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SUMMER MESSAGE OF THE SCIENTIFIC DIRECTOR

Distinguished Readers and Friends,

2015 is a year marked by mass migration mainly toward Europe. Some estimates argue that 50 million are on the move. They come from Africa seeking a way out of authoritarian government rule, civil war and spurred by poverty. Radical ideology and religious disputes characterise the Middle East. It is not a new phenomena but as described by the Holy Father, Pope Francis, the area experienced violence over long periods and the footprints of those seeking refuge soaked with the blood of many men and women to include Christian persecuted for their faith. Foreign intervention in Afghanistan has been far from successful and religious intolerance in Myanmar to the plight of the muslim Rohingyas seeking to escape by sea.

At the same time, Governments seem at a loss. The European Union is caught with no migrant policy only a political one in the sense of support for individuals seeking refugee asylum. The talk on what to do seems continuous but with no viable outcome. In a globalized world “closing the border” has lost its meaning. However, The US-Mexico border fence stretches 3,169 kilometers, crossing deserts, rivers, towns, and cities from the Pacific to the Gulf of Mexico in order to stop illegal immigrants.

Individual members of the Union already faced with feeding and accommodating those migrants already in Europe – in Hungary the numbers are thought to be 50,000 - and the idea that more should be accepted has become untenable. Corruption of many kinds appears endemic. Some members of the public have the idea a high standard of living is the right of Europeans while at the same time unwilling to pay taxes and settle their debts. If the process of illegal immigration will continue to escalate, Europe might lost its identity during the next decade. Between such circumstances it is difficult to talk about sustainable business environment, especially in the new EU countries. The influence of world powers such as the United States and Russia has lost its ability to provide answers. The US under President Obama has retreated from nation building and limited involvement overseas despite the rise of hardline Islamic dogma with ISIS. The overall view is dismal. It is consequently difficult to talk about the development of a sustainable business environment.

Happily, ERENET, continues to promote the role and necessity of small business enterprise and its fundamental importance to a successful economies. This year ERENET celebrates its 10 Year Anniversary. It is not possible to hold a Jubilee meeting at the Small Business Development Centre, Corvinus University, Budapest, home of our founder the late Prof. Peter Szirmai but alternative locations are being explored with ERENET members.

It is my pleasure to inform you, that we successfully prepared the **BSEC-KAS Workshop on Small and Medium Enterprises and Small Farms** held in Chisinau (Moldova). The Workshop was opened by Tudor Copaci, Deputy Minister of Economy of the Republic of Moldova, and Colin Durkop, Head of the Konrad Adenauer Foundation for Ankara. The 46th BSEC-KAS joint workshop was supported by ERENET as a think pad for the future.

At the same time, the National Economic Research Institute of the Republic of Moldova invited the Scientific Director of ERENET as a member of the Special Scientific Council to take part in the doctoral thesis by Elena Aculai on the subject of “Managing the Republic of Moldova development of the Small and Medium Enterprise sector in the context of the trends within Contemporary Europe”.

The 13th International Conference on Management, Enterprise and Benchmarking MEB 2015 was held at Obuda University Budapest with ERENET as co-organiser. Ten ERENET members participated and made presentations.

With summer here, I wish you all happy holidays and much enjoyment with the lovely sunshine.

Dr. Antal Szabó
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POLAND: THE BRIGHT SPOT ON THE OLD CONTINENT**ABSTRACT**

The Author summarizes the achievements of the development of the Polish economy from 1989 to become the post-communist economic transition star today. Poland has created a regulatory framework more market friendly than the average of the world. In this process entrepreneurship played an important role and since the beginning of 21st century the Polish economy has entered the period of qualitative growth and differentiation of private business activities. Family firms have been the crucial factor in the successful rebirth of the Polish capitalism, although this fact has not been widely recognized. Family businesses are about 50% of all business entities, and that they generate about 40% of GDP, generating about 50% of all workplaces. The paper presents statistics on family businesses in selected European countries.

The paper highlights some of the current economic development. The author justifies that the delay the entry to Euro-zone and to keep the national currency in the period of the global financial turmoil. As recently stated by the report of the National Bank of Poland the membership in Euro-zone would have led to macro-economic imbalances.

Keywords: history of economic development in Poland, family businesses, sources of growing family firms in Poland

JEL Classification: A11, L20, L26, M13

When the communist system collapsed in 1989 Poland was not an obvious candidate to become the post-communist economic transition star. It is true that its Solidarnosc movement was credited for its role in subverting the Soviet domination, but the country at large was perceived as economically backward with a large share of population living in the countryside, working in private, but fragmented agriculture and with large industrial factories dominated by strike prone trade unions.

And yet Poland is now internationally recognized as the success story. Starting from the position of a poor country whose GDP per capita amounted in 1992 to 30% of Euro-area countries in 2013 it reached 62% of this benchmark. Between 1990 and 2011 Poland's GDP per capita increased 119% outpacing such traditional growth champions as Hong Kong and Singapore. Poland's economy continued to grow even during the recent global financial crises making the country one of rare cases of successful resistance to external shock factors.

The reforms introduced in Poland in the beginning of 1990s were of rather radical character with price deregulation, trade liberalization, budget balancing and privatization of state owned companies. These reforms freed market mechanisms and made entrepreneurship and private companies the basic engine of economic growth.

The pro-market orientation of economic policies has rapidly improved the efficiency of resource allocation. Instead of poor quality goods typical of the communist era foreign investors, domestic producers and importers opened to 38 million Polish citizens the possibility of a broad range of consumer goods and fast improvements of the level of living. Between 1990 and 2011 household consumption in Poland grew by 146 percent, an increase similar to that of South Korea. In Poland there are now more cars per person than in the United Kingdom and the number of registered vehicles in Krakow is larger than in Berlin. The 1.24 per person ratio mobile phones is higher than in several West European countries. The distance between Poland's and Western Europe's level of income, quality of life, and perceived happiness now seems to be the shortest ever.

Abandoning the command economy, Poland has created a regulatory framework more market friendly than the average of the world. By 2013, Poland scored 7.14 on the index of economic freedom generated annually by the Fraser Institute, close to France – 7.38, and higher than Italy 6.85 or Greece – 6.83.

The proof of the country's institutional maturity was its entry to the European Union in 2004. The membership in “the club of Europe” has strongly anchored Poland to legal and political standards of advanced economies. Together with the membership card Poland has been receiving from the EU large modernization funds amounting to EUR 70 billion in the period 2007-2013 and EUR 80 billion in the period 2014-2020. The government of Poland has used these resources to predominantly build modern airports and new highways. Poland has now 12 modern airports, with the Warsaw aspiring to the role of the regional hub and other three large international airports located in Krakow, Gdansk and Katowice. The airports together with the network of highways whose length increased to almost 2000 kilometers offer easy access to Poland as a site of investments, businesses and tourism.

The proximity of the markets of Western Europe and the abundance of well educated and relatively young labour force have made of Poland an attractive place for foreign investors. For more than a decade the country has been receiving yearly more than EUR 10 billion of foreign investments. Foreign direct investments are concentrated in such sectors as car industry with the presence of Fiat, General Motors, Volkswagen, Toyota, Isuzu, Man, Volvo; home electronics - Sharp, LG Electronics, Toshiba; home appliances like refrigerators - Bosch, Siemens, Electrolux, Whirlpool, LG and Samsung; software engineering – Google, Motorola, Indesit, but many more, small and large are present, especially in real estate or food sector.

The inflow of foreign investors has been the vote of confidence in the future of the Polish economy, but its success depended on the entrepreneurial spirit, energy and commitment of millions of Poles who a generation ago boldly embraced the freedom and the principles of market economy. They can pick now merited fruits of their work.

Family Firms in Poland: Identity Capital that Boosts Economic Development

Capitalism with private enterprise and self-balancing markets, as the World history shows, has evolved over centuries and has been flexible enough to fit various cultural systems. The centrally controlled economies were established in Eastern Europe and in parts of Asia as a brutal political experimentation in the late 1940s. At the foundation of this economic system was the suppression of private enterprise and the exile of owners of the capital. For almost half a century in all Eastern European states industrial private property was banned, but in some countries, including Hungary and Poland, small craftsmanship and small plot farming were tolerated.

Even if initially nobody said it: freeing entrepreneurial initiatives and granting legal guarantees to private property meant restoring the basic preconditions for capitalism. When in 1989 the first post-communist government declared the freedom of economic life thousands of Poles launched their enterprises investing their savings and borrowings in start-ups. Soon the number of private enterprises increased almost from zero to 0.5 million entities and in the late 1990s it reached 2.5 million registered firms which, for obvious reasons, predominantly were small and very small. Since then the number of number of firms in Poland oscillates around 3 million creating a relatively dense entrepreneurial tissue.

Initially most of newly founded enterprises were active in retail and whole sale trade. They have dominated this sector easily as the government policy dismantled the large state owned internal and foreign trade companies. Small trade firms were facilitated by the privatization of real estates (building, apartments) in centres of towns and other localities.

After the period of quantitative explosion of private businesses since the beginning of the 21st century the Polish economy has entered the period of qualitative growth and differentiation of private business activities with larger private founded companies active in all areas of the economy.

It is not an exaggeration to say that family firms have been the crucial factor in the successful rebirth of the Polish capitalism, although this fact has not been widely recognized. It is so because in a traditional society such as the Polish one the family is the main source of financial and manpower support for almost all entrepreneurial activities. Thus, if 97% of all existing businesses are small firms created by entrepreneurs with the support of their families, they are *in nuce* family firms. Being *de facto* family firms

Polish private enterprises learn to recognize them selves as such. If in 2001 just 13% of small firms perceived them selves as family firms, by now this percentage approaches 40%, being still smaller than the EU average with 71% of small firms perceiving them selves as family firms.

The growing visibility of family firms in Poland comes from three sources. Firstly, some large privately owned companies (like Fakro of Florek family, Koral of Koral family or Wisniowski of the same name family) have started to identify them selves as such encouraging others to use this concept. Secondly, the passage of time has forced the founders to prepare the enterprises for the succession of management and ownership and these circumstances have required taking into an open consideration the relationship between family and enterprise. Thirdly, the Polish government supports awareness raising programs aimed to encourage entrepreneurs to anticipate their retirement or exit in such a way as to preserve the public value of the company. The combination of these factors gives an increasing visibility to the reality of family firms in Poland.

The number of family firms in Poland and their economic weight is largely a definitional matter, but one can say, following the estimates of Lukasz Sulkowski that “family businesses are about 50% of all business entities, and that they generate about 40% of GDP, generating about 50% of all workplaces”.

The importance of family firms becomes easily noticed when one looks at the leading businesses in all sectors of the economy, except energy production. Thus, for instance, Comarch - the leading software engineering firm is a property of the founder Janusz Filipiak and his family, Mokate – a leader in the production of cacao and coffee drinks is a business of Mokrysz family; ES-System K – the fast growing produced of refrigeration equipment has been founded and is controlled by Konsor family; Inglot cosmetics has been launched and is developed by Inglot family; Inpost - the biggest independent nationwide postal service provider has been found by Brzóska family; the largest producer of windows in plastics Oknoplast has been created and developed by Placek family. More examples in abundance.

If small family firms are omnipresent, the new and important economic phenomenon in Poland are medium and large size family owned companies whose fate becomes important to the country's economy. These companies have acquired some scale, organizational complexity, became professionalized in management and capable of being an important player in larger business operations. Some of them (e.g. Buma Construction Group and Inglot) have smoothly passed through the succession of management and ownership although hit by fatal accidents of their founders and main owners.

In one generation the principles and the main actors of the Polish economy have been entirely reversed and the country has moved from the central command and impersonal state ownership to the market rules with family faced identity capital.

SUPPLEMENT

Enterprises Perceiving Themselves as Family Businesses in the Years 1999-2008 in Selected European Countries (in % of the enterprises in total)

Country	1999	2001	2008
Austria	58	61	80
Belgium	61	66	70
Cyprus	-	-	85-90
Czech Republic	-	-	84
Denmark	38	35	35-95
Estonia	-	-	90
Finland	58	68	80
France	57	63	67
Greece	78	68	52
Spain	62	57	85
Netherlands	38	47	55
Ireland	45	53	75
Lithuania	-	-	38

Luxembourg	54	56	70
Latvia	-	-	30*
Malta	64	-	-
Germany	60	41	95
Poland	18	13	33**
Portugal	57	56	70-80
Romania	-	-	-
Slovakia	-	-	80-95
Slovenia	-	-	60-80
Sweden	47	51	55
Hungary	-	-	70
UK	42	48	65
Italy	55	56	93
EU-27 (average)	52	52	71
Norway	45	46	67
Switzerland	57	55	-
Turkey	63	75	90
Europe-30 (average)	55	54	72

Remarks:

* among micro- and small enterprises (medium-sized and large enterprises were not considered)

** data for 2009 among small and medium-sized enterprises (large enterprises were not considered)

Source: Authors' own study. The data for 1999 taken from: (Grant Thornton 1999, p. 70). The data for 2001 taken from: (Grant Thornton 2001, p. 57). The data from 2008 taken from: (Mandl, 2008, pp. 40-46). The data for Poland for 2009 quoted after (PARP 2009, p. 67).

