functioned as general partnerships, every tenth as a civil companies and 2 companies were registered as joint-stock companies.

Figure 2: The structure of the surveyed companies by legal form (%)

Source:
own

research.

Financial condition of surveyed small and medium enterprises in rural areas of Warmia and Mazury

Table 2 presents the average financial performance of the surveyed companies in 2005-2007 (in current prices). It should be noted that in the case of these data it was very important the scale of operation of tested businesses.

Table 2: The average income of surveyed companies in 2005-2007 (% of responses)

Range	Income from sales of products/services	Costs (operational and financial)	Profit
Above 300.000 PLN	9,7	1,6	3,8
100-300 thousands PLN	48,9	26,9	24,7
50-100 thousands PLN	34,4	46,8	36,0
10-50 thousands PLN	6,0	19,3	30,1
Below 10.000 PLN	1,0	5,4	5,4

Source: own research.

Almost half of surveyed businesses reached the average income from the sale of products or services in 2005-2007 within the range of 100-300 thousands PLN, and over 1/3 of respondents within the limits of 50-100 thousands PLN. These two groups of entrepreneurs clearly dominated by terms of average sales revenue and accounted for more than 83 % of the entire studied population. Approximately 10% of surveyed companies, mostly medium-sized, achieved average income in analyzed period amounting more than 300 thousands zlotys, which was a very good result. There were also two small entities, which have average revenues of less than 10 thousands PLN.

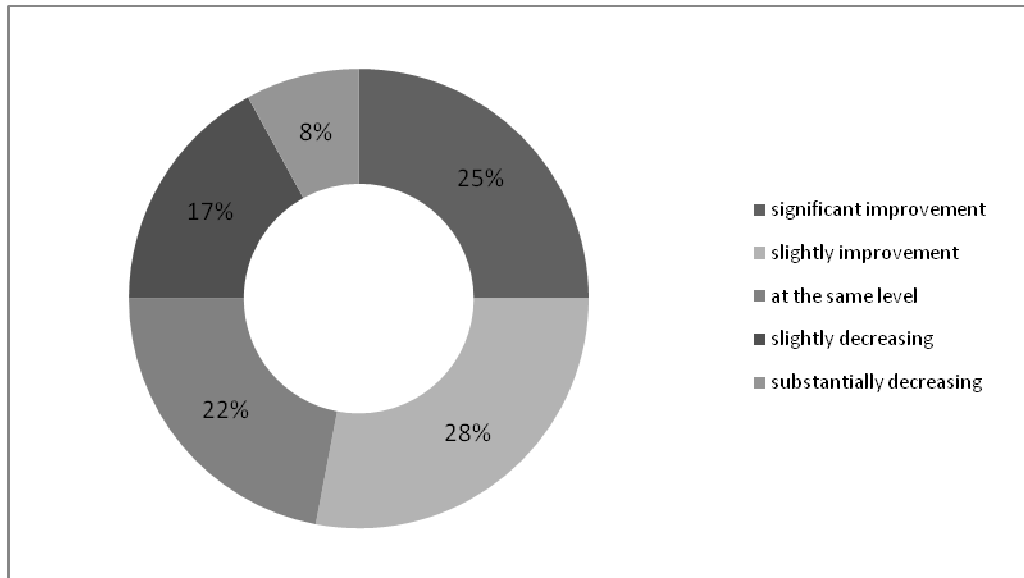
A large number of companies surveyed (approximately 47 %) had an average operating and financial costs at the level of 50-100 thousands PLN. (Šúbertová, 2005) For costs it wasn't clear trend for a business location, as in the case of income - the percentage was much more divided between a group of costs. Every quarter, examined company had the average costs for 2005-2007 at the level of 100-300 thousands PLN (mostly small enterprises with no modern technology) and every fifth enterprise of 10-50 thousands PLN. In the group with average costs of more than 300 thousands zlotys occurred only medium businesses (1,6 % of respondents), and costs less than 10 thousand noted companies with high-tech manufacturing (5,4 % of respondents).

In the achieved average profits, as in the case of cost, location of business was spread into the three groups. Every third tested enterprise achieved average profits during the period 2005-2007 at the level of 50-100 thousands PLN, and approximately 30 % of respondents within the 10-50 thousands PLN (dominance of small businesses). Every fourth, mainly medium-sized enterprise, had average earnings in the range of 100-300 thousands PLN in that period. Among surveyed businesses noted average earnings of more than 300 thousands PLN there were only medium-sized companies (3,8 % of respondents), and the group achieved, the average profit of less than 10 thousands were only small businesses (5,4 % of the surveyed population).

For approximately one third of surveyed enterprises a small profit has improved compared to the years 2002-2004, and 1/4 of them noticed the significant improvement (figure 3). This resulted primarily from the fact that in 2002-2004 the Polish economy is only slowly emerged from the crisis of previous years, and then there was a clear economic recovery (this is shown in the analysis of general trends in the sector of small and medium-sized enterprises in years 2002-2006).

Every fifth examined company reported that profit in analyzed periods was at the same level, and for 17 % mainly small businesses, the profit has been slightly decreasing. However, 8 % of the surveyed companies noticed that their profit, in comparison to the years 2002-2004, was substantially decreased, which may be due to the difficulty to cope with increased competition in the market after Polish accession to the European Union.

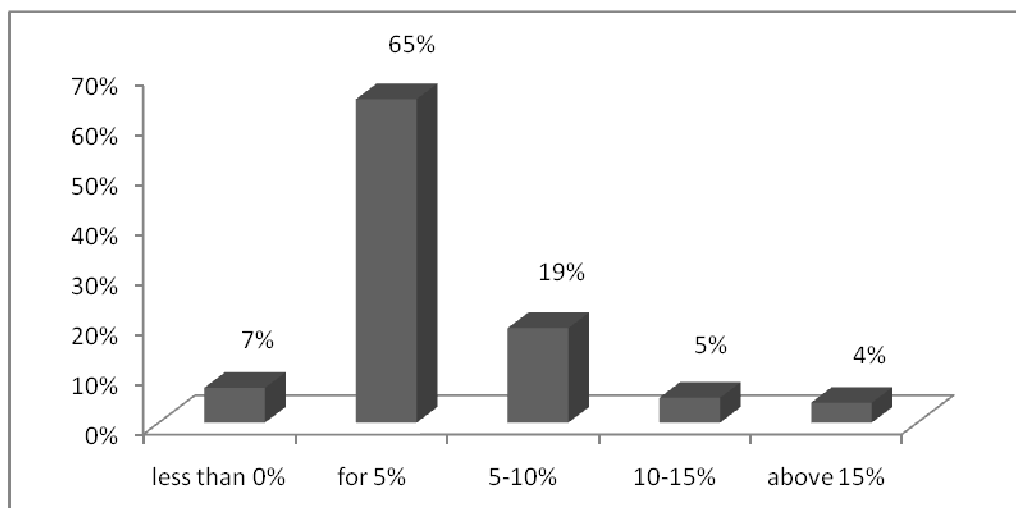
Figure 3: Change in surveyed companies profit compared to the years 2002-2004 (%)



Source: own research.

Financial situation of the examined companies also illustrates the ratio of gross profitability (figure 4). In the last two years 65 % of surveyed small and medium-sized businesses, the rate of the indicator was 5 % - it was a typical value for the average gross profitability for the whole country.

Figure 4: Gross profitability of tested enterprises in the last two years (%)



Source: own research.

Every fifth company has reached the value of this indicator within the 5-10 % (dominated by medium-sized businesses). Values in the ranges 10-15 % and above 15 % can be observed only in the case of medium-sized enterprises. However, there was also a group of small entities, which recorded a gross

profitability of less than 0 % - it represented almost 7 % of the studied population. For calculating the index it was very important these enterprises scale of activities and therefore the largest enterprises reached a maximum index value.

CONCLUSION

Investigated agricultural companies implemented rural development strategies mainly aimed at business growth, and its main advantages were high quality production (services) and regular customers. By contrast, the fundamental weaknesses and obstacles to development were high costs of running business activities and unstable law in Poland. Rural enterprises were carrying on business mainly on the domestic market and also here they saw its largest competitors. Rural enterprises have declared an average height of their financial results, but small companies had worse situation.

On the basis of these data it can be stated that the financial situation of surveyed enterprises in rural areas largely depends on the type of business and development opportunities of these companies.

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ECOLOGICAL FOOTPRINT

The ecological footprint is a measure of human demand on the Earth's ecosystems. It compares human demand with planet Earth's ecological capacity to regenerate. It represents the amount of biologically productive land and sea area needed to regenerate the resources a human population consumes and to absorb and render harmless the corresponding waste. Using this assessment, it is possible to estimate how much of the Earth (or how many planet Earths) it would take to support humanity if everybody lived a given lifestyle. For 2006, humanity's total ecological footprint was estimated at 1.4 planet Earths – in other words, humanity uses ecological services 1.4 times as fast as Earth can renew them.

Source: http://en.wikipedia.org/wiki/Ecological_footprint



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HOLISTIC VALUE MATRIX □ A TOOL TO CONTROL THE DAILY IMPLEMENTATION OF CHRISTIAN VENTURES IN LINE WITH THE ENCYCLICAL LETTER

ABSTRACT

The truly Christian value creation concept of companies is more complex, than the current mainstream approach. The difference is rooted on one side in the anthropology, i.e. how we define “man” – in the Christian approach we not only consider the physical and intellectual layers, but the spiritual, too. On the other hand we switch from the shareholder- to an extended stakeholder-approach. By combining the two dimensions we end up with the “Holistic Stakeholder Value Matrix”. Having the goal of fulfilling all the aspects of the matrix is a real paradigm change in business - in line with the encyclical letter.

JEL Code: A13, D64, L21

EXECUTIVE SUMMARY

Value creation has always been in focus. Historically the drivers with the proportionally highest value creation impact have changed significantly – by now, what really counts is more and more the person – or even the personality! The ideal leader is a professional with spiritually driven personality. The Christian system gives a closely linked answer-set for the mission-vision-strategy of both man and economy. Human beings can have an identity of three layers, according to our faith in spirituality. The leadership can be accordingly different. The levels show a trend from the individual to the community approach. The latter forces us to switch from the shareholder- to a holistic stakeholder-approach. By combining the three layers (physical, intellectual, spiritual) with the broadest stakeholder approach we end up with the Holistic Stakeholder Value Matrix. This is the way, how business becomes really more than profit. This is not just theory, there are plenty of examples of business buzzwords – to be redefined in the view of holistic stakeholder value approach, or business situations and methods – to be managed differently in case of the holistic stakeholder value approach. Last summer, Pope Benedict XVI issued the encyclical letter *Caritas in veritate* (Charity in truth), which confirms the above thoughts. The focus is on the future and explains that the basis of hope is the love – truth – development trio. If we believe that “God created man in his own image” (1 Moses 1:26), then it implies that „charity in truth ... is the principal driving force behind the authentic development of every person and of all humanity” The new main pillars “fraternity” and “reciprocity” are closely linked to the Holistic Value Matrix approach, therefore to me as a businessman, the call for a paradigm change regarding economy is the most relevant invitation that I try to realize at my companies.

EVOLVEMENT OF THE CONCEPT

Historically the drivers with the proportionally highest value creation impact have changed significantly; and show a trend. Following the historic timeline shows a growing level of abstraction: After directly utilized natural resources such as land, coal, or oil, it was the financial resources (capital) to be used in the industry (such as assets, machines, or technology) that stood in focus. Today however, an even further shift can be observed towards service orientation based on human resources. This led to the central role of information management, innovation, and the personality. It makes sense to further analyze the latest ones. As seen above, what really counts is more and more the person – or even personality! The ideal leader is a professional with a spiritually driven personality. The following table shows the enhancement of leadership dimensions in the past 20 years. Note that these characteristics of the given decades are not to be considered

instead of the previous ones, but in addition to them, as the idea of leadership gets more and more complex.