The economic growth must go on! A likely scenario Poland.

Two decades of a steady growth of the Polish economy has been the result of the positive coincidence of domestic and external factors. Against some predictions Poland has been able to create a political system which offers the democratic alternation of the government without endangering the economic stability. This fact offers a good business climate for international investors and encourages their inflow. In addition, internal institutional maturity has been facilitated by a good timing of the European Union membership. When in the late 1990s the prospects of the EU membership credibly emerged, Poland benefited from a surge of foreign investors willing to settle in the country and to take advantage of the single European market. Later, after the entry to the EU in 2004 investors and businesses continued to come since they got a credible assurance that doing business in Poland is not a high risk exercise.

By late 2014 the immediate and medium term prospects for the Polish economic seem positive. The country has a low level of public debt amounting to 43% of GDP and enjoys positive ratings as the sovereign borrower (A-/A/Stable in Fitch's categories). This allows the Polish government to conduct flexible budgetary policies and to have capacity to finance large projects in the energy sector.

In the period of centrally controlled economy Poland became an industrialized country with an overgrown heavy industry. Since 1990 the industry sector has been downscaled, but Poland still has industrial traces with the share of employment in industry (22%) higher than EU average and an important latent industrial potential thanks to the presence of cheaper, but qualified labor. For this reason the costs of energy are an important factor to preserve the country's place as a producer of mid-processed industrial goods and an important regional supplier to the German economy. Furthermore electricity and heat are produced in Poland predominantly by power and heat plants alimented with hard coal, since Poland has abundant resources of hard and brown coals. These factors explain why the Polish government tries to slow down the European Commission's attempts to rapidly and radically reduce the emission of CO₂. Besides the struggle to prolong coal extraction the Polish government has decided to build a liquefied natural gas terminal in *Swinoujście* at the Baltic Sea to get an extra degree of freedom, if the imports of

natural gas from Russia become unstable. The crude oil and fuel sea terminal in Gdansk fulfill the similar role of enabling the import of fuels from the Gulf Countries and other sources.

Cheaper but cleaner energy will remain the constant worry for subsequent governments, but in the short term the investment attractiveness of Poland is based chiefly on a large domestic market and availability of educated employees and workers. As all modern economies Poland has a large export sector (exports of goods and services amounts to 48% of GDP – large share for a medium-size economy), but its growth dynamics to date has been predominantly dependent of domestic consumption with trade deficits balanced by the inflow of foreign capital and European Union cohesion funds.

In last two decades Poland has undergone an educational revolution with massive expansion of higher education. The share of young entering higher education colleges increased from 7 to almost 50% of each year cohort. This educational acceleration offers a large pool of well educated employees with a relatively good command of English and other foreign languages. This fact has been rapidly caught by international companies managing business process outsourcing (BPO) services. Only in the Krakow area BPO companies such as Cap Gemini or Accenture employ 35,000 and the total BPO employment in Poland exceeds 120,000 employees as the BPO sector has been growing yearly at a pace of 20%. Besides general business education Poland has an increasing number of trained software engineers and they seem competitive enough to attract investors such as Google, Microsoft or Motorola and to get employed in large domestic software firms such a Asseco or Comarch.

The demand for office spaces has boosted the investment in this type of buildings in large cities such as Krakow, Wroclaw or Katowice. Most large international construction groups have been active in Poland and, despite fast growth, this sector, together with housing construction, fortunately avoided the real estate bubble that had shaken the economies of Ireland of Spain.

One of reasons of this fortuitous but fortunate fact was the earlier decision to delay the entry to Euro-zone and to keep the national currency in the period of the global financial turmoil. As recently stated by the report of the National Bank of Poland the membership in Euro-zone would have led to macro-economic imbalances and likely to real estate bubble due to the increased inflow of investment money and easiness in getting loan mortgages. Now it seems that Poland will continue with the national currency, as the Polish zloty increases economic policy flexibility to a greater degree than internal devaluation through downwards wage adjustments and budgetary cuts imposed on Euro-zone countries in the period of the recent crisis.

What about the future of private enterprise in Poland? It will stay dominated by family firms. They will keep maturing organizationally and plan in advance scenarios for the succession of ownership. In-family succession will be the favorite option, but short of such alternatives smaller family firms will be sold to other family owners, and the large ones will likely become publicly traded and family owned companies ad the Warsaw Stock Exchange authorities prepare to open for such type of companies.

This short enumeration of basic economic factors seems to justify good forecasts for the Polish economy at least in the horizon of 2025. What would happen beyond this date depends on multiplicity of factors including the speed of the society's ageing and the development in the European Union and in border states such as Ukraine or Russia and is largely beyond the grasp of any empirical analysis.



Cracow The Cloth Hall arcade

Photo © by Antal Szabó

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ENTREPRENEURIAL EDUCATION AND ATTITUDES AMONG YOUNG GENERATIONS IN A GENDER PERSPECTIVE: THE CASE OF POLISH EDUCATIONAL SYSTEM

ABSTRACT

This article is an attempt to analyze the impact of entrepreneurship education on entrepreneurial attitudes and intentions of young people: male and female students of Polish high schools and universities. The author makes an effort to verify the impact of the exposure to the business education and entrepreneurs on the decision to start-up. Special emphasis will be placed on the gender differences when discussing a respective factors' impact and on the country context, especially when analyzing the influence of perception of entrepreneurs by young generation of respondents. The paper will provide also a number of tips and guidelines for decision-makers in the wider area of entrepreneurship education, and thus ensuring proper orientation of policy support in this largely underestimated field of education.

Keywords: entrepreneurship education, gender perspective

JEL Classification: I21, I23, L26

INTRODUCTION

Small and Medium Enterprises (SMEs) account for 99,8% of all businesses in Europe. Their role in the economic growth and job creation has been recognized at the regional, national and European level. This leads the policy makers at all levels to look for measures enhancing the firm creation activity. Recent efforts are being pursued by numerous entities, including governments, business support institutions and universities, as there is a strong believe that increased levels of entrepreneurship can be reached through education (European Commission, 2008) and in particular entrepreneurship education.

The scientific debate on the possibility of "creating entrepreneurs" through teaching activity is very old (McClelland, 1961, Gorman et al., 1997). There is evidence confirming this influence (Shinnar et al., 2009, Teixeira and Forte, 2008, Oosterbeek et al., 2009) as well as denying this thesis (Davidsson et al., 2006). The same for the discussion on the positive impact of the exposure to social influences which begins with Kets de Vries (1977), and especially the parental role models considered as an effective way of conveying the entrepreneurial values and know-how to the children generation, during primary socialization and also in later life stages (Scherer et al., 1989).

The policy makers at the EU level, at the beginning of XXI century, enthusiastically joined the camp of those who strongly believe that the entrepreneurship skills can be taught and are not only fixed personal characteristics. Since many of the entrepreneurship researchers (Douglass, 1976, Isenberg, 2008, Peters and Brijlal, 2011) believe that education has a positive impact on entrepreneurial activity, this assumption has been promoted through many official European documents, including Lisbon Strategy (2000), which established entrepreneurship as a basic skill that education in EU Member States should provide and Oslo Agenda for Entrepreneurship Education in Europe (2006). Both documents became a flagship "political" answer to the visible inequality among European citizens entrepreneurial intentions in comparison to Unites States (2007).

Additionally, since it has been shown that the effect of general education measured in length of schooling on entrepreneur performance is positive (Van der Sluijs et al., 2005, Van der Sluijs and Van Praag, 2007), the mandatory entrepreneurship teaching has been introduced also in the secondary schools. This paper is an attempt to analyze the impact of entrepreneurship education on entrepreneurial attitudes and intentions of young people: male and female students and secondary school pupils. Using a quite

recent study and matching it with a new empirical research, we will be checking the assumptions posed by Peterman and Kennedy (2003) on the impact on entrepreneurial decisions of factors such as:

- Entrepreneurship education increases the desirability of entrepreneurship,
- Entrepreneurship education impacts are stronger among pupils with a positive prior exposure to entrepreneurs,
- Entrepreneurship programs have a significant effect on the self-perceived feasibility to start-up a company,
- A positive image of an entrepreneur has a significant effect on the self-perceived feasibility to start-up a company.

Special emphasis has also to be placed on the country context when discussing a respective factors impact. Rousseau & Fried (2001) suggest that at a minimum contextualization requires a “thicker description of the settings”. As Schneider (1985) suggests, contextualization facilitates the robustness of our models and our results. Whereas entrepreneurship education is increasingly recognized as a *sine qua non*, both in mature and transition economies, to enhance a positive attitude among pupils and students towards entrepreneurship and entrepreneur values. The evidence that contextual factors and personality traits play a significant role in explaining entrepreneurial intent was shown also by Lüthje and Franke (2003).

RESEARCH CONTEXT AND EVIDENCE

The communist system which has existed in Eastern Europe for more than 40 years in the post-war period has left some splinters in people’s hearts and has impacted on how entrepreneurship “is seen, constructed and enacted” (Starnawska, 2009). As a result, whereas in the Western world (but largely more in the Anglo-Saxon countries than in the rest of the Western countries) the idea of the entrepreneur as a „positive hero” has been cultivated, in Central Eastern Europe there are few successful stories of entrepreneurs, as the political and institutional regimes of that part of the continent did neither give space nor opportunity to the development – if not the survival – of such a social and economic actor. On the contrary, the political propaganda has been successfully destroying the image of private agents, as bloodsuckers, *geschäft* man or *kulaks*. This negative picture has survived in the common thinking and was explicitly reflected in the approach of institutional agents toward entrepreneurs even during the transition years.

Very little information is presently available about entrepreneurship education in Poland. We can notice, however, an increased interest in entrepreneurship in higher education from the 1990s onwards- at the beginning at the bachelor level in management schools (BSc). In 2008, with the introduction of new educational standards entrepreneurship became an obligatory course only for the major in “management” at graduate level (MA/MSc). Furthermore entrepreneurship courses were launched as an integral part of some other majors and in some universities entrepreneurship specializations have been developed since. However, entrepreneurship education for non-business students is still almost non-existent. The situation should improve with the last higher education reform of 2011, which introduced the National Qualifications Framework for Higher Education, specifying the outcomes of education, where among competences are team work, creativity and entrepreneurship.

As for secondary schools, during the transition period they were mostly responsible for the delivery of basic knowledge in economics. Since 2002, Polish curriculum of high schools has been enriched with a new compulsory course *Introduction to Entrepreneurship* with four goals, presented here with the importance indication (Wachowiak et al., 2007), provided by teachers: understanding of the basic economic phenomena and mechanisms (26.2%), ability to form their own opinions and judgments on the main changes in Polish economy (1.4%), ability to design their own carrier and to the effective job searching (52.5%), and only for 14.9% acquisition of the entrepreneurial behaviors including business ethics.

According to research by GEM Global Report (Baclawski et al., 2005), carried out in Poland among 54 national experts on the determinants of entrepreneurship, according to the method of Entrepreneurship Framework Conditions, in the category "Education" Poland obtained the score of minus 0.25, while positive values indicators were attributed to China, Iceland, Singapore, USA and

Hungary. It is worth noting that the opinions about the quality of education preparing to start-up are not conclusive: according to more than one third of Polish experts (37%) higher education institutions provide a good foundation, while the opposite view is shared by 29.7% of the national experts. However, it is not an isolated opinion that "*very few universities convey the entrepreneurial spirit to the young generation*". Universities are "delivering" employees rather than entrepreneurs. Educational programs include the basics of economics, but do not show how to run business activity.

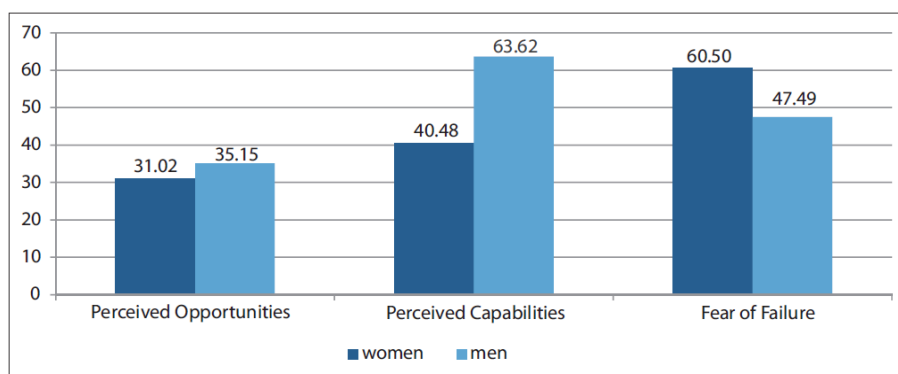
An interesting evidence comes from the research conducted in three post-transitional countries (Poland Czech Republic and Slovakia) by Kraśnicka (2007). This study has been a comparative analysis of the attitude among students, toward selected aspects of enterprise. Opinions of students were quite similar for both, perception of the phenomenon of enterprise and its growth conditions and the perception of their own "entrepreneurial potential" or their vision of the future: almost 90% of the surveyed would like to work for a company, particularly an important one; the most important barriers for the growth of companies are corruption and bureaucracy; stereotyped images of entrepreneur "*entrepreneur as inventor*" or "*you need to be a natural born entrepreneur*" are largely dominating among these students. Some conclusions have been drawn for entrepreneurship education indicating the necessity to change the university curricula in order to enable students to get in touch with business and non-business organizations in practice and to stimulate their creativity and self-confidence.

Very interesting findings brings also the study conducted by PARP (Polish Agency of Enterprise Development) in 2008-2009 (Węclawska, Zadura-Lichota, 2010) among generation of Polish youngsters. One-third (31.1%) of the surveyed consider the possibility of starting their own business activity and the positive attitude toward being entrepreneur increase with the education level.

Another recent research (Szmytkowska et al., 2010) conducted on a group of final year students in the Pomorskie province shows, however, that most of them (58%) declared to be exposed to "*activities related to the development of entrepreneurship*." At the same time this study showed that students are very active in the field of raising an entrepreneurial self-awareness. They claimed finding inspiration to start up one day in their own knowledge + passions + ideas (63%), analysis of market needs (47%), advice + success of another company (42%). For only 22% of the students, the inspiration came from classes at the university. Only one out of five students indicated that after graduation he/she would start-up and among the main concerns were listed the most often "*insufficient knowledge*" and "*lack of experience*".

The most recent data on Polish entrepreneurship are provided by GEM in its last report, released in 2012, where Poland has been placed in the group of efficiency-driven economies¹. According to this report findings, slightly more than one-third (33.1%) of Poles perceive business opportunities, and it is quite similar in men and women population. Meanwhile, women evaluate their entrepreneurial knowledge and capabilities lower than men and they are much more afraid of failure in business.

Figure 1. Perceived opportunities among men and women in Poland



Source: GEM 2011, p. 21

¹ Economy characterized by increased industrialization and economies of scale. Large firm dominate, but supply chain niches open up for small and medium-sized enterprises. GEM, 2012.

What is more, Poland, among other efficiency driven economies, has one of the biggest differences between men and women from the early-stage level, calculated with TEA index (total early-stage entrepreneurial activity). Table 1 shows comparison of Poland and the average of efficiency-driven economies. Generally, the total early-stage entrepreneurial activity (for both men and women) in Poland is lower than the average of the group. However, the TEA Index for women is two times less than the average. Furthermore, the difference between the index for men and women is very significant.

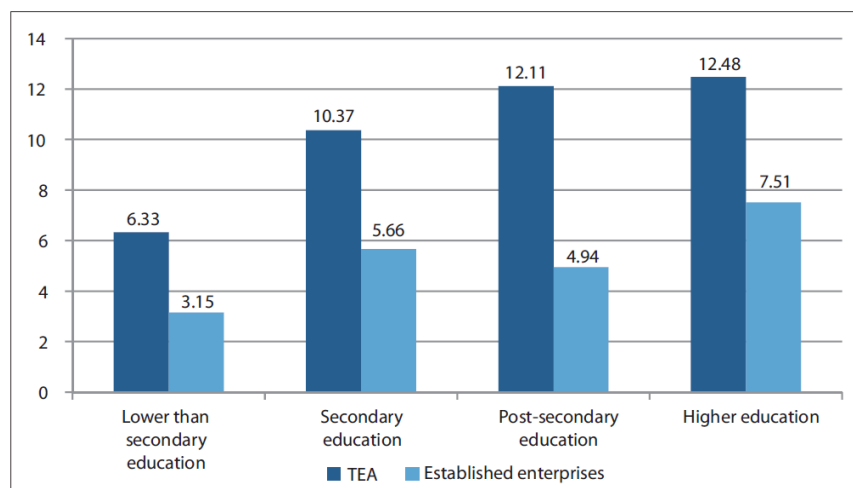
Table 1. Total early-stage entrepreneurial activity in Poland and average of efficiency-driven economies [in %]

	Poland	Efficiency-driven economies
TEA Index Total	9.07	13.77
TEA Index - Men	13.09	16.53
TEA Index - Women	5.05	11.01

Source: Own compilation based on Global Entrepreneurship Monitor, 2011 Extended Report: Entrepreneurs and Entrepreneurial Employees across the Globe, Babson College, 2012, p. 28

Considering the population sample of our study, it is interesting to know what is the situation regarding the business creation in different age groups and at various education levels.

Figure 2. TEA and established enterprises by education in Poland (%)



Source: GEM 2011, p. 21

Education is considered by respondents an important factor of entrepreneurship growth, unfortunately the level of teaching entrepreneurship in Poland is rather low. The experts assessed *the level of skills and knowledge for starting up business activity* in Poland as average (2.5), which is on the average level of innovation-driven economies².

METHODS OF SURVEYING AND THE CHARACTERISTICS OF THE POPULATION UNDER STUDY

The empirical study has been carried out at the same time at two different education levels: university and high school. At the secondary school level the study was conducted in three general high schools of Gdansk. The total number of the surveyed pupils was 488, and they were 17-18 years old,

² R&D, knowledge intensity and expanding service sector. Greater potential for innovative entrepreneurial activity. GEM, 2012

having completed already the *Introduction to Entrepreneurship* course. Regarding the students survey, it has been carried out during the first year of full-time programs at the Faculty of Management and Economics, Gdansk University of Technology. A total of 436 students were questioned, including three specializations: Management, European Studies, Informatics & Econometrics. The age group for all specializations is 20-21 years, as the data has been gathered at the beginning of their initial semester. Both studies were carried out in the academic year 2009/10.

To conduct the survey, a special questionnaire, including 10 questions and some demographic and social data, based on Peterman and Kennedy theory, has been prepared. Most of the participants come from cities (91%).

Table 2. Distribution of respondents by education level, specialty and gender (%)

	Higher Education			Secondary Education	Total
	Management	European Studies	Informatics & Econometrics		
Men	34.6	30.1	61.8	57.9	46.0
Women	65.4	69.9	38.2	42.1	54.0

Source: Own elaboration based on the research

Study limitations

The data for this study were collected through a survey instrument. Respondents provided their opinions and perceptions about entrepreneurs, entrepreneurial disposition, occupational aspirations. All the observed relations were reported by two groups of respondents: the one representing the secondary education- three different high schools from Gdansk, the second- three different programs from one university. Therefore, any discovered relations may be partially a result of common method effect (Fiske, 1982). However this is a quite common limitation for the majority of empirical studies in this area and for the most survey research.

Furthermore the study has been conducted among very young people, only starting to build their business experience and self-efficacy, therefore the level of business knowledge is for sure still quite limited. Additionally, considering the focus of this research, the distribution between specialties has been neglected for the majority of questions.

RESULTS

The participants were asked whether they **know an entrepreneur**. Three possibilities have been proposed here: a close family member is an entrepreneur; a friend is an entrepreneur; nobody around the participant is an entrepreneur.

Table 3. Distribution of respondents by exposure to an entrepreneur in his/her close environment (%)

	Higher Education						Secondary Education		Total	
	Management		European Studies		Informatics & Econometrics		Women	Men	Women	Men
	Women	Men	Women	Men	Women	Men				
yes, close family member	35.7	44.9	30.1	27.3	10.3	34.7	46.8	44.9	30.6	37.9
yes, friend	39.2	34.6	41.7	56.8	69.0	40.8	29.8	34.1	44.9	41.5
nobody	25.1	20.5	28.2	15.9	20.7	24.5	24.1	22.4	24.5	20.6

Source: Own elaboration based on the research

The respondents had to answer whether they **have helped their family or friend entrepreneurs**. More than half of those who declared having in their closer or more distant environment the entrepreneur, states that did not help in running this business (53%). Nearly 26% confirmed, however

having assisted their family or friends entrepreneurs and gain already some experience in this type of activity.

Breakdown by gender shows that men were nearly two times more likely to help entrepreneur friends than in running the company nearly two times more likely to help men. Most women, in spite of the declaration of the existence of entrepreneurs in their environment, did not provide such assistance. Distribution of answers to the same question, broken down into specialties is relatively uniform, therefore we decided to skip them in this work, because it does not give any field for analysis.

Students and pupils were surveyed about their **entrepreneurial disposition** (see table 5). They were asked to declare their self-evaluation of being or not entrepreneurial. Almost 75% of students surveyed described themselves as entrepreneurial, however absolutely sure about it is above 12%. Other students (61.8%) feel rather enterprising people. In case of high school pupils, more than half (56.1%) answered in the affirmative to this question, one-third was undecided.

Table 4. Distribution of respondents by experience in assisting/helping entrepreneurs they know (%)

	Secondary Education		Higher Education		Total	
	Women	Men	Women	Men	Women	Men
not applicable	21.3	20.5	22.5	19.4	21.9	20.0
yes	21.3	31.7	16.2	35.1	18.7	33.4
no	57.4	47.8	61.3	45.5	59.4	46.6

Source: Own elaboration based on the research

Table 5. Students' and pupils' feeling about being entrepreneurial (%)

	Secondary Education		Higher Education		Total	
	Women	Men	Women	Men	Women	Men
no	3.5	2.5	1.1	1.8	2.3	2.2
rather no	9.3	9.3	2.2	3.6	5.7	6.5
undecided	40.4	18.5	21.8	21.2	31.1	19.8
rather yes	38.6	47.3	67.2	56.4	52.9	51.8
yes	8.2	22.4	7.7	17.0	8.0	19.7

Source: Own elaboration based on the research

Students' and pupils' occupational aspirations, in terms of their disposition to start-up, were examined and compared (see table 6). In the same question participants had to specify the time they would be ready to start their own business (if any).

Table 6. Students' and pupils' occupational aspirations, their disposition to start-up (%)

	Secondary Education		Higher Education		Total	
	Women	Men	Women	Men	Women	Men
I already have my own business	-	-	0.4	1.2	0.4	1.2
yes, I want to start up during studies	5.2	14.6	3.0	11.5	4.1	13.0
yes, after studies	12.5	14.6	11.1	18.3	11.7	16.3
yes, but I need some experience before	25.9	22.0	35.3	33.3	30.6	27.4
I do not know yet	42.9	42.0	46.5	34.5	44.6	38.1
no	13.5	6.8	3.7	1.2	8.6	4.0

Source: Own elaboration based on the research

The high school pupils were not given to select the answer regarding being already entrepreneurs. Legally, they cannot be entrepreneurs because of underage. Comparing to students, they are less disposed to start-up, the strongest difference is visible in the female group.

Few students already have their own business, they are more often men than women. Most students, however, is undecided (41.35%), more often in women than men population. More than one third of surveyed is determined to start the business after gaining experience at work (this response was more common among women than men). It is worth mentioning, considering one of the assumptions mentioned above, was the percentage of exposed students and pupils declaring the wish to start-up-69.4%, including slightly less women (63.2%), than men (75.6%). All results indicate a positive attitude towards business. It is, of course, certain that in many cases, these predictions do not check, however, the admission of such a possibility in itself is comforting.

Students and pupils who declared that they do not want to start-up were asked to give the reason of such negative attitude toward being their own boss (see table 7). The most interesting is result showing women aversion to the risk in both groups of respondents.

Table 7. Students' and pupils' reasons of negative attitude towards being their own boss (%)

	Secondary Education		Higher Education		Total	
	Women	Men	Women	Men	Women	Men
I have no business idea	2.2	2.6	4.3	3.6	3.3	3.1
I do not like risk	6.8	0.2	9.5	1.4	8.7	0.8
I am not fit to run a business	2.9	1.4	2.4	0.7	2.7	1.0
I have not enough knowledge	1.7	2.6	1.4	2.8	1.5	2.7
other	2.5	1.4	0.9	1.4	1.7	1.4

Source: Own elaboration based on the research

Among answers provided under "other" possibility we could find: *heritage, well paid job, entrepreneur carrier is not a fascinating one.*

Taking into account the negative image of entrepreneurs in Poland, developed during the communist regime and maintained during the transition time, the attempt to verify this aspect now seemed the natural one. On a 5-point Likert-type scale ranging from 1 (*I fully disagree with this opinion*) to 5 (*I fully agree with this opinion*), students and pupils ranked fifteen perceptions of entrepreneurs (see table 8).