Way and mode of value creation	Brand, intellectual property know-how	Leadership, Corporate culture, Team-synergies	Vision and adaptation to the environment	All the previous ones, but in the frame of a system
Necessary capabilities	Fine-tuned intellectual skills and capabilities	Motivation skills, Co-operation, Team spirit	Strategic approach, Cause and effect ("Big picture")	Holistic, complex system approach
Measuring at selection of leaders	IQ , degrees, languages	Emotional intelligence (EQ), empathy, in-culturation	Assessment skills (AQ), commitment, adaptation skills	Value driven AND living accordingly (SQ)
The ideal corporate hero arche type	Successful lonely "work-aholic"	Leader = trainer	"After me!"	"For each other – with each other!"
	The 80's	The 90's	Nowadays	(Near) future

Leadership dimensions in the past 20 years

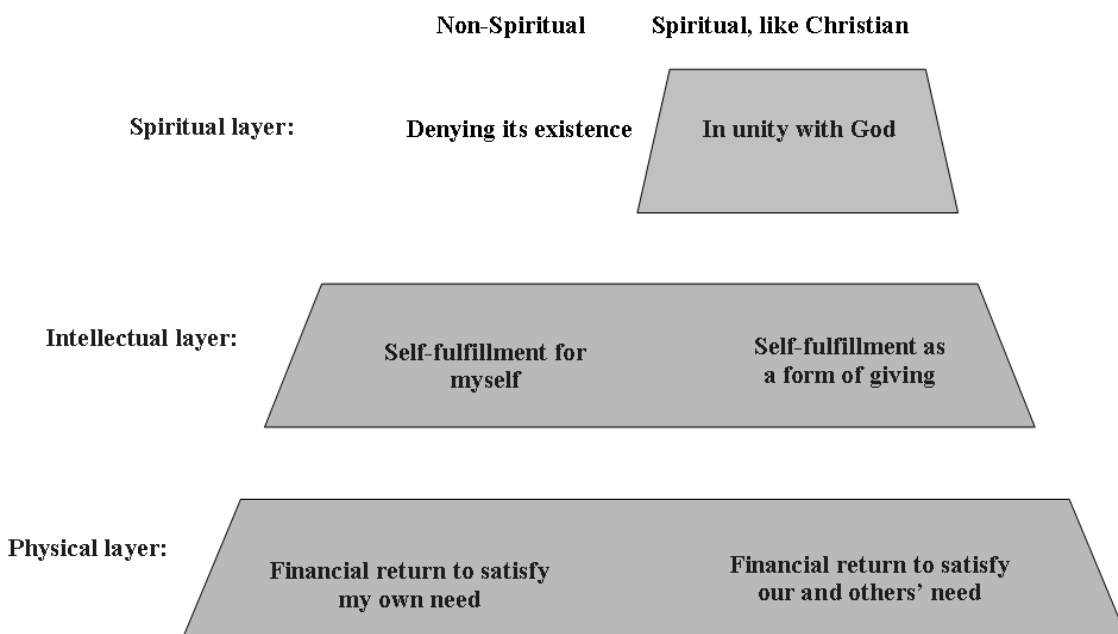
According to this theory, the future is built on a more community-based approach, and – because of thinking in complexity, that is, in a system – it values an authentic personality.

The Christian system gives a closely linked answer-set for the mission – vision – strategy of both man and economy. If we believe that man was created as the image of the loving God, then

- Man's mission is to become similar to God – while the economy's mission is the implementation of love in economy.
- Man's vision is to be integrated into Trinity – while the economy's vision is a „demo“ of heaven.
- Man's strategy is to act as a "homo spiritualis" – while the economy's strategy is a network of spiritual companies.

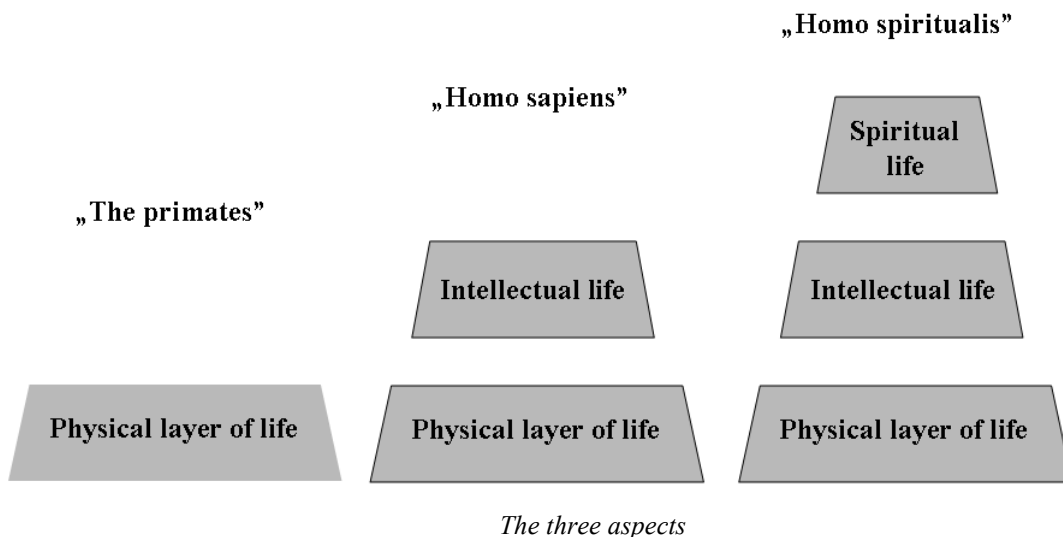
Living accordingly is (or would be) the real challenge of man and mankind!

Now considering another approach, human beings can have an identity of three layers.



The three layers

According to this concept, the *physical layer* refers to skills and capabilities related to hands, muscles, the senses, etc. It is measured by the physical output. The person, on this level, is considered as an individual. The physical layer is followed by the *intellectual layer*, linked with the mind, emotions, or will. It is measured as IQ, EQ, and AQ. This level considers the person in relationship with others. As for the third level, the *spiritual layer*, it is based on and linked to the transcendent. On this level, the person is aligned with God. Achievements, results, or “expected returns” are level-based and are aligned with our faith in spirituality. As a result, we can define human beings in three ways, depending on which level their driving forces come from.



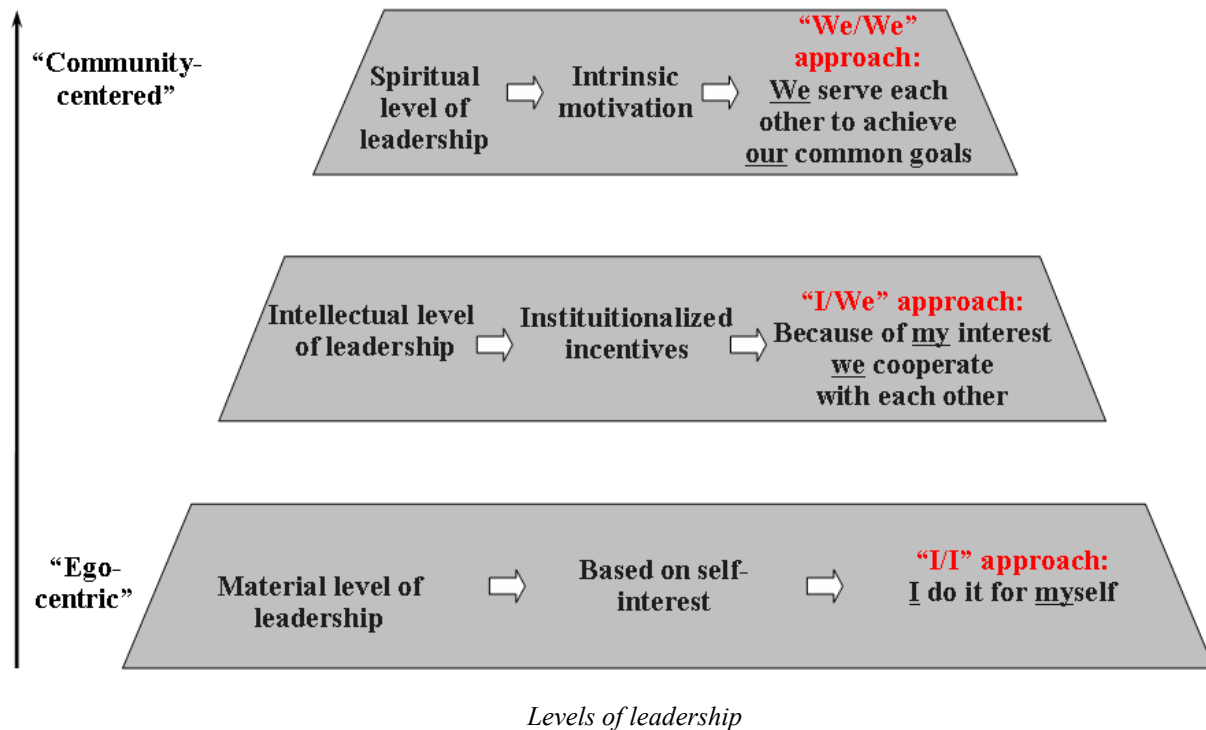
Though not everybody, but most people get to the second stage – it seems enough; at least in the economy or in business life... Thus the real challenge lies behind the question “Do we get stuck at the intellectual level?!” Therefore, the determining choice lies between the physical level (broadened by companies with the second, intellectual level) and the spiritual level. The “*Homo sapiens*” concept brings with itself the following way of thinking:

- We declare the intellectual level as the highest one.
- This drives our approach towards the – only as immanent acknowledged – world.
- I am in the middle – everything and everybody is a tool only.
- Economy is a fight, and I want to win, because then I am better off...
- ... because I will have more money, to be used for positional goods (as much as possible; consumerism).
- Economy, management and their methods are tools to achieve my goals.

As a contrast, the “*Homo spiritualis*” is a different idea and philosophy of life:

- We accept the existence of a spiritual level as well, moreover, we acknowledge it as the highest level.
- We think in a permanent world-view, the integration of immanent and transcendent.
- While I love myself, the center of my life is God (in case of Christians, the Holy Trinity).
- Economy also means a thinking in “we”, and shared activities for the public good.
- Our happiness is based on the relations of mutual love. Money is a right to take part in the re-allocation of goods.
- Economy and management are possible fields for implementing love.

Taking a step further, we realize that even the leadership can be accordingly threefold. The levels show a trend from the individual (“Ego-centric”) to the community (“Community-centered”), too.



THE HOLISTIC STAKEHOLDER VALUE MATRIX

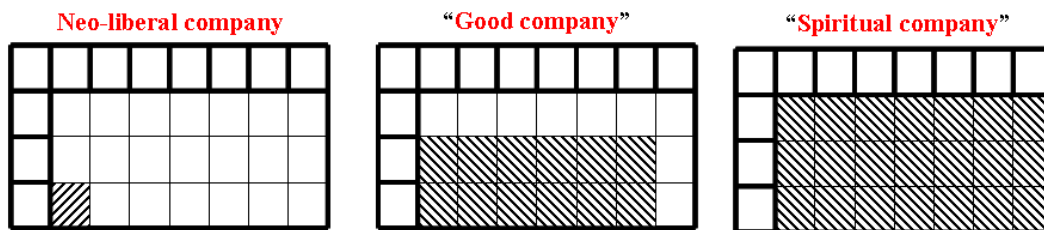
The “We/We” approach forces us to switch from the shareholder- to a holistic stakeholder-approach, which is the real “common good”. Only the extended stakeholder-approach can assure a balanced responsibility among the

- Owner – as founder, ultimate decision maker, who keeps the entity alive
- Managers – who are responsible for the operation
- Customers – paying for the products and services
- Employees – delivering added value
- Vendors – to be relied on (quality, time, cost)
- Creditors – believing in our future
- The state – representing the macro environment (tax, etc.)
- The micro environment – as local responsibility, and
- The next generation – including environment protection, and sustainability.