Table 8. Students' and pupils' perceptions of entrepreneurs (%)

	Secondary Education		Higher Education		Total	
	Women	Men	Women	Men	Women	Men
Entrepreneur is self-confident	90.0	85.0	59.0	55.0	74.5	70.0
Entrepreneur is well organized	93.0	87.0	80.0	68.0	86.5	77.5
Entrepreneur is dynamic	47.0	75.0	87.0	83.0	67.0	79.0
Entrepreneur is charismatic	76.0	66.0	48.0	46.0	62.0	55.5
Entrepreneur is dishonest	6.0	16.0	2.0	7.0	4.0	11.5
Entrepreneur likes risk	61.0	60.0	74.0	70.0	67.5	65.0
Entrepreneur adapts him-self easily	35.0	59.0	35.0	51.0	35.0	55.0
Entrepreneur is driven mostly by money	22.0	39.0	17.0	21.0	19.5	30.0
Entrepreneur has a relationship facility	83.0	77.0	92.0	85.0	87.5	81.0
Entrepreneur is creative	88.0	82.0	98.0	95.0	93.0	88.5
Entrepreneur feels responsible for others	58.0	57.0	75.0	65.0	66.5	61.0
Entrepreneur is only the business owner	11.0	16.0	4.0	6.0	7.5	11.0
Entrepreneur is stress resistant	55.0	56.0	56.0	50.0	55.5	53.0
Entrepreneur is convinced that he controls his life	45.0	62.0	48.0	63.0	46.5	62.5

Source: Own elaboration based on the research

In the opinion of pupils **self-confidence** is a typical characteristic of an entrepreneur. With the statement assigning him such a feature strongly agreed 58% of pupils respondents and another 37% confirmed their tendency to agree with that opinion. Results broken down by gender show a certain polarization of opinions. Women were more likely than men perceiving the entrepreneur as a person who is self-confident (74.5% vs. 70% of men). 4% of respondents had no opinion on this feature. The notion of entrepreneur confidence, especially among students, dominated in European Studies (96%). This view is less popular among students in other fields, the difference is a few percentage points.

"*An entrepreneur is well organized*" was the statement shared by the great majority of respondents, especially in the pupils group. In total women are more convinced than men about good organization skills among entrepreneurs.

The vision of the entrepreneur as a **dynamic** person is also relatively common. Although 11% of respondents had no opinion on the subject, 73% of respondents shared this perception of entrepreneurs. The dynamism of entrepreneurs has been pointed out more often by men (79%) than by women (67%).

One fifth of the surveyed had no opinion on whether the entrepreneur is **charismatic**. More than half of the respondents (58.5%) agreed with such feature and the percentage of those who strongly attributed to entrepreneurs charisma is stronger among women (62%).

Dishonesty is definitely not any more a characteristic attributed by young generation to the entrepreneurs. Only 8% of the total number of respondents agreed with this perception and the difference between men and women is quite strong. Men were sharing this opinion almost three times more often in both groups of respondents.

The perception of entrepreneur as a **risk taker** is strongest among students than among pupils, in particular in the group of management students. Regarding the **adaptation capacity**, quite significant differences are noted in the perception of this feature by different specialties. The opinion that entrepreneurs adapt easily is the most popular in the Informatics & Econometrics (63%) group and the least among the European Studies specialty (38%).

The next question was based on the finding that the entrepreneur is primarily concerned with **money**. This is another pejorative opinion on the entrepreneurs and once again, the majority of respondents (75%) did not agree with this opinion. It should be emphasized that the differences in the perception of entrepreneurs as money driven were quite important by gender. Men more likely agreed with this opinion (30%).

The assumption that an entrepreneur is a person **having a facility of interpersonal relations** was confirmed by 84% of respondents. However gender plays an important role in the perception of this feature. With the image of easy networking entrepreneur agree 87.5% of women and 81% of men.

That an entrepreneur is **creative** were convinced 78.5% of respondents. This belief was stronger among women (93%) than among men (88.5%).

The majority of surveyed believe that the entrepreneur feels **responsible for others**. A sense of responsibility for others assigned to him more often women (66.5%) than men (61%).

Only 9% of respondents agreed that an entrepreneur can only be a person who **owns a firm**. The results suggest that students and pupils look at this statement in a way that differs from the stereotype.

More than half (54%) of respondents believed that the entrepreneur was rather **resistant to stress**. The difference by gender was only 2%.

The last statement was about the entrepreneurs conviction to be in **control of their life**. More than half (54.5%) of respondents believed that the sense of internal control characterizes the entrepreneur. Opposite view represented 16% of the respondents. Belief in the feeling of internal control is much more common in men population (62.5%) than women (46.5%).

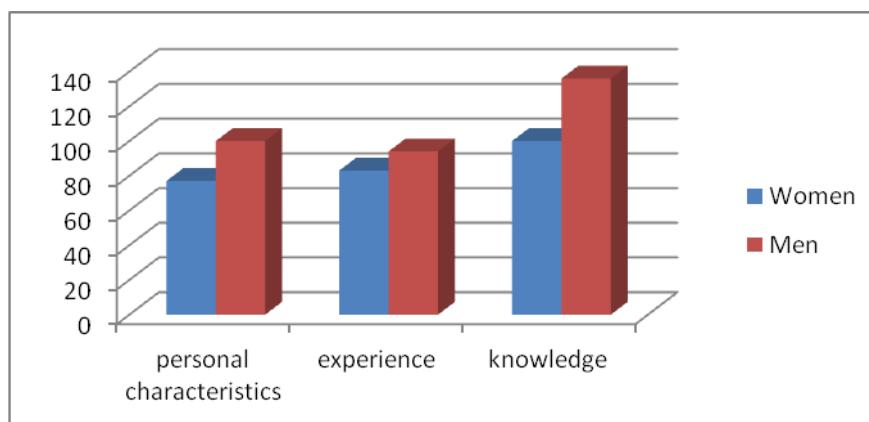
Summarizing results related to the perception of entrepreneurs it is interesting to underline the fact that students and pupils perceive entrepreneurs as positive people, being well organized, creative, confident,

social and dynamic. At the same time the vast majority of respondents do not perceive them as unfair and interested mostly in money (see figure 3).

Certainly, it is interesting to analyze how the answers change with age of respondents so indirectly with the length of the education and of the exposure to the business world: much more pupils than students is convinced about the entrepreneurs self-confidence, organization skills, dynamism and charismatic nature. More often pupils see entrepreneurs only as business owners and dishonest people. The conviction of entrepreneurs being driven by money mostly is stronger among pupils population, especially in the male group.

Respondents were also asked to decide which one of the three given factors is the most important for being successful entrepreneur. They had to decide about it on a 3-point Likert-type scale ranging from 1 (*most important*) to 3 (*less important*). The differences between students and pupils group were insignificant, so we decided to present the results for both populations, taking into account only gender factor. Respondents appreciate the knowledge the most (see figure 3).

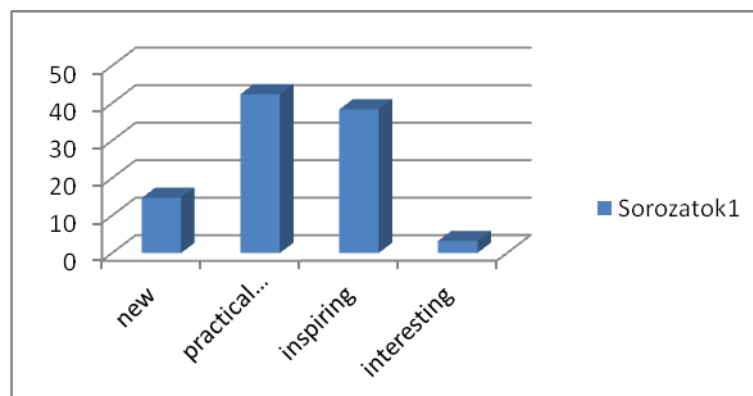
Figure 3. Respondent's opinion about the importance of success factors in business activity



Source: Own elaboration based on the research

Meanwhile with deeper data analysis we found out that personal characteristics were the most important among students/pupils willing to start their activity during studies and the business experience was of the bigger value among students/pupils willing to start up after gathering experience. Knowledge is the most important among those who don't know yet if they will start up. The secondary schools students were asked to evaluate the teaching methods and the course content. Their evaluations were rather positive (see figure 4).

Figure 4. Pupils' opinions about the course content and teaching methods



Source: Own elaboration based on the research

CONCLUSIONS

The comparative analysis of the opinions and perceptions about selected aspects of enterprise, entrepreneur, and entrepreneurship education among the surveyed male and female population has shown their important convergence, especially in terms of their attitude towards being entrepreneur and of their positive perception of entrepreneurs, both at the secondary and higher education levels. Entrepreneurs are rather perceived as: self-confident, dynamic, well organized, creative and honest people by the female et male respondents. However the length of schooling and social exposure to the business world appear being decisive for the opinions polarization. Probably if this questions would be asked some years ago or in the different age group, such positive attitudes would be not so obvious. Hopefully, the new generation doesn't remember an early image-laden "camp beds" entrepreneurship period in Poland.

More young people with prior exposure to entrepreneurs than without declared the desire to start up. More than the half of surveyed declare being entrepreneurial and express the wish to start-up, this feeling is stronger in the men population. Knowledge and "good idea" seem to be the most important factors of the decision about starting-up the business. Great majority of pupils seems to be rather satisfied with the quality of the course and its content.

Considering this results and the general business and educational context in Poland, we assume that it is worth to continue with delivering teaching enabling young students to acquire the "technical" knowledge on business administration, for sure not only in the management programs but even more in all engineering disciplines. Hopefully, according to the new regulation on higher education in Poland, the role of university, among others, would be to shape the attitude, mostly entrepreneurial one, independently of the field of studies, and not only deliver the knowledge.

Since one of the main burdens to entrepreneurship indicated by young people was the lack of good idea, it is important to develop courses focused on creativity rather than general entrepreneurship. In this domain we are only at the beginning of the road, still remaining, for the most of cases, in the traditional entrepreneurship teaching.

STUDY IMPLICATIONS

This study, despite its numerous limitations, maybe an interesting starting point for further research in the field of the entrepreneurship education in Poland. The author has the intention to come back to the same group of university respondents at the end of their studies in order to better shape the evolution in their attitudes and personal decisions about becoming entrepreneur. That shall determine not only the design of programs and of the specific courses content, but also if possible, enhance the trial of spreading this new approach to the entrepreneurship teaching among different departments of our technical university.

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WORKS COUNCIL AGREEMENTS AS INDICATORS OF REGULATED INDUSTRIAL RELATIONS⁴**PART II****ABSTRACT**

The article is about the essential factors such as the role of trade unions, institutions determining the quality of the employment relations, written procedures governing the labour relations within the company and the effect of the communication and partnership on Works Council Agreements. The analysis reveals the fact that the existence of trade union is the key factor in the conclusion of works council agreements. The operation of the institutions of the labour-management relations characterizes the quality of the partnership and the regulation of employment relations at a specific workplace. According to the experience the smooth operation is likely to leads to a works council agreement. The written rules of procedure to settle labour dispute, the existence of Complaint Procedure Rules and the rule of equal opportunity associated with a greater frequency of works council agreement as well as the quality and intensity of the communication between representatives of labour and management. Thereby the conclusion of works council agreement can be considered as one of the essential indicator of the employment relations.

Keywords: employment relations, works councils, works council agreement, labour management relations, dispute resolution, trade unions, collective areements.

JEL Classification: J53

5. PROCEDURAL RULES

In addition to interest representation institutions, there are also other factors that may be related to works council agreements. Site-level employment relations and the interrelationships between the parties may also be shaped by numerous other documents, e.g. procedural rules. Part of them are statutory obligations, while others are procedures made on the parties' free will. In the course of the analysis, I managed to distinguish three different procedures in relation to works council agreements:

- a) written procedural rules applicable to employment-related disputes,
- b) equal opportunities plans,
- c) complaints management regulations.