Extending this list with the Christian approach means that even the poor of the society to be supported are considered as stakeholders.

By combining the three layers with the broadest stakeholder approach, we end up with the *Holistic Stakeholder Value Matrix*. The Stakeholder Value Matrixes of the different approaches are different in their targeted fields, as business becomes more than profit. This is illustrated in the figure below. The more we want to follow God’s strategy, the more complex and holistic the stakeholder value matrix becomes.

Stakeholders Layers	Shareholder	Employees	Customers	Vendors	Society	Future generations	The poor
Spiritual							
Intellectual							
Material							



The Holistic Stakeholder Value Matrix

So what does this mean in practice? As a result of the Holistic Stakeholder Value Matrix and concept, business can be redefined in the view of the holistic stakeholder value approach. Examples of business buzzwords include:

Team spirit: Instead of selfishness think in “We”, rather than “I”. Be aware, that the relations trigger value both for the company and for the personal happiness – and you get to the Gospel’s mutual love.

Ergonomics: Implementing empathy, based on “love your neighbor, as you love yourself”.

Environment protection: Responsibility for the future generations – “Do not steal”.

Quality: Not to be targeted because of an external “must”, but due to a voluntarily intrinsic motivation based on the happiness of “it is better to give than to take”.

Corporate culture: Cultures can be very strong differentiators, representing the value portfolio of the owners and managers. Directly linked to the different holistic stakeholder value matrix approaches.

Value Statement: Take it seriously, not as marketing tricks. Implemented Value Statements do create financial, intellectual as well as spiritual values.

I encourage leaders to continue the examples; to re-think and re-define their whole business vocabulary.

Other examples – demonstrating that this is not just theory – come from business situations and methods managed on the holistic stakeholder value approach basis:

Keeping deadlines of payment instead of exercising unfair pressure on vendors to achieve lower prices by withholding/delaying justified payments: Intellectually sound and fair management practice creates value at the vendor both financially and intellectually, and may or may not create value at the “owner/financial” box in the Matrix through long-term reliability, too.

Positive discrimination: Taking into account personal, family, and community aspects as well at the compensation system. Creating value at the “employee/financial” box, while reducing at “owner/financial”, but increased motivation and low HR attrition may even counterbalance the costs

Value driven HR selection results in better atmosphere and less cost spent on supervision, internal audit, security, and forensic services.

Role model managers create team spirit (“employee/intellectual” value), which results innovations (“owner/intellectual and financial” box).

Donation as matching fund: Practicing the culture of giving and unity through matching fund – a voluntary personal donation contribution, matched with company donation. It results in “financial”, or if pro bono work, even “intellectual” value for the receivers. Unity – as spiritual value – is created jointly by employees and the employer. The practice means a higher level of commitment, and more loyalty – a win-win situation.

The examples, again, can be continued – at your own company, in your own daily practice.

EXTENDING THE CONCEPT TOWARDS THE ENCYCLICAL LETTER

The economic crisis demonstrated that the neo-liberal view in business has failed. The encyclical letter of Pope Benedict XVI could be a philosophy pointing ahead, the third road besides the centrally governed socialist economy and the neo-liberal market economy. The personal paradox of economists/ leaders/ owners regarding the basic ideas of life is an interesting fact. They are using many concepts in “working time”, however these ideas are lacking what these people prefer and value the most outside working time; that is, as a private person. During “working time” – according to the mainstream – money is the road to prosperity through so-called *positional goods*. It tries to remove, eliminate the “other”, to be able to acquire and possess “goods” (automatically considering positional goods) alone, for the sake of „positioning the ego”. (*“Possessing a Ferrari will make you happy, because at last you are someone!”*) However, it can be proved through both experience based approach, and through scientific examinations, that an attitude to the other by giving, and such relationships, are the way to happiness. The previously mentioned manager is happy when his son flings his arms around his neck at home! Man will become happy through love – a self-imposed, reciprocal and unselfish giving based on relation, interaction, that aims toward the other party is what results the “*relational goods*”. The choice, the decision is again determined by our faith: Do we want to become happy by “gaining/acquiring based on defeating” the other, or by “giving” to the other?

Our spirituality can and should be intellectually founded, too. Do we *see* the system? God is the absolute, non-created Love. The features – and role model for us – of the Trinity-type love are: **unlimited, ongoing, and mutual**. Love is giving (totally) – this is why and how men have been created. Thus man, with all its aspects, including economy, is an active part of God’s spiritual plan. This plan is good as a system and good for man – this is the message of the Gospel. Through a series of revelations he lets us, at least partially, understand that our mission is, in every aspect of life including economy, to prepare ourselves for mutual love, as completely as possible. This – according to our vision – results in a merger into the Love of the Trinity. And the **strategy** is to get aligned with God’s strategy.

Do we *acknowledge* it? “Admiring God” means that we accept and acknowledge God’s system as ours, „with all your heart, and with all your soul, and with all your mind”.

And the ultimate, most important question is: Do we *implement* it? Do we implement it, as much as we can, always and everywhere – even in the economy?

The first real Vatican economic policy and strategy could be the model of moving out of the present situation. Last summer, Pope Benedict XVI issued the encyclical letter *Caritas in veritate* (Charity in truth), which confirms my thoughts. Most of the entrepreneurs don’t usually read encyclical letters, because we believe “that’s the priests’ business”. However, it could be leveraged as a help for living our everyday lives, thoughts, words, actions, and relationships according to the Christian values, with true human dignity. It addresses all of us, since what it deals with is the

- Society (family, community, state, global and local organizations and politics)
- Economy (entrepreneurship, (world) market, management, HR, profit, taxation, legal forms, globalization, stakeholder theory, trade union)
- Technology (engineering technology, biotech, environment protection, etc.)
- Human person (regarding anthropology, technology, sociology, psychology).

When reading the encyclical letter, one feels the work of many experts, and yet it still isn’t intended to be a scientific writing, but a lively answer to the challenges of our time – which is an **entropic crisis**. It is global in the aspect that the frequently repeated expression, that its subject is the development of “every person and the whole person”. The experts of the Pope do not consider the current “crisis-set” to be dialectic, i.e. the crisis of an inner, soluble contradiction, but entropic, that is, a crisis on the level of the system itself, it is the meaning of the previous system that has been questioned and the solution is not within itself.

The focus is on the future, and explains that the basis of **hope** is the *love – truth – development* trio. It is good to clarify what we mean by the above notions, because it is not obvious. “God is love” (1 John 4:8) and Jesus “the way, and the truth, and the life” (John 14:6), and they form the unity of the trinity.

“It gives real substance to the personal relationship with God and with neighbor” (2). Thus the soul is in

relations, relationship is the essence, not the material, or the logic, or even the sentiment. "If we love others with charity, then first of all we are just towards them." Because "I cannot "give" what is mine to the other, without first giving him what pertains to him in justice". (6) Therefore the "must do" category should not be confused with real "giving". And the "must do" category contains the right of every person for a normal life. "Truth, in fact, is *lógos* which creates *diálogos*, and hence communication and communion" (4). This implies that real community is based on justice. "On the one hand, charity demands justice ... on the other hand, charity transcends justice and completes it in the logic of giving and forgiving" (6). Thus these two are strongly connected, as is visible in the English language grammatically as well ("giving" and "forgiving")... Do we believe that God created man "in his own image"?

Now, if we believe that "God created man in his own image" (1 Moses 1:26), then it implies that "charity in truth ... is the principal driving force behind the *authentic development* of every person and of all humanity" (1). So "integral human development is primarily a vocation, and therefore it involves a *free* assumption of responsibility in *solidarity* on the part of everyone (11)". This is the manifestation of the voluntari vocation, that is, to become an instrument of God for the benefit of others, so as not to expect development from someone else, but at the same time not to be egocentric. Also, "What we hold important is man, each man and each group of men, and we even include the whole of humanity. ... if it does not involve the whole man and every man, it is not true development (18). This means considering man in its entire reality (not only as colleague, husband, neighbor, client, artist, controller...) *and* considering the whole world, with a godly approach of globalization. Furthermore, "progress of a merely economic and technological kind is insufficient" (23). Therefore, neither economy, nor technology is impartial, not that either should be, rather overtly based on love.

Another quote shows a different aspect: "responsibility on the part of everyone with regard to everyone, ... cannot therefore be merely delegated to the State" (38). Thus, if everybody is our brother/sister, we should be responsible for everyone – without professional, national, geographic, etc. limits! This leads us to hope, to which the new main pillars „fraternity" and „reciprocity" are linked. Hope "takes first place in our souls as a sign of God's presence in us, a sign of what he expects from us." (34) Theoretically, hope is connected with living in the future, but by relying on the one living in us, hope based on the present moment and on the future is in harmony. The only hope for realizing the benefit of everyone is if not everyone seeks his/her own personal benefit, but rather the "common good"! This includes myself as well – that is, I do not need to love my neighbor *more* than myself, but „only" *as* myself... The realization of the own delight of life for a spiritual person contains the delight of life of the other person. The French revolution has also "invented" *liberty – equality – fraternity*. But by starting backwards, fraternity – which up to now has been missing – would incorporate liberty and equality as well! "As society becomes even more globalized, it makes us neighbours, but does not make us brothers." (19) There is no (charity, fraternity, and) development without reciprocity. By now we have gone through the basics of the social doctrine of the Church.

To me as a business man, the call for a paradigm change regarding economy is the most relevant invitation. "The market is subject to the principles of so-called commutative justice, which regulates the relations of giving and receiving between parties to a transaction. ... Without internal forms of solidarity and mutual trust, the market cannot completely fulfill its proper economic function." (35) Therefore it is possible and necessary to coordinate the integration of market, equality, solidarity, and trust. The economy, and business should (also) also have a moral basis: „Thus every economic decision has a moral consequence." (37)

"Both professional competence and moral consistency are necessary. When technology is allowed to take over, the result is confusion between ends and means". (71) Thus professionalism, and applied technology should be in harmony with morality. "In recent decades a broad intermediate area has emerged between the two types of enterprise. ... one which does not exclude profit, but instead considers it a means for achieving human and social ends." (46).

It gives an approach with which we can *sæ* with, and one more step ahead brings us to *ad* as well... What we receive through the encyclical letter is the recognition and the approach of a system – something that we can apply everywhere. "Globalization, a priori, is neither good nor bad. It will be what people make of it. We should not be victims, but rather its protagonists, acting in the light of reason, guided by charity and truth."

(42) It addresses the state, politics, the environmental issue – everyone can find their specific field – and start action in line with this approach. And don't let us be fooled: "When the State ... actually imposes forms of practical atheism, it deprives its citizens of the moral and spiritual strength that is indispensable for attaining human development" (29) Every encyclical letter is worth as much as *we* accomplish from it! My approach of Holistic Value Matrix is a tool for the implementation.

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Saint-Eustache Church interior



"L'Écoute" ("Listen"), a seventy ton abstract sculpture near St-Eustache created by Henri de Miller



Saint-Eustache Church in Paris

Photos by Dr. Antal Szabó ©

Saint-Eustache Church is a church in the 1er arrondissement of Paris, built between 1532 and 1632. The name "Saint-Eustache" refers to Saint Eustace, a Roman general who was burned along with his family for converting to Christianity. The church's reputation was strong enough of the time for it to be chosen as the location for a young Louis XIV to receive communion. Mozart also chose the sanctuary as the location for his mother's funeral. Among those baptised here as children were Richelieu, Jeanne-Antoinette Poisson, future Madame de Pompadour and Molière. Each summer, organ concerts commemorate the premieres of Berlioz's *Te Deum* and Liszt's *Messiah* here in 1886. The church boasts also some of Paris' largest organs.

Source: Wikipedia

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CHRIST THE CARPENTER: SPIRITUALITY IN BUSINESS

ABSTRACT

Spirituality has a role to play in business outcomes. Jesus as a trainee carpenter and owner of the shop gained the insight that the manager was there to serve others. 'Christ the Carpenter' motivated and influenced Sadhu Kochukunjadepathi. He considered business as a mission. Practicing ethical business is following the footsteps of Christ the Carpenter. When an enterprise is run with a missionary zeal, which would cause organizations to produce better results in the global market and contribute to the creation of a better society.

JEL Code: Z10, M10, M14, Z12, L 26, N80, N85

Key words: Spirituality & Business; Business Ethics; Servant leadership; Christ the Carpenter; Sadhu Kochukunjadepathi

Spirituality, one's religious belief, or faith does have a role to play in business outcomes. It is no wonder then, that business schools around the world have now started addressing spiritual aspect in attaining success & sustainability in the business arena. Stress management, art of living, yoga, different kinds of meditations, sessions on business ethics are all now part and parcel of the larger scheme of business education. There is a realization that spiritual angle cannot just be ignored and that it might help future managers maximize profits in a stressful and highly competitive market scenario. (Marshall, 2001) So the spiritual Quotient (SQ) is being increasingly acknowledged, along with IQ and EQ, as factors that define success in the world of business & entrepreneurship.¹¹ (Nikhileswarananda, 2009, p.324)

Lessons from religious texts & holy books are finding their own space in corporate strategy matters and have started to play a role in deciding their style of functioning. For instance, the hype about corporate social responsibility (CSR) is a case in point in this regard. With religious beliefs and spirituality started impacting the world of business, business enterprises & corporates are being strategically showcased institutions are there to serve people and larger society, as explained by Robert K Greenleaf in his essay titled *Institution as Servant*. (Greenleaf) Terms like Karma Capitalism and Servant Leadership too garnered significant attention in recent times. (Bloomberg Businessweek, 2006; Nikhileswarananda, 2009)

SPIRITUALITY AND BUSINESS OUTCOME

Does being spiritual and devoutly following a faith discourage doing business and making good profit? And can a deeply committed believer, following the tenets of a religion, be it Hindu, Muslim, Christian, Jain, Jew, Sikh, Buddhist or anyone else find success in his/her business endeavors? Why some businessmen, who are devout followers of a faith, find success, make lots of money and sustain their endeavors? At the same why another set of businessmen, still believers, devoted & faithful, find it difficult to make money from their business endeavors? Why is it that people who have deep faith but belonging to one particular religion have a better success rate and sustainability of their ventures than those from another faith background/s? These are all questions that come up when we think about the connection between faith and business outcomes as well as spirituality in business outcomes.

Any religiously pious businessman who finds it difficult to get success may refer to Gandhian trusteeship principle as well as Bhagawat Gita. Trusteeship talks about one earning money by ethical means

¹¹ **Spiritual quotient (SQ)** looks at a person's spiritual intelligence in the same way as intelligence quotient (IQ) looks at cognitive intelligence. The concept encapsulates 6 types of personality: social, investigative, artistic, realist, contractor and conventional.

and utilizing it for some greater purpose. This is what trusteeship principle all about and that is Karma Yoga. We have got resources, skills and we have got our hands. Why should we not work with our hands for the Lord? If we do, it is *Karma-Yoga*, according to Swami Vivekananda. (Nikhileswarananda, 2009, p 325)

This article explains how evolution, development & molding of servant leadership qualities in Jesus Christ was influenced by his early exposure as a helper boy in his father's carpentry workshop. Also, it looks at some of the teachings of a Christian evangelist called Sadhu Kochukunjupadeshi of Kerala, India, who lived during early 20th century. Excerpts from his book on business ethics, which is a pioneering contribution to Christian teachings on business ethics and manner in which business should be conducted as a mission. It is Christ the carpenter from whom and through that experience Christ the leader born.

SERVANT LEADERSHIP AND CHRIST THE CARPENTER

Jesus Christ said... 'the greatest one among you must be like the youngest, and the leader must be like the servant....' (Luke, Chapter 22:26) This is one of the foundational verses of the concept of servant leadership. By servant leadership principle we understand that leader has to lead by example. Master or the manager must be ready to suffer and take pain. S/he has to be ready to lead from the front with an attitude that *'I am here to serve you and ready to suffer for that event'*. (Mark, Chapter 10: 38, 43-45)

Christ the Carpenter later on when he assumed the responsibility as the Guru or the master of his 13 member voluntary team consisting of his 12 disciples, he led them, his disciples, by way of example. At once he washed the feet of his disciples. And Christ who washed the feet of his disciples is considered to be the role model of servant leadership principle. He learned that leadership is all about serving others. As a business man or entrepreneur, one's mission is to serve others. Also, by forming a group of committed volunteers whom he selected as his disciples, he had to lead by example. Leading as a humble servant is very much relevant and a matter of necessity for the modern corporates in the knowledge economy. In the age of knowledge economy, it is not possible to control knowledge workers the way in which blue collar workers were being controlled. (Nikhileswarananda, 2009, P.322) Managing knowledge workforce is indeed a challenge and here comes the relevance of servant leadership principle. Leader has to lead by example. Man management would no more be possible, especially in knowledge enterprises, with force, command and power, but by humility, humbleness, readiness to serve others and preparedness to suffer.

Making of a leader

Christ the carpenter can be of a great source of encouragement for self employed entrepreneurs and all those who work hard to earn their living. He would indeed be their role model. As a young trainee carpenter, Christ received training from his father Joseph. Bible does not provide a detailed narrative about the life of Jesus Christ as a carpenter.

As the Son of Joseph, who was a carpenter, Jesus was said to have received some training while he helped out his father in the family business. He was a carpenter. He learned carpentry from his father Joseph. The period during which he helped his father in his home based workshop was an excellent learning session for Christ Jesus.

Jesus as the Entrepreneur who serves

As he learned carpentry & business, he also gained the good manners that an entrepreneur / businessman should present to customers. In Joseph's carpentry workshop, which was also shop combined, Jesus was a trainee carpenter as well as the owner of the shop, from where he gained the insight that the manager or master was there to serve others, his customers. While Joseph was engaged in major wood work, little Jesus might have been dealing with shop – workshop and customer management.

Today's, management gurus say Christ as the ultimate CEO. Jesus as the model CEO would be an example for larger company CEOs, small time entrepreneurs and anyone who manages the affairs of any sized company. It was the servant manager in him evolved and nurtured in those days.

Christ the Carpenter in today's world of business: Case of Sadhu Kochukunjupadesi, a missionary & evangelist

Businessmen have a mission to this world, according to Sadhu Kochukunjunpadeshi, (M.I Varghese, 1883- 1945).¹² He was an evangelist, missionary as well as a person who exemplified Christ's teachings through his life & deeds.

'Christ the Carpenter' motivated and influenced Sadhu Kochukunjunpadeshi, who was a small time entrepreneur before becoming a Christian Missionary or Evangelist. He was a businessman retailing in textiles in a village called Aranmula in Central Kerala. As a businessman, he was not very successful. He could not make his living through the vocation, and in addition to that he even accumulated a huge debt. Most of his customers were his debtors. No one paid him back, even after he stopped his business. His life and message were comprehensive. His main message apart from the gospel was a virulent attack on the dowry system and money lending. He attacked the manner in which the money lending business was run, and the impact that the private auction chitty proprietors created on ordinary families.

BUSINESS ETHICS: SEVEN PRINCIPLES FOR A BUSINESS PERSON

His book titled "Vyapara Dharamam" or Business Ethics talks about how a Christian believer should run his/her business enterprise. The book also details how a religious believer should view business activities in a spiritual perspective. Through that book, he gave a set of treaties to the business community. He advocated for the application of high ethical and moral practices in business and trading activities. For him business had a divine purpose. Most of his books are not available today in any book store or library.

Sadhu Kochukunju considered business as a mission. According to him merchants were those who do the service of mediation by buying something from somebody and giving it to one who requires it." In his book titled The Ethics of Trade (Vyaparada Dharamam) he explains about seven principles that a true Christian should follow in the area of trade: (Daniel, 2009)

1. A business person must be a servant who does good to the world
2. A business person must be a person of integrity
3. A business person must be gentle
4. A business person must not be pompous and showy
5. A business person must be tender hearted
6. A business person must be keenly observant
7. A business person must be conversant in gospel matters

He says, "What a blessed sight it is to see the businessman who fills his shop with harmless things and sells them with fear of God and brotherly feelings! How blessed are those who come to buy things from his shop! What a joy it is to sit on the verandah of his shop seeing his ministry filled with God's Grace. The sky and earth cannot but rejoice and the sea and the ships cannot but roar and the stars cannot but sing when such a merchant grows prosperous." (Daniel, 2009)

The Evil of Auction Chitties, (Lela Chitty Dosham, 1928) is yet another book by Sadhu Kochukunju. In this book he strongly condemned the then prevalent village banking or system of auction chitties. From what available sources and his biographers, he was not happy about the system as he believed that this system was inherently unjust and would lead people to poverty and pave the way for the prosperity of a minority and the ruin of the many. He used very strong words to condemn the rich and foremen of such chit funds, the village bankers of those times. (Daniel, 2009)

" God has so decided that man finds a means of living to help himself and his fellow human beings. But what if a means of living pave the way for the prosperity of a minority and the ruin of the public? "

To conclude: Business is a mission. Practicing ethical business may be Karma Yoga or it is following the footsteps of Christ the Carpenter, undoubtedly, when an enterprise is run with a missionary spirit in order to

¹² Kochukunju Upadeshi's official name was M.I Varghese as per school records. Later when he became a gospel preacher he came to be known as Sadhu Kochukunju Upadeshi. The term Upadeshi in the Malayalam language means preacher of the gospel.

serve others, that would cause organizations produce better results in the global market and contribute in the creation of a better society.

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Heralds of Spring

Photo by Dr. Antal Szabó ©

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OPEN INNOVATION AND SMEs LIVING LAB BEST PRACTICES AND THE ROLE OF SMEs IN INTERACTIVE USER-INVOLVEMENT

ABSTRACT

Creating interactive user-centered innovation, therefore integrate users into the product/service development processes of SMEs is one of the main aim of the so called Living Labs. Living Labs intend to provide services to SMEs, which would anyway at high expense available for them. European best practices and research results confirm the importance of Living Labs in SME development and highlight our attention to the possibilities of open innovation in management strategies.

JEL Code: O32

1. INTRODUCTION

Contrasting the current market environment of a company to the market environment of decades ago, we can see important changes deriving from globalization. Changes in corporate strategy towards a more dynamic and open model are not just the potential source of distinctive competitive advantage but more and more are necessity for subsistence. The most important success factors of SMEs resides in the leader's personality, his/her high level of creativity, purposefulness, openness, excellent communication skills, motivating leadership skills, and the combination of all these attributes¹³. This fact is not new, but highlights our attention to the main roles inside an organisation providing the most important additional values that enhance corporate innovativeness.