In the course of data analysis, it could be discerned that the above-listed procedures “go hand in hand” with a higher frequency of having works council agreements. The responses given to the questions on works councils revealed that if at a given workplace there is a previously established dispute management regulation, the occurrence of a works council agreement is significantly (72%) more frequent. (*Chart 18*)

³ The new title is Associate Professor at the Sárospatak Reformed Theological Academy

⁴ Situation of Works Councils in Hungary. PhD thesis. Corvinus University, Budapest, 2004

Part I of this paper see in the ERENET PROFILE Vol. X No.1 as of February 2015.

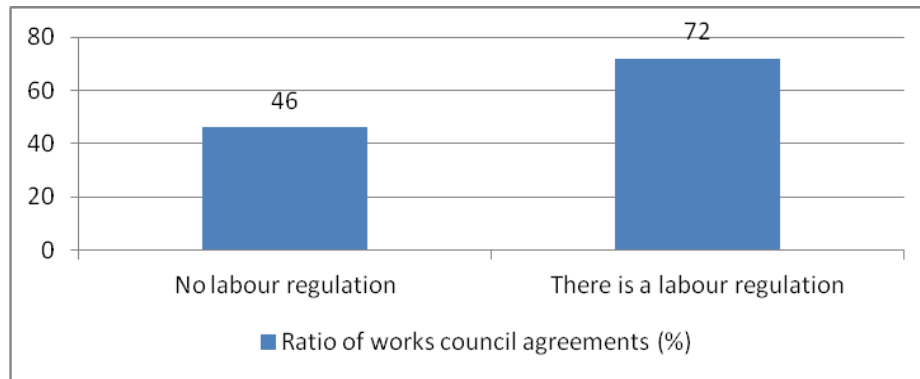


Chart 18: The existence of labour regulations and procedures for dispute resolution relative to concluded works council agreements ($N=86$, $sig.: 0.008$)

This is likely to be underpinned by an active partnership and regulated employment relations, which are subject, among others, to the existence of a trade union that has appropriate interest enforcement capacity, as the dispute settlement regulation is primarily needed in case labour disputes arise.

The responses given to the question about the existence of an equal opportunities plan suggest a similarly significant correlation. The following chart gives a good illustration of the fact that those who responded affirmatively to the question about the existence of an equal opportunities plan more frequently said that their workplace had a works council agreement (78.3%) than those who had different experiences (40%). (Chart 19)

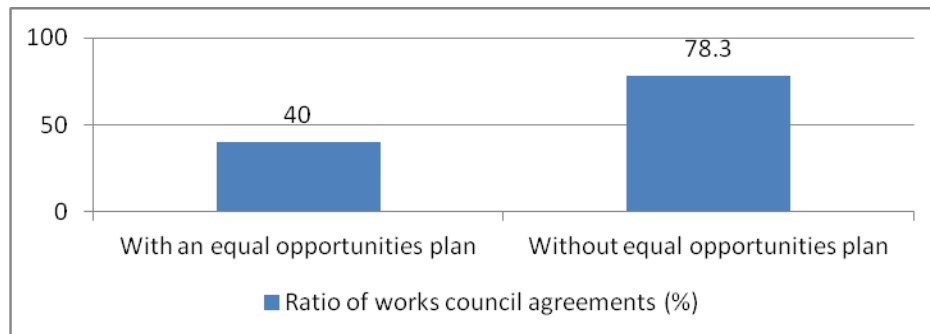


Chart 19: Ratio of a written equal opportunities plan relative to works council agreements ($N=73$, $sig.: 0.055$)

However, an additional perspective is added to this picture in cases when the works council has prepared the equal opportunities plan alone, without the contribution of the management. In such a case the responses reveal that works council agreements are concluded on considerably fewer occasions (5.9%) than in the case it was prepared jointly with the employer (58.8%) or if it was set up exclusively by the company (35.3%). ($N=25$, $non-sig.$)

These data allow us draw conclusions on the quality of partnership between the parties. We have good reason to presume that the exclusive participation of the works council in wording the Equal Opportunities Plan is due to the inactivity or perhaps indifference of the management.

The third factor that shows correlation with the frequency of having works council agreements is the complaints handling regulation, if any, at the workplace. The analysis revealed a clear and significant correlation between the affirmative responses given to the question and the frequency of having a works council agreement. 73.3% of the workplaces where such a regulation was in place and only 44.8% of those without such a regulation had a works council agreement. (Chart 20)

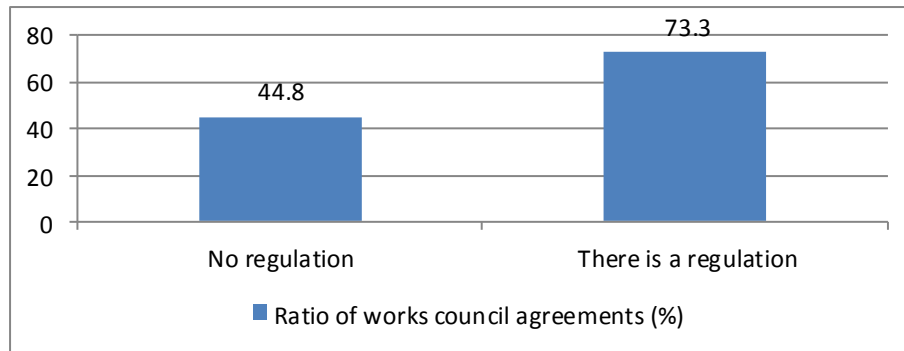


Chart 20: Complaints management regulations relative to works council agreements

($N=88$, $sig.: 0.001$)

The revealed correlations made it clear that if the workplace applied the surveyed procedural rules, they had a pivotal role in regulated and orderly employment relationships. They point towards the same direction and are related to the employment relations analysed in the article, and with the frequency of concluding works council relations.

6. COMMUNICATION BETWEEN THE PARTIES

The questionnaire contained numerous questions related to information flow between the parties and the quality of their communication. Unfortunately, due to the low number of responses, their majority remained non-significant, and so in numerous cases statistically valid correlations could not be established. Nevertheless, there are a few phenomena worth mentioning, as their validity is unquestionable. The previous analyses also highlighted that the significance of communication between the parties cannot be overestimated.⁵The mere existence of communication, let alone its quality and institutions, reflect the quality of the interrelationship between the parties.

In what follows I consider the phenomena that correlate with the information flow between the employer, the trade union and the works council, with special regard to the frequency of works council agreement conclusions.

First and foremost it must be established that in the course of the analysis of the responses to the question regarding employee data reporting show a significant correlation with the frequency of having a works council agreement. The following *Chart 21* shows that the works council's satisfaction with data reporting "goes hand in hand" with increase in the frequency of concluding a works council agreement.

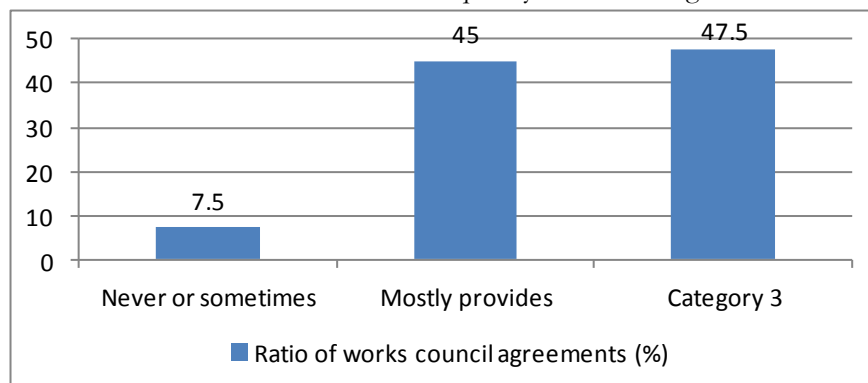


Chart 21: Does the management provide the required information to the works council? ($N=64$, $sig.: 0.05$)

⁵Benyó, Béla: Situation of Works Councils in Hungary PhD thesis. Budapest, Corvinus University, 2004 Chapter 5, pp. 138-215

In this regard the intensity of the relationship between the company and the works council may well prove to be highly significant, this is why several questions were included in the survey to assess its importance. According to the surveys, the frequency of works council agreements is increased by regular, planned meetings between the management and the works councils. (Chart 22)

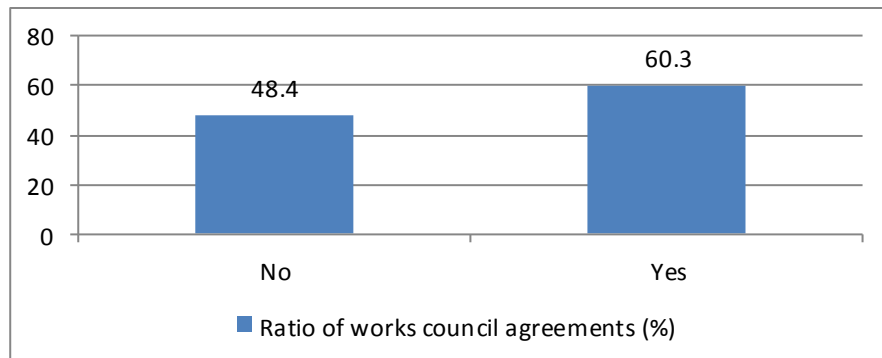
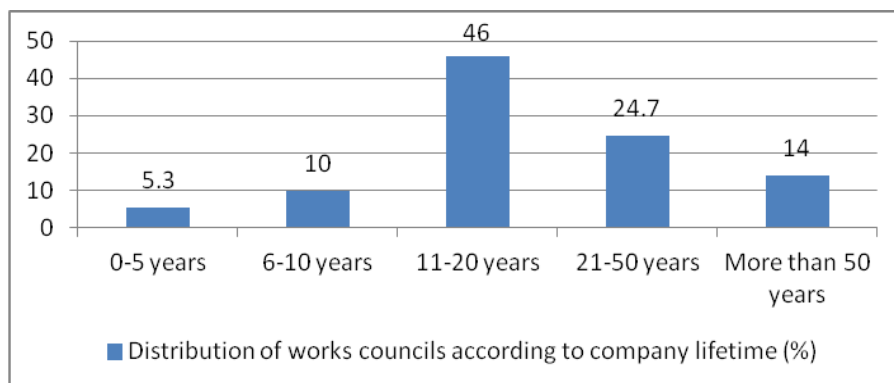


Chart 22: Do the company and the works council hold regular pre-planned meetings? (N=94, sig.: 0.028)



Presumably, this is due to a genuine and substantial underlying cooperation, and thus facilitates the institutionalisation of the relationship between the parties. For this reason it is no surprise that regular, pre-planned meetings were found to closely correlate with the frequency of having a works council agreement. Based on this, it is just natural that the frequency of having a works council agreement and the number of works council meetings also show a statistically significant correlation. To put it simply, the more frequently the parties meet, the more likely it is that they have a works council agreement. (Chart 23)

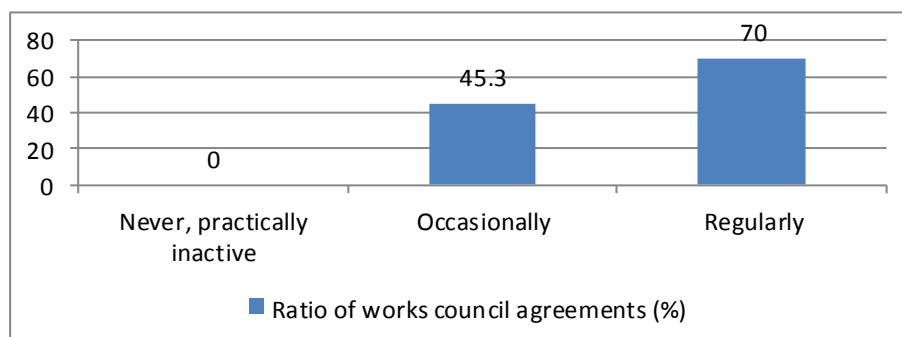


Chart 23: Frequency of works council meetings relative to works council agreements (N=85, sig.: 0.008)

It is noteworthy that if there are no pre-planned meetings, then there is no correlation between the frequency of concluding a works council agreement and the initiative of the works council. If the works

council has initiative, the ratio of having a works council agreement is 66.7%, as against 11.1% in the event the initiative is taken by the management. ($N=43$, non-sig.)