The challenges of the more and more dynamic market environment, the shortening product lifecycles, rising cost of technology development (Chesbrough, 2006), and the tendency from the mass production producers towards the immensely growing individualized need emerging in masses (Hronszky, 2010) demands breakthrough thinking in management. Observing the changes toward the 21st century market environment, Chesbrough introduced the term open innovation, and says, "*open innovation is the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively. The open innovation paradigm treats research and development as an open system.*" (Chesbrough, 2006)

Open innovation means making the border of a company partly transparent in order to acquire the most suitable knowledge at lowest cost and integrate it to the company's development process in order to make it effective and innovative (as well as to make accessible the knowledge unused by the firm). Knowledge may come from different sources outside the company, as from other companies, even suppliers, universities, research institutions, and customers may provide invaluable knowledge suitable for business processes. The sources of innovation vary greatly, it mainly come from users, suppliers, or from the manufacturer itself. The knowledge coming from users is the most frequent in the field of scientific instruments and process machinery innovations, but – according to the research results¹⁴ it occurs also in other fields, like material

¹³ GKI Economic Research Co. executed a survey in 2009 in charge of the Ministry for National Economy with the purpose of analysing the conditions of SME development in Hungary. The method of the analysis was based on the up-to-date international and domestic article and literature analysis, the corporate tax database of National Tax and Customs Administration (NAV), personal and phone interviews, content analysis of domestic newspapers. Downloadable: http://www.ngm.gov.hu/data/cms1998604/kkv_nov_felt.pdf

¹⁴ Eric von Hippel and his MIT students conducted research in the USA in order to determine user-involvement in innovation processes with the aid of the National Science Foundation (NSF), and collected data via telephone

sciences as well. The research focused on the already executed innovations, and its sources, and shows us historical evidence on user-centered innovation. User-centered innovation is possible in all different domains, and can be executed with purpose, not just building on randomly evolving user ideas for suiting the technology. Then we arrived to introduce the term Living Labs, defined by EC INFSO, 2009:

„A Living Lab is a user-driven open innovation ecosystem based on a business – citizens – government partnership which enables users to take an active part in the research, development and innovation process” (EC INFSO, 2009)

For short, Living Labs can be seen as one of the trials to reverse the manufacturer dominated production of technologies to user dominated. (Hronszky, 2010). SMEs can have a double role related to Living Labs. They can be both on producer as well as on user side (Schaffers, Santoro, 2010). This interesting dual role requires radical changes in the management of SMEs, as well as analyzing the opportunities and barriers deriving from Living Lab collaborations. This is a starting point to business model innovation, and highlights the importance of using external ideas, as well as put and utilizes not necessary internal ideas outside the organization. This business model innovation affects the whole product/service development process and each department of a company.

The aim of this essay is to summarize and give an SME-related literature analysis on open innovation and interactive value creation. It introduces important results of two research projects related to the Competitiveness and Innovation Framework Programme of the European Union, CO-LLABS (Community-Based Living labs to Enhance SMEs Innovation in Europe) and APOLLON (Advanced Pilot of Living Labs Operating in Networks) targeting to create better insight in business models of SME-oriented Living Labs. The results of these projects, as Living Lab best practices, modes of their operation and methods of user-involvement are analyzed focusing on the SMEs viewpoint. These projects can be considered as first and very valuable initiatives to call attention to the possibility of Living Labs, therefore, interactive value production, user-integration into the innovation process.

2. OPEN INNOVATION AND SMES □ A THEORETICAL BACKGROUND

The methods of proactive thinking and mapping the needs and market segment of users, are recently based on marketing methods. These marketing methods have focus on user satisfaction experiments, which is proactive thinking and necessary to sustain presence on the market, but most SME does not go further than from asking users “what they want”. But what could be more than this? How could be user needs more accurately satisfied? What could an SME do in order to gain competitive advantage?

The answer is to apply interactive user-involvement and value production into the SME innovation process. Integrating users into the development process in an interactive way requires real changes in corporate thinking and business model.

Empirical works shows, that users are in most cases the potential source of innovation, and they have much more creativity than we thought (Hippel, 2005). This creativity, as a potential resource has to be internalized into the innovation process of SMEs. Effective internalization needs changes in business models, and the method of internalization is currently in developing phase and currently subject of – also later mentioned - European economic researches.

According to Katz and Allen, 1982, (cited by Hippel, 2005) the so called NIH (Not Invented Here) syndrome is one of the most relevant reaction for hindering ideas coming from outside the organization. Its main reason is the professional prestige of employees. Internalizing external ideas have challenges as e.g. finding the so called lead users, motivate them and minimize information asymmetry of users and manufacturers. As Foray stated, the most important challenge of external knowledge internationalization is integrating mostly online generated information into laboratories (Foray, 2004). In order to gain external ideas, management should always search for lead users, open up business model which give additional tasks to managers, and business models should be focused to shift money from research to development, and therefore shorten the R&D process of the organizations (Chesbrough, 2006).

interviews, library work and field trips to understand the histories and sources of innovation of over 100 highly technical innovations.

The advantages of interactive user-involvement in the production process itself as a potential driver of future manufacturer innovation should be negotiated from different aspects: From the aspect of manufacturers, the cost and time of development can be decreased, and the needs of users can be identified and monitored continuously and interactively. Interactive user-involvement may create loyalty and open possibilities of gaining ideas over the core activity of a company. From the aspect of users, who can be even other SMEs, their needs can be satisfied more accurately. From the aspect of the government, in order to enhance interactive user-involvement, a policy change on SME regulation would provide opportunities for economic development. The SME sector has double role - as user and manufacturer- related to Living Labs. These different roles require different changes in business models, as well as governmental policy support on a long term. (Hippel, 2005)

The necessary changes to open up business models are different, as different companies have different assets, values, core competencies, histories and product lifecycles, but business models need to open up because of the economic pressures on innovation as a consequence of globalization and shortening product lifecycles. The difference between closed and open business models are smaller development costs, and additional revenues deriving from license and spin-off. These forms of commercialization are used to utilize the waste of unutilized corporate resources, as the same technology means different opportunities for different companies. Unutilized corporate resources can be described by patent, technology and resource mapping. Business models should be altered by describing the value proposition, target market segment, cost structure, profit potential and competitive strategy of the company. The so called NIH syndrome is complemented by an additional syndrome deriving from license and spin-off, which is the so called NSH- Not Sold Here syndrome (Chesbrough 2006). There are 6 types of business models differentiated (Chesbrough 2006) according to the level of openness and innovation as follows:

	Business model	Innovation process	IP management	Example	Remarks
Type 1	Undifferentiated	None	None	Mom and Pop restaurants	No intent to expand
Type 2	Differentiated	Adhoc	Reactive	Start-up technology intensive companies	Serves different market segment, Innovation lead by CEO
Type 3	Segmented	Planned	Defensive	Technology push companies	Multiple price and market segmentation, Leaders of innovation is from R&D department
Type 4	Externally aware	Externally supportive	Enabling asset	Mature industrial R&D firms, biotech firms,	Resource mapping, looks outside the company borders,
Type 5	Integrated	Connected to business model	Financial asset	Leading financial firms	Business model is flexible to change, innovation is business function, company invest in studying customer needs
Type 6	Adaptive	Identifies new business models	Strategic asset	Intel, Dell	Innovation is internalized into business processes, company is open to suppliers and customers

1. Table: Business model framework

Source: Chesbrough 2006

The changes in the business models towards achieving openness are based on accommodating to global challenges and the way and direction of accommodating is defined by Prahalad and Krisnan by introducing two of its principles, as business models should focus on to satisfy the needs of individual consumers more accurately (defined by N=1) and strive for gaining global resources and talent (defined by R=G). Going closer to these targets in company's business models, there are necessary changes besides the above mentioned specifications. These changes are mobilizing talents coming either from inside or outside the organization, open up business models to gain and internalize outside resources (R=G), and get user feedback to create products, services according to individualized needs with lower corporate costs. (Prahalad, Krisnan 2008)

3. LIVING LAB BUSINESS MODELS AND SMEs

„The underlying motivation is that Living Labs provide services to SMEs that would otherwise not be available to them. Focus is on how SMEs and their business partners can be involved in Living Labs in the best way in order to collaborate in open innovation, and on sharing experience among Living Labs initiatives and beyond as regards SME involvement in co-creation of Living labs practices...” (EC INFOS, January 2009).

Two EU funded projects is/was involved in Living Lab researches, the so called CO-LLABS¹⁵ (Community-Based Living Labs to Enhance SMEs Innovation in Europe) and APOLLON¹⁶ (Advanced Pilot of Living Labs Operating in Networks). These projects tried to identify and analyse European Living Lab pilots and best practices involving SMEs, or relevant for the purpose of SME development. According to the results, business models of Living Labs can be differentiated by their funding/revenue model, service offering and value proposition and their business processes. Regarding founding methods there are different modes and sources of funding, like public subsidies, mix of public and private funding by creating a consortium. Living Lab services are mainly based on offering user testing and validation services, but there are examples of offering entrepreneurship enhancing services like technology transfer and incubation support services as well. 3 kinds of business models can be differentiated as follows:

Type of business model	Funding	Service offering, value proposition	Business process
Type I: Project based LL	European funding	User involvement in different domains	Large project mainly of research organizations
Type II: Consortium based LL	Mix of public and private funds - consortium	Regional facility for projects targeting user-involvement	Consortium driven
Type III: Facility based LL	National, regional EU funds, business participation - mix	Regional program to stimulate business incubation	Program, maybe business support centre

2. Table: Potential Living Lab business models

Source: CO-LLABS Technical report for WP2 ¹⁷

¹⁵ <http://www.ami-communities.eu/wiki/CO-LLABS>

¹⁶ Apollon flyer: <http://www.apollon-pilot.eu/sites/apollon-pilot.eu/files/Apollon-flyer-EC.pdf>

¹⁷ CO-LLABS Technical report for WP2: http://www.ami-communities.eu/pub/bscw.cgi/d471623/COLLABS_D22_Technical_Report.pdf

Living Labs have two main roles, which can be interesting and topic of further negotiation for SMEs as they act as an intermediate organization capturing user feedbacks related to products and tries to internalize them inside Living Lab organizations or to potential SMEs, as principals. The other role of Living Labs are organizing communities, groups, companies, special research groups in order to carry out a research agenda and solve a specific research problem mainly related to national, regional or EU projects.¹⁸ We can make an alignment between the business models of Living Labs and SMEs; as for example an SME possessing “Type 6” business model are more open to experimentation, more than just testing by interactive user-feedback internalization. A “Type 3” company with its lower resources and not planned innovation activity is not open to interactive testing; it -in my thinking- would be interested in not for more than test-bed services of Living Labs. Living Labs, by providing the conditions of high-level research projects could attract “Type 5” or “Type 6” companies to collaborate in order to facilitate their research and gain innovation input. It is important to highlight the connection of SMEs and Living Lab business models, as for the sustainability of Living Labs it is important to involve private funding besides public funding for research. “Type 5” or “Type 6” companies providing innovation activity are supposed to possess budget for interactive testing and open innovation. That’s why it is important to create Living Labs ready to provide useable services for SMEs. SMEs would be more willing to pay for research, testing, validating, and providing continuous interaction and gaining feedback of users by a well established Living Lab. From government and SME development policy perspectives a financial model or incentive mechanism for SMEs providing resources for this kind of Living Lab participations would create “demand” for Living Lab services, therefore could make them sustainable and – by best practices- incentive potential Living Lab stakeholders to establish Living Lab collaboration and provide valuable services to SMEs that “otherwise”, would not be available for them. According to CO-LLABS research results most of the Living Labs do not pursue convincing approach towards SMEs and are not active contrary to all expectations of their additional value described above.