In practice there are also other opportunities for starting negotiations. It is just natural if the chairman of the works council does not wait for the management to act but seeks them with his proposals. In this respect there is a significant correlation between the activity of the works council chairman and the frequency of having a works council agreement. (Chart 24)

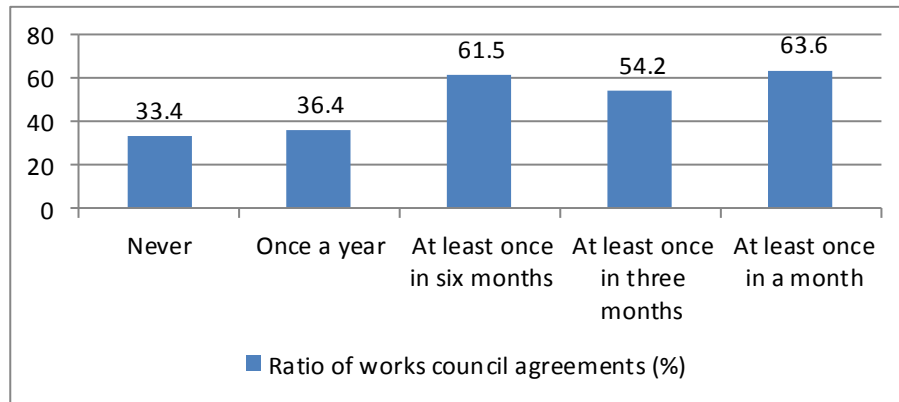


Chart 24: How often has the chairman of the works council sought the management outside regular meetings in the past 12 months? ($N=85$, sig.: 0.039)

It can be clearly read from the chart that the highest ratio (63.6%) of concluding a works council agreement is seen if the head of the works council contacts the corporate management at least once in a month. In contrast, 33% is hardly exceeded if such visits are paid with a frequency of less than once a year.

It is an interesting but non-significant correlation that at workplaces where the matters discussed at such meetings affected the majority of the employees the ratio of having concluded a works council agreement was higher: 63.4%. If, however, the matters discussed at such meetings predominantly related to the problems of individual employees, then the ratio was merely 4.5%. ($N=38$, non-sig.)

The relationship between the works council and the employees is no less important than that of the works council and the management. However, opinions are mixed in this matter. There are works council leaders who do not consider dialogue with employees important as they think this falls outside the scope of the works council’s competence. The survey has not confirmed this approach. The data analysis has revealed a significant correlation between the frequency of having a works council agreement and the role of the works council in informing employees. Chart 25 below shows nearly 16 percent more concluded works council agreements if employees are “informed” about the work done by the works council.

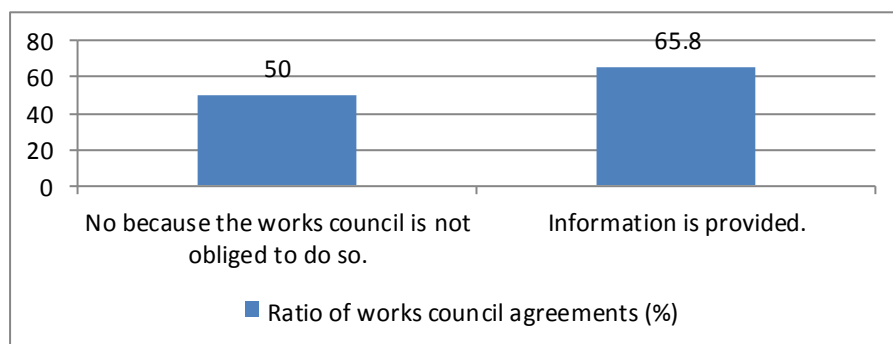


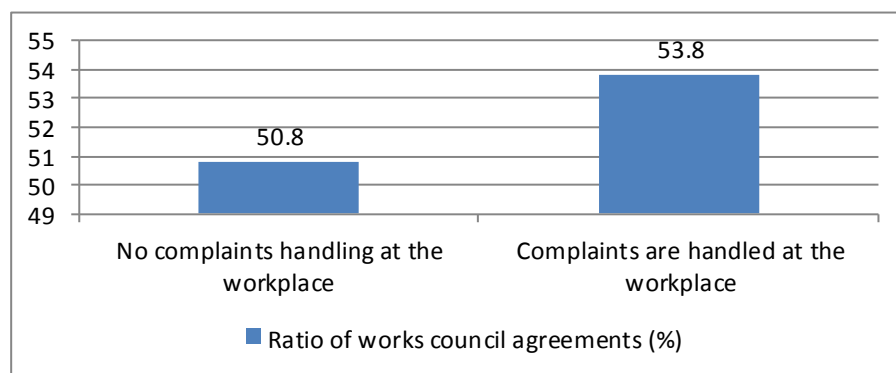
Chart 25: Information to employees relative to the distribution of works council agreements ($N=91$, sig.: 0.06)

The “power” of the relationship between employees and works councils and the confidence for the latter are shown by direct communication with the employees. Although this correlation is non-significant, an interesting trend can be observed in regard for the frequency of communication between employees and the works council. At workplaces where the employees were informed about the works council activity only on an annual basis, the ratio of concluded works council agreements was 23.8%, in contrast to the 45.8% recorded if information was provided at least twice a year. The highest ratio (68%) of works council agreement conclusion was observed in the case of works councils which inform employees at least once every six months. ($N=77$, *non-sig.*)

This phenomenon is actually explained by the extent the works council is “embedded”, namely whether it is capable of addressing the employees. This capability presumably depends on the closeness of the cooperation with trade unions, which is another sign of relationship with the trade union, as works councils lack any built-out organisational background among employees. If the works council has a successful communication with the employees, it is predominantly made through trade union channels.

The relationship between the works council and the management has another interesting aspect: the employees’ attitude to complaints handling. Unfortunately, no significant correlation could be demonstrated in relation to this topic. As, however, the observations are worthy of note, I present them below.

First and foremost it can be established that if the employees are familiar with the complaints handling procedure ensured by the company, the interviewed works council chairmen reported the conclusion of a works council agreement more frequently. This assumption should, however, be treated with caution, as there is only a slight 3% difference between the two kinds of responses, and this remains within the permitted margin of tolerance. (*Chart 26*)



*Chart 26: “Are the employees familiar with the complaints handling procedure ensured at the workplace?” relative to the ratio of concluded works council agreements ($N=91$, *non-sig.*)*

In relation to the complaints handling procedure it became apparent that if the company manager informed the chairman of the works council about a complaint reported directly to him by an employee, then a works council agreement was more frequently (56%) concluded at such workplaces. This is in contrast to the 34.8% ratio recorded in the case when this is not done. ($N=62$, *non-sig.*) The differences between the various extents of information are probably due to the phenomenon that at such workplaces the head of the trade union is the same person as the chairman of the works council.

7. PARTNERSHIP AS AN INCENTIVE TO WORKS COUNCIL AGREEMENTS

The essence of partnership is more a matter of content than form, and therefore it is difficult to quantify. It includes the use of the previously mentioned means, but even goes beyond that. The questionnaire included numerous questions devised to assess the quality of partnership. However, only a few valid correlations could be found between the responses. Nevertheless, it can be anticipated that the below-detailed factors of partnership closely correlate with the frequency of having a works council agreement.

Mention has already been made of pre-planned works council meetings. Closely related to this topic is the non-significant observation that at workplaces where persons who are not works council members also participate at works council meetings the frequency of concluding a works council agreement is six percent higher. It is also clear that if nobody participates in the meetings, in other words, if the works council is inoperative, there is no works council agreement. (Chart 27)

Actually, this means that the more open and more transparent works council activity is, the more successful it is, provided that success means the conclusion of a works council agreement. The wording “not a works council member” is not accurately defined in the questionnaire, it may refer to the participation of a representative of the trade union or the employer or even an independent specialist. If the organisation where a person belongs is not known, one can only risk drawing the simple conclusion that those who participate in a meeting in a capacity other than members contribute to the activities of the works council by their advice, which, according to the observations, result in the increase of the number of concluded works council agreements.

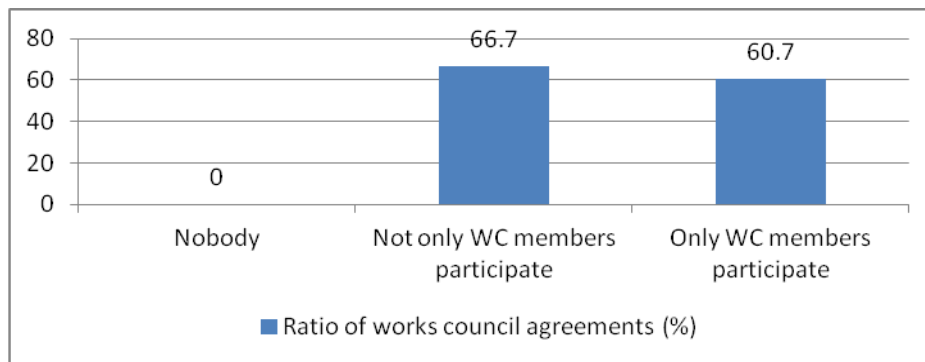


Chart 27: Who participate in a works council meeting? (N=56, non-sig.)

The quality of relationship between the management and the works council has outstanding significance for the conclusion of a works council agreement. This is underpinned by the correlations that demonstrate the management’s recognitions of works councils. Chart 28 below shows two markedly distinct opinions. In the case of the respondents who completely disagreed with the assumption that “the managers treat the works council fairly” the works council agreement was completely missing, while in all other cases of various responses there was a works council agreement in place. However, in the latter case the difference between the opinions and the ratio of a concluded works council agreement is non-significant, and therefore these response categories may be combined. (Chart 28)

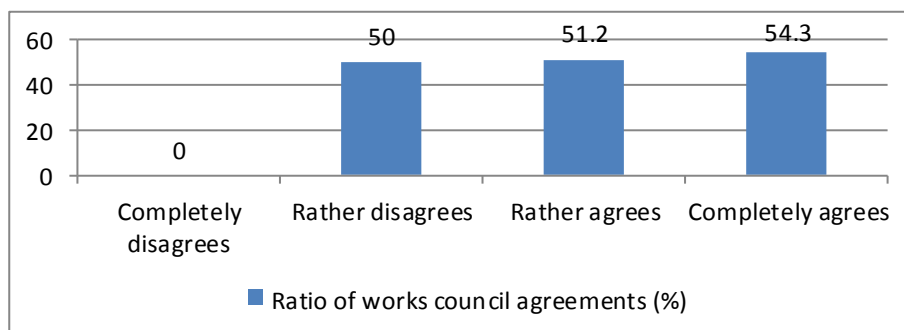


Chart 28: Ratio of the fair treatment of works councils by the management and the number of council agreements (N=94, non-sig.)

The management’s recognition of the works council correlates with the frequency of having a works council agreement also in another respect, although in an insignificant extent. From the responses it can be concluded that the ratio of concluded works council agreements is the lowest (0%), i.e. no such agreement is concluded at all, if the management negotiates directly with the employees, doing away with the various

interest representations. A comparison of the preferences shown for trade unions and works councils, the latter institution's observed 75% ratio is exactly 25% more than the ratio recorded for the trade union, provided that the frequency of concluding a works council agreement is taken as an argument. It can also be established that the frequency of concluding a works council agreement is identical (75%) with the works council's employer preference if respondents select the negotiating partner depending on the negotiation topic. (*Chart 29*)

The prestige of the institutions of workplace interest representation and their role in the system of employment relations are shown in their being sought by employees with their problems. If employment relations are regulated at a given workplace and the institutions and procedures required for dispute settlement are in place, then employees are less likely to seek institutions other than the company to discuss the problems they have encountered. This question is important for our topic, as we are analysing if the existence of a works council agreement influences interest representatives' confidence in the institutions intended for the settlement of labour disputes or not. In short, whether a works council agreement contributes to regulated workplace relationships.

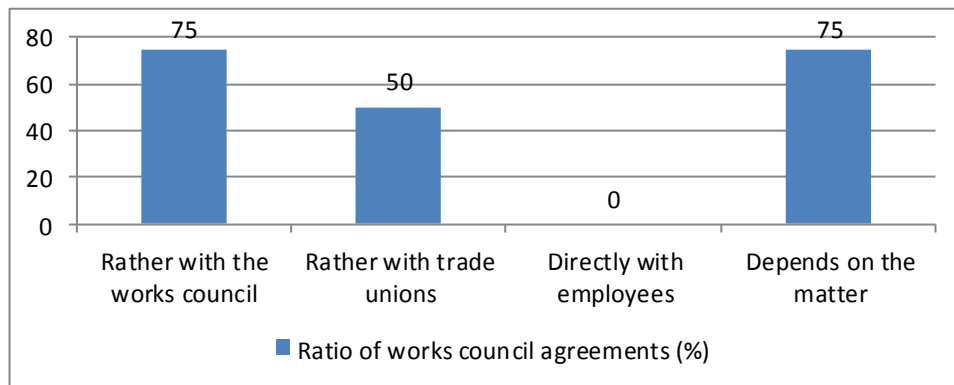


Chart 29: Who does the management prefer to negotiate with? (N=26, non-sig.)

First of all, we survey the persons who had not been sought by works council chairmen/agents. In cases when the chairman of the works council did not contact the owner with his problem, the frequency of having a works council agreement was 56.8%, while in the reverse case the ratio was 25%. ($N=97$, $sig.: 0.017$) The available database reveals that at such workplaces (with a high ratio of works council agreements) contacting either the owner or a top executive, or even to the Labour Mediation and Arbitration Service or to the ministries is not characteristic. This fact indicates that at such workplaces there is no need to find “special ways” for a solution, because the institutional relations work smoothly.

This assumption is confirmed by the correlation between the frequency of having a works council agreement and the intensity of relationship with the executive in charge of employment relations / HR. Another sign of having regular and orderly employment relations is when the chairman of the works council turns to his primary cooperating partner, the executive in charge of HR or employment relations with his problems and proposals. If their working relations are undisturbed, there is no need to escalate the problem to higher levels. This is demonstrated in *Chart 30* by the non-significant correlation that illustrates the favourable impact of the quality of relationship between the head of the works council and the senior officer responsible for employment relations on the number of concluded works council agreements.

A different picture is given if the employees' opinions about problem handling are taken as a basis. In general it can be said that at workplaces where the various institutions of legal remedy (Labour Inspectorate, a counsel, or other dispute resolution institutions specified in a collective agreement or in the relevant employment contract) are actually used, the existence of a works council agreement is more frequently seen. This phenomenon is illustrated by the correlation depicted in *Chart 31*.

This phenomenon can be explained by the fact that the institutions required for dispute resolution and the culture needed for their operation are more frequently available at such workplaces. The significant correlation between confidence in the works council and the frequency of having a works council agreement is evidenced in the following *Chart 32*. If and where the employees trust the works council, the ratio of concluding a works council agreement is significantly higher (83%).

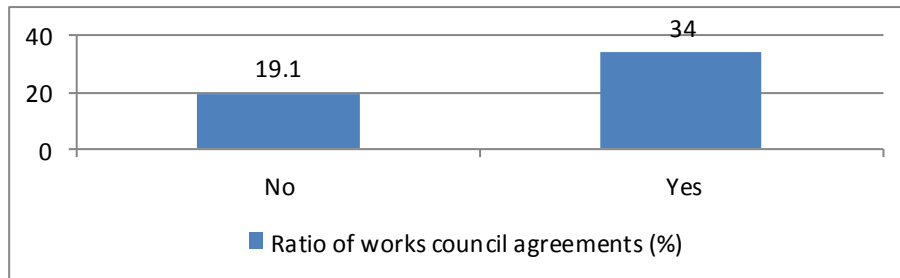


Chart 30: Do you sometimes contact the executive in charge of human/industrial relations? (N=94, non-sig.)

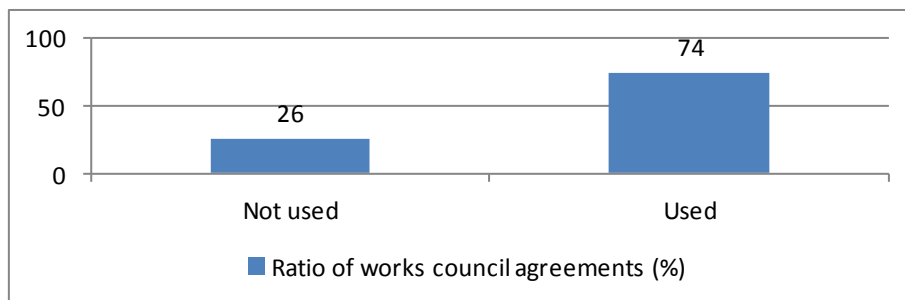


Chart 31: “Do employees use the complaints handling option included in their employment contracts or the collective agreement?” relative to the frequency of having a works council agreement (N=96, non-sig.)

Experiences show that the economic crisis has put workplace industrial relations to the test. There is nothing to better characterise the current state of employment relations at a particular workplace than the manner and extent of involving interest representation in crisis management. Whether they are involved at all. For the purposes of our topic we need to analyse if there is a correlation between direct concern, on the one hand, and the extent of involvement, on the other, and the conclusion of a works council agreement.

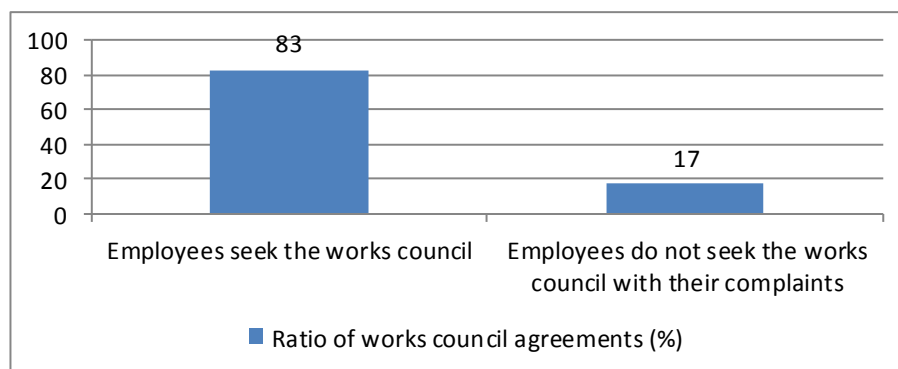


Chart 32: Frequency of employees seeking the works council with their complaints in the past 12 months in light of having a works council agreement (N=96, sig.: 0.026)

The responses reveal that there is a significant correlation between being directly concerned and the frequency of having a works council agreement. In other words, the more severely a business has been hit by the economic crisis, the higher the frequency/likelihood of having a works council agreement is. (Chart 33)

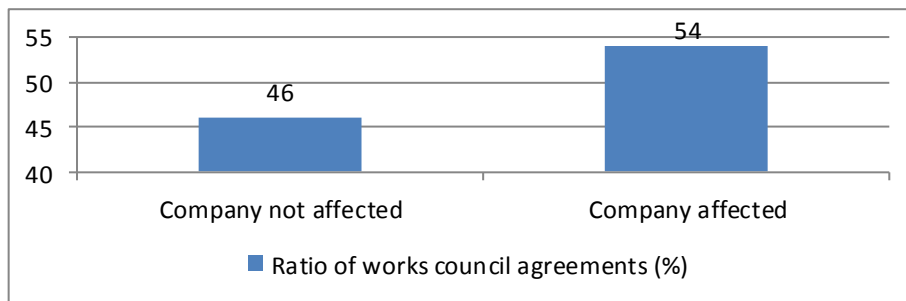


Chart 33: “Has the economic crisis had any consequences?” relative to the ratio of having a works council agreement (N=92, sig.: 0.015)

This is in accordance with the observation that there is a correlation between the extent of involvement (case a: no involvement, case b: the employ was informed of or consulted about the changes) and the frequency of having a works council agreement. Respondents reported having a works council agreement more frequently if the parties have consulted about the crisis, while having a works council agreement was less frequent if only information was provided. However, it can also be observed that there was no significant difference between the complete lack of involvement (no contribution) and information provided to the works council in respect the impact on the number of works council agreements. (Chart 34)

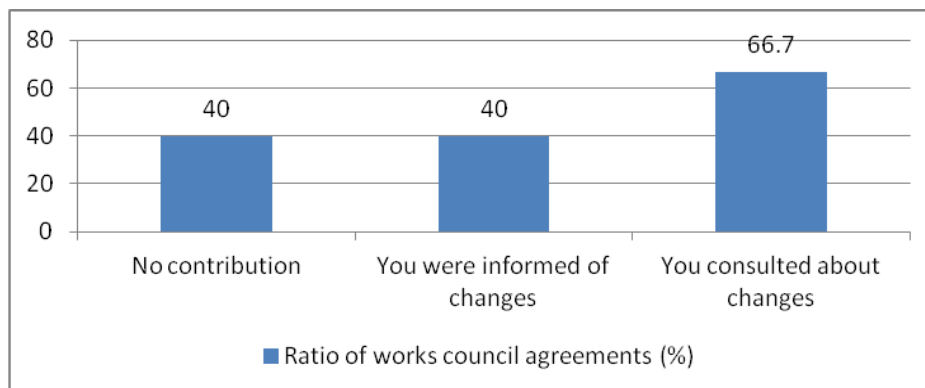


Chart 34: “In what ways did you contribute to the introduction of the most important changes?” relative to the number of works council agreements

(N=56, sig.: 0.02)

There is a correlation similar to the above, but found to be non-significant, between increase in the frequency of negotiations with the interest representation organisations and the frequency of having a works council agreement. Nearly 15% more respondents concluded a works council agreement at places where negotiations with the works council became regular as a result of the crisis. (Chart 35)

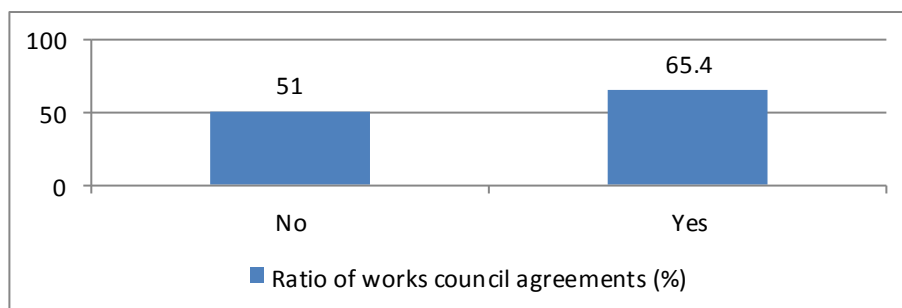


Chart 35: Correlation between negotiations with the works council having become regular and the frequency of having a works council agreement (N=72, non-sig.)

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INCOME TAXATION OF SMALL AND MEDIUM-SIZED ENTERPRISES IN HUNGARY

ABSTRACT

The system of taxation underwent significant changes in Hungary in 2013. The scope of income taxes was expanded with the small business tax that can be selected by the SME sector. In my paper I will examine what is behind the change, and with what intention the government introduced these new tax types. I will present the various income tax types offered by the tax laws and at the same time I will try to find an answer to the dilemma: have the new tax types really made our system of taxation simpler?

Keywords: small business taxation, corporation tax, income taxes, simplified entrepreneurial tax, small entrepreneurs' specific tax, SMEs, national SME research program in Hungary

JEL Classification: H20, H25, L26

INTRODUCTION

In Hungary the significance of SMEs did not decrease despite the fact that the number of liquidations and involuntary deregistrations increased between 2009 and 2013 due to the crisis. Economic growth, job creation, social well-being and the satisfaction of the individuals all depend on the success of these businesses. In order to maintain our competitiveness therefore it is especially important to draw up a business-friendly government strategy and to implement the assigned measures. The evolution of tax burdens, the transparency and stability of the regulation and the simplicity of administration are the most important macroeconomic factors for small businesses. The SBA fact sheet compiled on Hungary draws attention to this fact, the most important statements of which I must point out.

1. SBA FACT SHEET ON HUNGARY

The annual report published by the European Commission assesses the national SME policies on the basis of a uniform method. According to the report on 2014 ⁶

- The SME sector has been stagnating in Hungary since 2005.
- The profile slightly improved compared to that of the previous year.
- Hungary is still trailing other EU-countries in 8 out of 10 SBA areas.
- The government is remaining active on SME policy, but the selected measures threaten to have a detrimental effect on SMEs.

Hungary's overall performance remains well below the EU-average with respect to the implementation of the "Think Small First" principle. A specific problematic area is the general burden of government regulation and the introduction and simplification of the rules and processes (despite the fact that this is where most of the measures have been taken on policy side since 2012, e.g. the decision about the small business tax).