4. LIVING LAB BEST PRACTICES AND THE ROLE OF SMEs IN LLs, THE RESULTS OF THE EU PROJECTS

The ideal operation model of Living Labs identified by the projects CO-LLABS and APOLLON can be described as follows:

A Living Lab provides an opportunity for the users to use (and test) the products in advance, in the development phases. Each test is customized in accordance with the test-initiators unique requirements. Different test-pilots make it possible to tailor a test target-group also in accordance with the test-initiators requirements. Additionally users/testers of product may even more likely buy or use the product later, according to their feedbacks in a totally developed phase. The additional value of testing is to provide the opportunity to gain the testers as later potential user’s interest and needs before products are fully developed and introduced to the market. The additional value of Living Lab collaboration could provide e.g. to SMEs is related to testing, to find the group of users whose feedback would be the most valuable to implement into the development process (Hippel¹⁹ used the term, “lead users”, for this specific group of users). Additionally Living Labs provide a detailed analysis of test results to the initiators, e.g. for SMEs. CO-LLABS experiments seem to show the initiators of testing; therefore using Living Lab services emphasized the importance to test products as early in the development phase.²⁰

Living Lab practices do not exactly follow the theoretical definition of Living Labs that emphasises its “user-driven” aspect. Present Living Lab practices are mainly to fill the pre-commercial gap.

Living Labs are not domain specific, they can operate in lots of domains, like Agriculture, eHealth/Wellness, ICT in environment protection, Tourism, Mobility, Energy, Rural,- regional, city integration and development, Media, e-Business. I introduce some of the most relevant practical examples from domain of agriculture, healthcare and energy of Living Lab collaboration.

¹⁸ CO-LLABS Technical report for WP3: http://www.ami-communities.eu/pub/bscw.cgi/d471614/COLLABS_D32_Technical_Report.pdf

¹⁹ Eric von Hippel: Democratizing Innovation. MIT Press, Cambridge, 2005;

²⁰ CO-LLABS Technical report for WP2. Downloadable: http://www.amicommunities.eu/pub/bscw.cgi/d471623/COLLABS_D22_Technical_Report.pdf

Agro Living Lab (Finland)

Agro Living Lab focuses on usability and user-centred design for technologies in agriculture and forestry. User needs, new product ideas, prototypes or design solutions can be evaluated with systematic and innovative research methods. The pre-collected user network makes it easy and fast to attract test initiators. The services are targeted to the companies that are making business in agriculture and forestry. In practice the companies will contact the Agro Living Lab, which maintains the user network and negotiates the assignment with the company, coordinates and accomplishes the assignment with the end-users and reports the results.²¹ This Living Lab concept is in testing phase yet and there are no exact pieces of information about the interactive relationship and feedback information between users, Living Labs and test initiators as well as about the user-driven aspect of the Living Lab. According to an interview with an expert of that Living Lab, interactive feedback of users can be executed by informal relationships and close collaboration with end-users-Living Labs and test initiators.

TELESAL Living Lab (Italy)

TELESAL Living Lab is testing telemedicine pilot applications within health care institutions, on-board rescue vehicles and at the home of patients assure them avoidance of useless transfers, face-to face examinations. Homecare enables to assist patients staying at home, according to one of the basic concepts of the Living Lab, as make possible to move diagnostic data, rather than patients and produce a considerable and immediate operating cost reduction. Living Lab gives patients the opportunity to measure their own vital signs at home, with portable medical devices, and automatically send the clinical data to a medical Service Center where they are collected and examined by experts. The data and the patient clinical record are analyzed in real time. In case of abnormal values an emergency procedure is immediately activated. TELESAL also offers test beds also for SMEs for the following services, relevant to telemedicine/eHealth²² In this case the main service of the Living Lab is to provide services to patients, but it is not only the main function of a Living Lab. By patient monitoring services the user group is created, providing the possibility of testing. This testing opportunities can be utilized by SMEs operating in the above mentioned domains.

RENER Living Lab (Portugal)

RENER Living Lab addresses the mobility part of energy domain. It consists of a car sharing service that is connected to the public transportation system. As such, there is an electronic platform that manages the fleet and is used as interface with end users. All the cars participating in testing are electric and the car stations produce electricity (photovoltaic). SMEs are involved in order to accumulate technological and market knowledge about this electric cars and the car sharing business.²³

APOLLON Lisbon Pilot Living Lab

The Lisbon Pilot Living Lab operates in the field of energy efficiency and targets to enhance it in households by using renewable energy technologies. The Living Lab aims at creating possible behavioural change measures information, with discrete monitoring on a monthly basis, initiate pricing system changing and study of the impact and gives suggestion on the dweller's consumptions, aggregating and analysing it, therefore provides information on how to reduce consumption. SMEs have the possibility of joining the Living Lab in order to test their technology with real and potential future users, receive users feedback to improve the technology, participate in a cross border experiment and receive know-how from other SMEs; internationalize their activity; promote strongly innovation and create European level synergies to these companies in scaling their market reach. An initial SMEs benchmark has been performed involving national and international SMEs into the testing of their technologies (mainly smart metering devices)²⁴ This Living Lab works as a similar model than previous ones, as their additional value to SMEs resides in their already existing activity, like energy monitoring and testing. By enhancing energy efficiency and create additional value

²¹ http://www.openlivinglabs.eu/sites/enoll.org/files/agro_0.pdf, detailed information: www.stoy.fi

²² CO-LLABS Technical Report WP1: http://www.ami-communities.eu/pub/bscw.cgi/d471627/COLLABS_D13_Technical_Report.pdf

²³ CO-LLABS Technical Report WP1: http://www.ami-communities.eu/pub/bscw.cgi/d471627/COLLABS_D13_Technical_Report.pdf

²⁴ <http://www.apollon-pilot.eu/sites/apollon-pilot.eu/files/APOLLON%20Lisbon%20Pilot.pdf>

to the dwellers, the Living Lab creates the commitment on energy efficient technologies of a specific group users, therefore are ready for testing SMEs technologies.

5. SUMMARY

By the involvement of SMEs into Living Lab activities, as the emerging practice suggests SMEs could benefit from opening up their business models towards accessing information from outside resources. It should be clear, that Living Labs could be sustainable just on business principles, dominated by private founding. According to the present European research results and Living Lab practices, the potential sources of funding could be SMEs, as initiators of testing. Living Labs are practically verification platforms for implementation of innovative services offering possibilities and services for SMEs that would otherwise not be feasible cost-effectively by themselves.

A warning is repeatedly to be made. The theoretical, normative definition of Living Labs focuses on the “user-driven” aspect of user-involvement, but by analyzing practical examples, there are no Living Labs, where “user-driven” collaboration is already in practice, additionally, most of the members of ENoLL, having the name of “Living Lab” are just in early-development phase.

Therefore the Living Lab concept should be the focus of further researches. As best practices show, Living Labs really provide important additional value both for its SMEs, both as users and stakeholders. But to demonstrate in practice the working of and learning from really “user driven” Living Labs is still a further task. The current European and national policies for SMEs development therefore should be enriched targeting the development of really operating Living Labs ensuring its central/governmental professional monitoring and advices for effective working.

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CONFERENCE PAPERS



LISZT YEAR 2011

Franz Liszt (1811-1886) is one of the most impressively colourful person of the 19th century all over the world, a musician who lived life to the full. *"Of all living artists I am the only one who can proudly boast of a proud homeland... While others exhaustingly struggling in shallow waters of economical community, I am free to sail on the high seas of a great nation. Polaris shows that Hungary will be proud to look at me sometime"* - he wrote to his friend in Temesvár in 1846.

Oil painting by Miklós Barabás: Ferenc Liszt (1847)



Liszt born in Doborján - today it called Raiding and belongs to Burgerland in Austria. Many Liszt's writing prove that he declared himself as Hungarian.

The universal history of music in 2011 celebrates his 200th birth anniversary. The whole classical music world celebrates him, and both Austrian, French and German consider him as their own master.

Liszt was an enlightened, cultured citizen of Europe, at ease almost everywhere in the world. He was not only a composer but also a music teacher who practically launched the operation of the Academy of Music in his own home in Pest.



The Hungarian Academy of Music in Budapest
Photos by Dr. Antal Szabó ©

Later, as he turned towards Catholicism, setting himself the goal of a new reform of church music, he enriched the genre of religious music with grand oratorios and masses, then in 1865 he took minor orders to become an abbey.

The Liszt Year opening concert was scheduled in the Palace of Arts for 22 January 2011. However, the Christus Oratorium was performed already a day earlier in full house by the Pannon Philharmonic Orchestra under the conductor Zoltán Preskó. The Christus Oratorium consists of three parts and eleven movements and Liszt composed it during nearly twenty years. This is one of the main opus composed by Liszt and it required virtuoso musicality to perform. The world premiere took place in Weimar in 1873 conducted by Liszt.

Compiled by Dr. Antal Szabó

For more information on the Liszt Year please visit: www.liszt-2011.hu

INSTITUTIONAL PROFILE



THE CULTURAL HISTORY OF HUNGARY IN A CARPET

file: <http://www.eu2011.hu/news/cultural-history-hungary-carpet>

For the duration of the Hungarian presidency of the EU, an enormous carpet – approximately 202 square metres in area, and depicting the cultural history of Hungary – will adorn the atrium in the headquarters of the Council of the European Union. Walking across the carpet and examining its images can form an introduction to the history and culture of the Presidency’s current host country.

According to custom, the country holding the revolving presidency of the EU is responsible for interior design features in the Council’s Justus Lipsius building, in which representatives from the governments of Member States hold Council meetings. On 10 January 2011 almost three tonnes of material arrived in Brussels for installation in the building.

The monumental creation is the work of the textile artist, Lívía Pápai (see her home-page at <http://w3.externet.hu/~dobor/>). Covering an area of approximately 202 square metres, the carpet is an enormous representation of Hungary’s cultural history.

Individual elements closely associated with Hungarian history, culture and science form its network of symbols: representations, for example, of pre-eminent historic figures such as Saint István (Stephen), Saint László (Ladislau), King Zsigmond (Sigismund), King Mátyás (Matthias), István Széchenyi, Ferenc (Franz) Liszt and Victor Vasarely.

Other depictions include: Farkas (Wolfgang) Kempelen’s chess-playing automaton; the ball-point pen, patented by László Bíró; Oszkár Asbóth’s early helicopter mechanism; a fifteenth-century ornamental saddle made of bone; the old Hungarian runic alphabet; an ornamental ceramic work by the Zsolnay porcelain manufacturer, decorated with motifs from the late ninth and early tenth centuries (the period of the arrival of Magyar tribes in the Carpathian Basin); and the Flag of Rákóczi, from Rákóczi’s War for Independence in the early eighteenth century.



One of the two maps on the carpet shows the Habsburg Empire at the time of the 1848 Hungarian Revolution and War of Independence, and the other depicts the oldest known printed map of our country, dating from 1528.

Important national symbols

Hungary's important national symbols are also present on the carpet, in depictions of the Hungarian cockade, the mythological Turul bird, the abovementioned Flag of Rákóczi, and the 'Martinovics Tree'. Buildings featured on the carpet are the Matthias Church in Buda, the Palace of Eszterháza, and Budapest's Chain Bridge and Museum of Applied Arts. Lívia Pápai was personally committed to including elements reflecting women's contribution to Hungarian culture and history; and so there are depictions of the altar-cloth featuring the Lórántffy family coat of arms (Zsuzsanna Lórántffy was the wife of the Hungarian prince György Rákóczi), and an equestrian portrait of Elisabeth of Bavaria ('Sisi', Queen of Hungary and wife of Francis Joseph I).

The creation of this carpet of cultural history, was marked by an unparalleled united effort in which several museums, institutions and foundations assisted by making available high-resolution images of the subjects envisaged for the composition. In this regard, collaborating institutions were the Hungarian National Museum, the National Széchényi Library, the Vasarely Museum of the Directorate of Museums in Baranya County, the Hungarian Technical and Transport Museum, and the Liszt Ferenc Memorial Museum.

In addition to the above, several Hungarian works of art and creative designs have been incorporated in the interior design features. Literature and music are featured in the Hungarian installation, as two important 'ambassadors' of Hungarian culture.

Exceptionally creative and inventive design

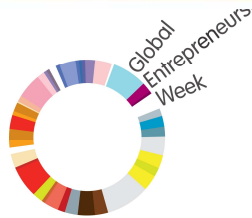
The cultural history carpet, the musical armchair and other creative elements designed for the six-month term of the Hungarian presidency are not merely decorative, but encourage active participation from viewers.

Acknowledged experts of the Council of the European Union regard the Hungarian design as exceptionally creative and inventive, and conceptually the best seen recently. When developing the creative concept, the notion of 'potential' came into focus in which Hungary is seen as a country of potential, and Europe as the continent of potential. The originator of the basic creative concept was Roland Lengyel.

The carpet was produced with the prior approval of the Ministry of Foreign Affairs and the Ministry of Public Administration and Justice, whom are responsible for implementing the tasks of the Hungarian presidency of the EU. A gross budget of HUF 50 million (around €180,000) was made available for the interior design elements for the Justus Lipsius building. This sum was provided by the Ministry of Foreign Affairs, and Hungarofest was commissioned with creation and execution of the creative concept.

Article date: 2011, January 13

CALLS □ EVENTS □ NEWS



5th ERENET JUBILEE ANNUAL MEETING

20 May 2011, Budapest, Hungary

Budapest Corvinus University

Address: H-1093 Budapest, Fővám tér 8. Hungary

YOUTH, FREEDOM, ENTREPRENEURSHIP TEACHING ENTREPRENEURSHIP AND EDUCATION IN EUROPE

INVITATION FROM THE ERENET SECRETARY



Dr. Antal Szabó
Scientific
Director of
ERENET

Entrepreneurship education and development, especially for SMEs has been receiving increase attention at all level in national economy. The Entrepreneurship Education and Research Network among the Universities of Central and Eastern Europe ERENET, consisting of university academicians, government representatives, experts from business services providers and responsible entrepreneurs, has contributed to the promotion of entrepreneurship at the university curricula, harmonisation and development of entrepreneurial education, evaluation and development of government's SME national policies, promotion of communication and dissemination of best practices in SME promotion related issues.

ERENET, as an open-ended network based on mutual trust, cooperation and recognition, having more than 150 members from 41 countries, becomes a significant source of entrepreneurship development and has been contributes to strengthening the set of cultural and educational values and promoting the cross-boarder cooperation among the universities and institution in Central-Eastern Europe.

It is my great pleasure to invite you to the Jubilee 5th Annual Meeting of the ERENET to be organized on 20 May 2011 at the Budapest Corvinus University in Budapest, Hungary. It is our great pleasure that this event is coincides with the Hungarian EU Presidency.

INVITATION FROM THE CORVINUS UNIVERSITY OF BUDAPEST



Dr. László Kállay,
Director of the
Small Business
Development
Centre at the
CUB

It is my honor to invite you for the 5th Annual Meeting of ERENET. Europe as an economic region has to face one of the biggest challenges of its history. In the dynamically developing world economy European competitiveness seems to be eroding, at least in relative terms. SMEs are one of the determining factors of economic performance in both traditional and new market economies. We have to realize that by now small firms themselves also became players of the global markets, small manufacturers, traders, service providers in China, India, or Brazil may be rivals of small firms in Europe or the USA. National policies to provide favorable legal and regulatory environment or running efficient SME development programs may contribute to the improvement of small firm's economic performance, while instability, unnecessary involvement of governments or distorting competition will make opposite impact. On the long run education is a key factor of SME development, we have to think responsibly about what we do today. So, we have a lot to discuss, come and join the meeting in Budapest.

INVITATION FROM ESBA



Tina Sommer
President of
ESBA

2010 has been a turbulent year for Small and Medium sized Enterprises. The financial crisis seems to have been a wake-up call for the European Union's Institutions, as they have experienced first hand that without a healthy SME sector it is virtually impossible for a European economy to exist. ESBA has been highly active in helping to shape new policy and legislation affecting small business, and curbing legislation that had the potential to be detrimental to the small business community. Cooperation between ERENET and ESBA has been of continued significance in this respect, which manifested itself, amongst other things, in a joint effort to guide the European Commission from a small business perspective regarding the revision of one of the most important EU policy frameworks for SMEs: the Small Business Act for Europe (SBA). The revised version of the SBA is set to be published only weeks from now, taking on board ERENET and ESBA's comments.

After the Lisbon Treaty was implemented, the EU published the EU2020 strategy, divided in flagship initiatives, many of which heavily affecting SMEs. At the same time, an academic piece was turned into one of the most important EU communications of recent years when Professor Mario Monti's report resulted in Commissioner Barnier's 'Single Market Act'. This act, which serves the purpose of working towards the completion of the EU Internal Market, consists of 50 concrete proposals, *all* of which require our undivided attention to ensure that SMEs will not be disadvantaged. For this reason, now more than ever, the cooperation between ERENET and ESBA is of the utmost importance. By sharing knowledge and best practice examples, by combining research and academics with advocacy, we will continue to inform the EU institutions and thereby help shape future legislation, creating a healthy environment for SMEs.

For questions or contributions, please visit our website at: www.esba-europe.org.

Global Entrepreneurship Week connects people everywhere through local, national and global activities designed to help them explore their potential as self-starters and innovators. Students, educators, entrepreneurs, business leaders, employees, non-profit leaders, government officials and many others participated in a range of activities, from online to face-to-face, and from large-scale competitions and events to intimate networking gatherings.

The 5th ERENET Annual Meeting is one of the events highlighted also by GEW.

PRELIMINARY PROGRAM

- | | |
|---------------|--|
| 09.00 – 10.00 | Delegate arriving, Registration , Refreshment on arrival + Networking |
| 10.00 – 10.25 | <p>OPENING Ceremony
 Dr. Tamás Mészáros, Rector of the Corvinus University of Budapest, Budapest
 Tina Sommer, President of the European Small Business Alliance
 Dieter Ibielski, Presidential Councillor of the Union Mittelständischer Unternehmen e.V., Honorable Member of the ERENET
 Dr. László Kállay, Director of the Small Business Development Centre, CUB
 Dr. Antal Szabó, Scientific Director of ERENET</p> |
| 10.25 – 10.30 | <p>Inauguration of new ERENET Honorable Members
 Dr. Tamás Mészáros, Rector of the Corvinus University of Budapest, Budapest</p> |
| 10.30 – 10.40 | <p>Development of the Entrepreneurship and SME Policy under the Hungarian EU Presidency
 Representative of the Ministry of National Economy</p> |
| 10.40 – 10.50 | <p>ESBA lobbying activity to reshape Europe SME support activities in the line of the EU New 2020 Strategy
 Tina Sommer, President of the European Small Business Alliance</p> |
| 10.50 – 11.00 | <p>Innovation, SMEs, Entrepreneurship
 Dr. Magdolna Csath, Professor at the Economics and management Department of the Kodolányi János University of Applied Sciences</p> |
| 11.10 – 11.20 | <p>Report on the activities of the ERENET Network in 2010 – Future orientation
 by Dr. Antal Szabó, Scientific Director of ERENET
 Co-referent from the SEE Secretariat
 by Dr. Eric Dejan, Director of the Institute of Economic Sciences, Belgrade</p> |
| 11.20 – 11.40 | <p>Achievements of ERENET supported projects</p> <p>Achievement of the V4 project
 Dr. Renata Vokorokosová, Assistant Professor, Technical University of Kosice</p> <p>Achievement of the EDUARO project
 Dr. Zsuzsanna Szabó, Dean of the Economic and Administration Faculty of the Petru Maior University</p> <p>Achievement of TÁMOP project of CUB
 Dr. Peter Szirmai, project manager, Former Director of SBDC, CUB</p> |

11.40 – 12.00

Cafe Break

12.00 – 13.30

**SESSION I: University Entrepreneurial Education in Europe
Chaired by László Kállay***Call for papers and presentations is opened for ERENET members***Entrepreneurial Education in Croatia with focus on the program of the
Strossmayer University**

Dr. Sanja Pfeifer, Associate Professor, Faculty of Economics at the J.J. Strossmayer University in Osijek

Entrepreneurial Education in Germany

Dr. Hans-Jürgen Weißbach, Director of Institute of Entrepreneurship at the Fachhochschule Frankfurt am Main, University of Applied Sciences

Entrepreneurial Education in Hungary

Dr. Szilveszter Farkas, Faculty of Economics at the Széchenyi István University in Győr

**University Entrepreneurial Education in Poland: the Case of the
Cracow University of Economics**

Dr. Aleksander Surdej, Professor, Faculty of Economics and International Relations, Cracow University of Economics

Entrepreneurial Education in Romania

Dr. Gabriela Cecilia Stanculescu, Associate Professor at the Faculty of Commerce of the Academy of Economic Studies, former Fulbright Scholar at the University of Illinois at Chicago, Chair of Marketing and Entrepreneurial Studies

Entrepreneurial Education in Serbia

Dr. Svetislav Paunovic, Executive Director at the Faculty for Banking, Insurance and Finance of the Belgrade Banking Academy

Entrepreneurial Education at the Technical University of Košice

Dr. Renáta Vokorokosová, Associate Professor, Department of Investment and Banking, Faculty of Economics, Technical University of Košice.

**Teaching entrepreneurship using design thinking approach at the University
of Ljubljana**

Dr. Tea Petrin Professor, and Dr. Aleš Vahčič, Professor, Faculty of Economics at the University of Ljubljana

13.30 – 14.30

Lunch

14.30 – 15.30

**SESSION II: Presentation of PhD Students on Development of doctoral
theses and about their participation in researches****CROATIA****Marina Jager**, PhD student, doctoral program in Entrepreneurship and Innovation, Teaching and research assistant at Faculty

of Economics of the J.J. Strossmayer University in Osijek

SERBIA

Isidora Beraha, Junior Researcher, Institute of Economic Sciences, Belgrade, PhD Student at the Faculty of Organization Sciences of the University of Belgrade

SLOVAKIA

Martina Rusnáková, PhD Student, Economic faculty of Technical University in Košice

HUNGARY

Sarolta Laura Baritz OP, PhD Student at the Department of Environmental Economy and Technology of the Budapest Corvinus University, and Assistant Lecturer at the Sapientia College of Theology

Katalin Kovács, Budapest University of Technology and Economics, Department of Management and Corporate Economics

Katalin Mihalkovicsné Szakács, PhD Student at the Small Business Development Center of the Budapest Corvinus University

Krisztina Tomcsányi, MA degree from Corvinus University of Budapest, PhD Student at the Strategy and Project Management of the Budapest Corvinus University

15.30 – 17.00

Discussion of the ERENET Work Program for 2011-2013
Chaired by Antal Szabó and Eric Dejan

17.00 – 17.30

CLOSING, Roundtable summarizing of the main statement of the conference

For information please contact

Ms. Ágnes Kiss at agnes.kiss@uni-corvinus.hu

or

Dr. Antal Szabó at erenet.hu@gmail.com



CERTIFIED SUSTAINABILITY (CSR) PRACTITIONER TRAINING

designing and implementing effective CSR strategies and reports

26-27 May 2011, Brussels



CSE is hosting the **Certified Sustainability (CSR) Practitioner Training (IEMA Approved)** in Brussels this May due to high demand after a previous training course led this past November.

The training entails a global perspective on Corporate Social Responsibility and Sustainability enabling professionals to gain an international professional certification as CSR Practitioners and lead their organizations, teams and projects towards Sustainability and Excellence.

Professionals gain advanced knowledge and acquire comprehensive skills for bringing added value and authenticity to their organizations at the strategic and operational level. By maintaining high levels of confidence among stakeholders and adopting business transparency organizations achieve excellence and actively promote social responsibility across the Triple Bottom Line.

Successful Sustainability (CSR) Practitioners ensure that the commitment to Sustainability is deployed through the effective design and implementation of strategies and programs across organizations. At the end of the workshop professionals have the opportunity to complete Final Assignment which qualifies them for certification. Upon successful completion, professionals gain a CSR-P Certification and CSR-P Seal.

CSE has trained more than 5,000 professionals from all industry sectors. More than 200 professionals have become Certified CSR Practitioners from 5 continents and 25 countries across North America, Europe, the Middle East and Asia, having gained advanced knowledge and career progression through the globally recognized Sustainability (CSR) Practitioner Training workshop.

Organizations such as *The World Business for Sustainable Development, Oracle, Baxter, Sara Lee, CYTA, Mercedes Benz, Baker Hughes, Whole Foods, The North Face, Vanity Fair, and Entrepreneur, BP, Lloyds Banking Group, Dubai Customs* are now implementing the most advanced Sustainability Strategies within their organizations.

Register Online:

(Early Bird Deadline: April 29th)

<http://www.cse-net.org/shopproduct.aspx?Prod=33&CatId=3>

Contact:

Miss Aglaia Ntili
Training and Development

Phone: +30 210 80 85 565

E-mail: development@cse-net.org

Sustainability Practitioner Website

<http://www.cse-net.org/contents.aspx?catid=520>

9th INTERNATIONAL CONFERENCE ON MANAGEMENT, ENTERPRISE AND BENCHMARKING

MEB 2011
3-4 June 2011, Budapest, Hungary



MEB 2011 is an international conference to provide a forum for presentations and discussions of scientific, economic and business areas. This year we would like to focus on the management, development and competitiveness of small and medium enterprises.

TOPICS within the scope of the conference will include:

- Theoretical studies, modelling and adaptive approaches;
- Analyzing measure, structure and organizational parameters;
- Examining the connection between marketing methods and benchmarking.
-

REGISTRATION

Prospective participants are kindly asked to fill in and send back the registration form which can be found on the website.

SUBMISSION OF PAPERS

Authors are asked to submit electronically a full paper by e-mail. After notification please send your camera-ready paper of maximum 10 pages according to the paper format to Tímea Edőcs by e-mail (edocs.timea@kgk.uni-obuda.hu). Acceptable file formats are rtf or doc. Please check the website regarding the paper format.

PRESENTATION

OHP and data projector will be provided for oral presentation. Authors are asked not to use their own laptop, but bring the presentation on CD or pendrive.

AUTHOR'S SCHEDULE

Deadline of registration and paper submission	31 March 2011
Deadline of notification	15 April 2011
Deadline of final paper submission	1 May 2011

Organized and sponsored by
Keleti Károly Faculty of Economics
Óbuda University, Hungary

In cooperation with ERENET Network

Further information see <http://www.kgk.uni-obuda.hu/MEB>



Spirituality and Business Conference

1-3 July 2011, Budapest, Hungary

The *Business Ethics Center* of the *Corvinus University of Budapest* (<http://ethics.unicorvinus.hu>), the *European SPES Forum* (<http://www.europespes.be>), and the *ERENET- Entrepreneurship Research and Education Network of Central European Universities* (<http://www.erenet.org>) organize an international conference on Spirituality and Business on 1-3 July 2011 in Budapest, Hungary. The collaborative organizing partner is the *Business Ethics Society*, Budapest.

The aims of the conference are

1. Launching the Handbook of Spirituality and Business published by Palgrave,
2. Disclosing the spiritual dimension in business ethics, and
3. Introducing/strengthening the European SPES Forum in Central and East Europe.

Planned program of the conference:

July 1 (Friday)

14.00 – 16.00: Launching the Handbook for Business and Spirituality

Spirituality and Business (**Laszlo Zsolnai**, Corvinus University of Budapest, Hungary)

The Rational and the Spiritual Self (**Luk Bouckaert**, Catholic University of Leuven, Belgium)

Break

16.30 – 18.00: Teaching Spirituality and Ethics

The Spiritual Dimension in Holistic Education (**Peter Schreider**, Comenius Institute, Muenster, Germany)

European Literature as a Mirror for Ethics (**Rita Ghesquiere**, Catholic University of Leuven, Belgium)

July 2 (Saturday)

9.00 meditation

9.15-10.45: Economic Wisdom

Spirituality and Leadership in East and West (**Peter Pruzan**, Copenhagen Business School, Denmark)

Buddhist Economics (**Laszlo Zsolnai**, Corvinus University of Budapest)

11.15 – 12.45: *Ethical Business and Ethical Consulting*

Panel session with **Andras Lang**, MagNet Bank, Hungary, **Melinda Béres**, CSR Director, Béres Ltd., and **Tibor Hejj**, Proactive Management Consulting

Lunch

14.00 – 15.30 Faith and Dialogue in Business

Faith and Business: An Aristotelian – Thomistic Approach (**Sarolta Baritz OP**, Corvinus University of Budapest)

Public Private Partnership for the Common Good (**Yuliya Shcherbinina**, Global Compact Network, Ukraine)

16.00 - 17.30 The Conscious Consumer and the Fair Trade Movement

Panel session with **Emese Gulyas**, President, Conscious Consumer Association, Budapest and other **representatives** from **Eastern and Central Europe**

July 3 (Sunday)

9.00 meditation

9.15 - 11.15 The Spirit of Entrepreneurship: Jewish, Christian and Muslim Views (**Sibylle Heillbrunn**, Ruppiner Academic Center, Israel, **Antal Szabó**, Scientific Director of ERENET, Budapest, Hungary, and **David J. Smallbone**, Kingston University, UK)

11.45 - 12.30 Closing Discussion and Plans for the Future

Luk Bouckaert, Catholic University of Leuven, Belgium and **Laszlo Zsolnai**, Corvinus University of Budapest

Participation fee for the conference:

100 Euros for regular participants

50 Euros for students and accompanying persons

Further information:

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PUBLICATIONS - NEWS

NEW EU STANDARDS FOR COMMON MOBILE PHONE CHARGER

Following a mandate from the European Commission, the European Standardisation Bodies CEN-CENELEC and ETSI have now made available the harmonised standards needed for the manufacture of data-enabled mobile phones compatible with a new common charger. This is the most recent development in the process towards a global common mobile phone charger initiated by the European Commission. It follows the June 2009 agreement of fourteen leading mobile phone producers to harmonise chargers for data-enabled mobile phones (i.e. that can be connected to a computer) sold in the European Union.



European Commission Vice-President Antonio Tajani, Commissioner for Industry and Entrepreneurship, said: *"I am very happy that the European Standardisation Bodies have met our request to develop within a short space of time the technical standards necessary for a common mobile phone charger based on the work done by industry. Now it is time for industry to show its commitment to sell mobile phones for the new charger. The common charger will make life easier for consumers, reduce waste and benefit businesses. It is a true win-win situation."*

Incompatibility of chargers for mobile phones is not only a major inconvenience for users, but also a considerable environmental problem. Users who want to change their mobile phones must usually acquire a new charger and dispose of the old one, even if it is in good condition. In response to citizens' demand for a common charger, the Commission invited manufacturers to agree on a technical solution making compatible the chargers of different brands.

As a result, world leading mobile phone producers committed themselves to ensure compatibility of data-enabled mobile phones, expected to be predominant in the market within two years, on the basis of the Micro-USB connector. The agreement was established in June 2009 and signed by Apple, Emblaze Mobile, Huawei Technologies, LGE, Motorola Mobility, NEC, Nokia, Qualcomm, Research In Motion (RIM), Samsung, Sony Ericsson, TCT Mobile (ALCATEL), Texas Instruments and Atmel ([IP/09/1049](#)).

The industry commits to provide chargers compatibility on the basis of the **Micro-USB connector**.

The Commission then issued a mandate to the European Standardisation Organisations CEN-CENELEC and ETSI in December 2009, requesting the development of European standards for the common charger. The two organisations have now delivered. The standards allow for interoperability, i.e. the common charger is compatible with data-enabled mobile telephones of different brands. They also take account of safety risks and electro-magnetic emissions and ensure that common chargers have sufficient immunity to external interference.

The European Commission expects the first common chargers and mobile phones compatible with the new standards to reach the European market in the first months of 2011.

For more information:

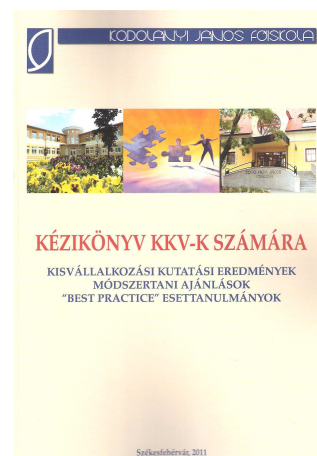
http://ec.europa.eu/enterprise/sectors/rte/chargers/index_en.htm

Source: Reference: IP/10/1776 , Brussels, 29 December 2010

GUIDE FOR SMEs
SME Research Results
Methodological Recommendations
Best Practice Case Studies
 (in Hungarian)

Prof. Dr. habil Magdolna Csath
 Székesfehérvár, 2011

Published by the Kodolányi János University of Applied Sciences (KJU)
 ISBN 978-615-5075-03-2



The research aimed at exploration of the external and internal factors - like bureaucracy, corruption, lack of venture capital and bank credit externally, and managerial, organizational and cultural internally - hampering innovation, and elaboration of suggestions for their elimination. The research was supported and financed by the National Research and Technology Office from 1 January 2011 called as National Innovation Office. It is generally held that no sustainable development exists without innovation. SMEs play a decisive role in innovation, however, the Hungarian innovation performances of the SMEs show a declining tendency. In connection with this the competitiveness of the Hungarian economy is deteriorating too. Through this research work the KJU intended to explore the reasons of the deteriorating performance.

The methodology of the research work has been based on surveying via questionnaire. Out of 1,800 companies 822 sent back their replies from which 8 showed as invalid. The major groups of questions are related to (i) general company information, (ii) impact of EU accession, (iii) innovation, (iv) research and development activities and (v) market competition. Prior starting with the research the KJU carried out of a wide-range analysis of national and international literature. The companies's replies are presented in several tables and statistics with explanation in Part I of the research report.

As conclusion of the research the major impediments in innovation for SMEs are:

- extremely high tax burdens;
- general lack of financial support and credit facilities;
- bureaucracy and difficulties in access to EU resources;
- lack of Government support to SMEs and as opposite to that:
- extremely high Government support to foreign companies;
- corruption;
- lack of trust in the whole society and in the business life;
- unfair competition; and
- round indebtedness.

Worth keeping in mind that the Hungarian domestic SMEs do not feel that the EU membership opened any opportunities for them! They could not account on support because they could not cover even the necessary own contribution. Many SMEs are disappointed about the EU membership.

The innovation activities of the Hungarian SMEs are hindered not only by external factors but also by internal ones. Many domestic small businesses make an effort to compete with cheapness and simple products rather than with innovation. They are reluctant to take risk and are averse to undertaking. Only few SMEs mentioned to prefer to make tailor-made services, provide high quality products and reliable deliveries.

In generally, SMEs lack strategic planning and far reaching visions. No one is in charge for innovation, and those who have new ideas are often not appreciated. An innovator in an average company is a queer fish. Only a few SMEs have a motivation scheme encouraging innovation.

In Part II, the research report summarizes the knowledges and methodologies which are useful for the development of an innovation supporting culture and leadership mechanism in SMEs. This part is an extremely useful teaching material and a set of managerial tools for SME owners and CEOs.

Part III includes a set of best practice companies concerning innovation. Out of 35 SMEs five are selected as best ones including Macher Ltd, HNS Ltd, Hydra 2002 Ltd, Festékipari Kutató- Fejlesztő és Vállalkozó Kft (Dye Industrial Research, Development and Undertaking Ltd) and Sales Marketing Ltd. The last Chapter is a Collection of professional English Terms.

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ERENET PROFILE

ISSN 1789-624X