⁶ SBA_fact_sheet_hungary_2014.pdf

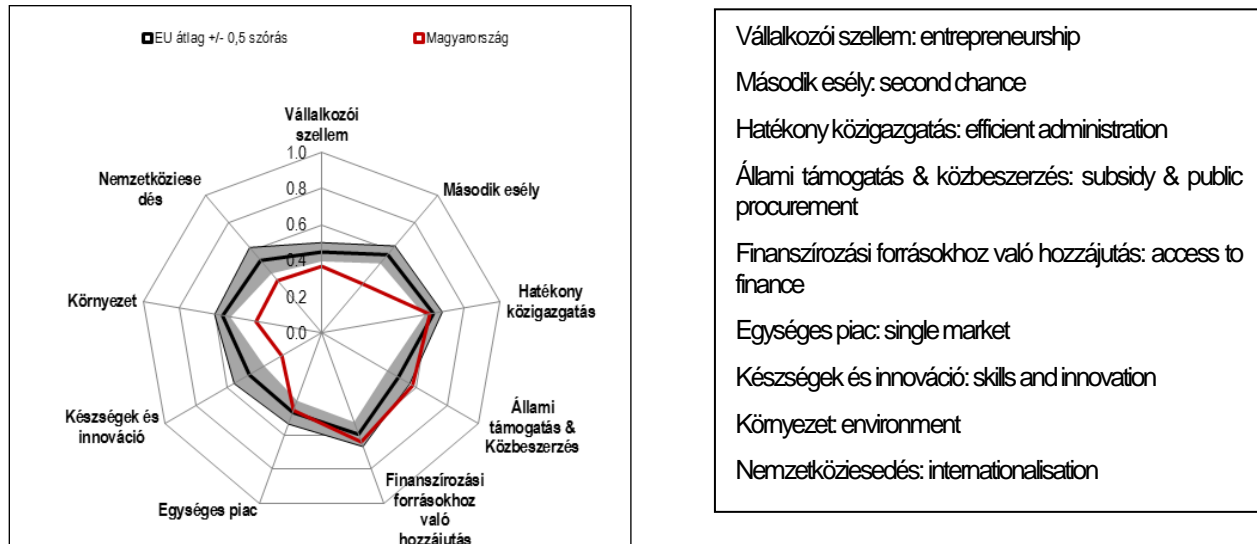


Diagram 1: The SBA profile of Hungary

2. NATIONAL RESEARCH PROGRAMMES RELATED TO SMALL BUSINESSES

The Ministry for National Economy has also compiled its development strategy in connection with Small and Medium-sized Enterprises for the period of 2014-2020 ⁷. The document is based on a detailed situation analysis, which is the result of surveys and in-depth interviews conducted with businesses, and the use of other data sources. Diagram 2 clearly identifies the areas where government intervention is required. The replies of the surveys indicate that the problem is caused by the overregulation of businesses, high taxes and the frequent changes in legislation.

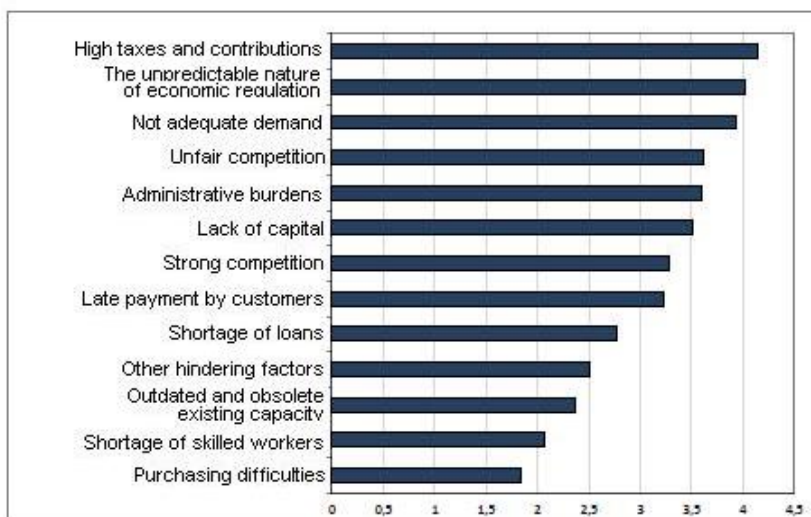


Diagram 2: Survey of the factors affecting the growth of enterprises in 2013.

⁷ KKV_strat_társadalmi_egyeztetésre.pdf

In international comparisons measuring administrative burdens, Hungary regularly performs badly. In the competitiveness index of the World Economic Forum (WEF) Hungary fell from place 48 to position 63, which is due to the fact that 7 pillars out of 12 fell in value.⁸

According to the study of Deloitte conducted in 2010, the administrative cost of Hungarian businesses reach 10.5% of the GDP (this is twofold of that of the EU-average), out of which expenses considered superfluous account for 3.1%.⁹

One of the surveys conducted by the SME research team run by the Institute of Management and Organization of the Óbuda University examines the effects of the specific tax types on competitiveness.¹⁰

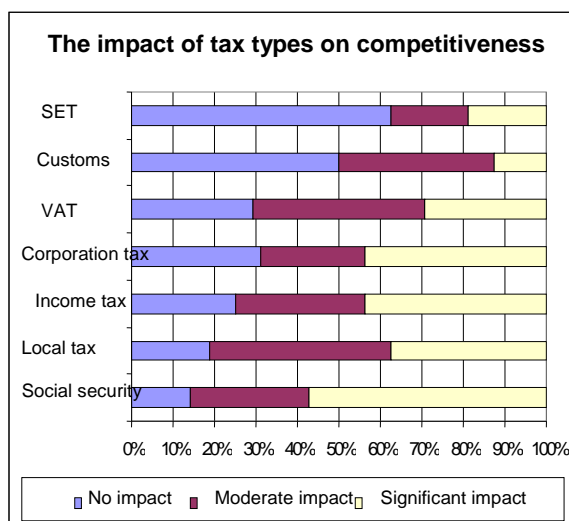


Diagram 3: The situation of national SMEs, survey 2012

The businesses interviewed consider the social security contribution, the corporation tax, and the personal income tax determinant, whereas SET (simplified entrepreneurial tax) and customs do not significantly affect their competitiveness.

The Simple State Programme was launched in spring 2012 as part of the Magyar Programme, which mainly aimed at the reduction of the administrative burdens of businesses. The programme expects a cost reduction of HUF 500 billion on the side of businesses, which will be the result of the implementation of the 114 measures in the 10 highlighted areas. One of them is taxation, where the reduction of bureaucracy would bring a saving of HUF 48 billion for the entrepreneurs, which they could spend on increasing their competitiveness.¹¹

3. THE TAXATION OF NATIONAL SMEs

The Hungarian tax system is complicated due to the high number of tax types and the frequent changes in legislation. It has created an obscure and insecure business environment for businesses. Although 10 small tax types have disappeared in the past two years, new ones have appeared, so we have to familiarize ourselves with about 65 tax types. (In Europe we are on the 3rd place with regard to the number of tax types).

First of all, let us examine the scope of income taxes affecting the profit of businesses.

⁸ World Economic Forum, Annual Report 2013

⁹ Deloitte: The Examination of Financing Sources of National SMEs, Market Deficiencies and Shortcomings

¹⁰ Dr György Kadocsa: The Situation and Development Potentials of National SMEs

¹¹ egyszeruallam.kormany.hu

With the two new tax types introduced for small businesses in 2013, there are six different income tax types altogether. It is not easy to select the right type since it is influenced by various factors: the form of business, the revenue generated, the scope of activities, and the number of employees (just to mention the most important factors). Which tax types can be placed here?

Income tax types that can be selected by sole traders:

- personal income tax with two different taxation methods
- simplified entrepreneurial tax - SET (EVA in Hungarian)
- small entrepreneurs' specific tax (KATA in Hungarian)

Income tax types that can be selected by single member companies and business associations:

- corporation tax
- simplified entrepreneurial tax - SET (EVA in Hungarian)
- small business tax (KIVA in Hungarian)
- small entrepreneurs' specific tax (KATA in Hungarian)

Sole traders may normally establish their tax in two ways within the scope of *personal income tax*:

Table 1: Methods of establishing the personal income tax of sole traders

Process of tax calculation	According to entrepreneurial income	Flat-rate taxation
Conditions	-	Revenue ≤ 15 million (in trade 100 million)
Determination of the tax base	Revenue-cost-entrepreneurial withdrawal ± tax base correction	Revenue-dictated cost ratio
Determination of minimum income	2% of the entrepreneurial income	-
Actual tax base	Whichever is higher	-
Calculated tax	10% and over 500 million 19%	16%
Profit after tax	Tax base-calculated tax	-
Dividend base	Profit after tax ± modifying items	-
Dividend tax	16% of the dividend base	-
Tax of entrepreneurial withdrawal	16%	-

Source: own editing

The method is rather complicated (due to the itemized regulation of cost accounting and the great number of options aiming at the reduction of the tax base) – especially according to the entrepreneurial income – because it requires the determination of the tax base, the calculation of the dividend base as well as the income taxes under three legal titles (capital gains tax, dividend tax, entrepreneurial withdrawal tax – coloured rows in the table). The flat-rate taxation is simpler than this, which may also be selected by people being employed (excluding traders), and start-up sole traders may also choose this option. The tax base is established with the help of the dictated cost ratio, which is between 40% and 94% depending on the nature of the activity.

The next method is the *simplified entrepreneurial tax (SET)* introduced in 2003 at a rate of 15%.

Since its rate has been modified several times in the past decade, this tax type does not seem to be favourable any more: its tax rate is 37% with an income limit of HUF 30 million. Since this tax type can be selected – in addition to sole traders – by general partnership, limited partnerships and single member companies, too, they do not have to apply the otherwise compulsory double-entry book-keeping (which is a great advantage). Taxpayers only have to record their revenues. The tax base is increased by the VAT charged, which, however, does not have to be paid to the budget, since the taxpayer is not considered as a VAT subject. An important rule is that a start-up company cannot select SET for 2 years and members of a business association may not obtain a share exceeding 50%.

According to my calculations it seems to be a good choice for those who could account for less than 10% of the costs. These are usually people performing intellectual activity, and sole traders and self-employed small businesses not having any employees if they perform activities falling within the scope of VAT while being employed (e.g. advisory services, planning, writing tenders, and book-keeping). The number of taxpayers reaching 100,000 in the previous years only amounts to 44,000 today.¹²

The scope of small business taxes

In order to simplify the taxation of small businesses an act was adopted in October 2012¹³, which introduced the small entrepreneurs' specific tax (KATA in Hungarian) and the small business tax (KIVA in Hungarian) as an option. I would like to note that this noble objective has already been curtailed several times since it had to be modified prior to its coming into force, and every year it goes through the Parliament again. Although it is a simplified taxation method, I fear that it will not be as popular as the government announced it. The reasons for this are the following:

- There was no previous information available (at least one year preceding its introduction). As a result, our SBA profile does not look good in this respect (Diagram 1).
- I miss the application of the SME test, which is one of the tools of the implementation of intelligent regulating.
- In case of the small entrepreneurs' specific tax the limit of eligibility is too low (HUF 6 million per annum).
- The conditions of eligibility are complicated.
- A targeted small business tax tailored to micro-enterprises according to the principle of "less is more" would be more adequate than the two very different income tax types adopted with one act.

In order to clarify the essence of the two new tax types I have made the following comparison:

The greatest advantage of the small entrepreneurs' specific tax is its simplicity and it offers a cost-efficient solution for small businesses. There is no need to employ a book-keeper to pay the HUF 50,000/25,000 tax liability every month. Naturally, it is only true if the small business does not have any employees after whom the contributions must be paid and it does not fall within the scope of VAT (selected the VAT exempt status). Full-time sole traders must pay HUF 50,000 instead of HUF 84.333¹⁴ (and it does not include the capital gains tax and dividend tax), whereas sole traders having multiple legal relations must pay HUF 25,000 on a monthly basis.

¹² www.kormany.hu/nemzetgazdasagi-miniszterium/adozas

¹³ Act CXLVII of 2012

¹⁴ Contributions, social contribution tax and personal income tax to be paid calculated with HUF 122,000 minimum wage

Table 2: Comparison of small business taxes

Aspects	Small entrepreneurs' specific tax	Small business tax
1. The classification of taxes	direct taxes, income taxes	
2. Tax-payers	sole trader, single member company, limited partnership, general partnership (only private person members)	single member company, business association, co-operative
3. Conditions	revenue \leq HUF 6 million (excluding: the letting of immovable property)	revenue \leq HUF 500 million, balance-sheet total \leq HUF 500 million, number of employees \leq 25
4. Tax base	not applicable	financial result + value of personal participation \pm correction
5. Tax level	item of taxation: HUF 50,000/25,000 monthly and per person	tax rate: 16%
6. Registration	at any time	until 20 December preceding the year under review, new business within 30 days
7. What tax types does it replace?	-personal income tax -corporation tax -social contribution tax -flat-rate healthcare contribution -pension contribution healthcare contribution +labour market contribution, -contribution to vocational training	-corporation tax -social contribution tax -contribution to vocational training
8. Records	records of revenues	double-entry book-keeping
9. Tax return	Declaration: until 25 February of the year following the year under review BUT: tax return, if the special levy of 40% is also paid	until 31 May following the year under review
10. Advance tax payment	not applicable, since the tax item must be paid until the 12th of the month following the month under review	on a monthly basis, if the small business tax is $>$ HUF 1 million - quarterly

Source: own editing

Unfortunately, the legislators failed to pay attention to those students who study full-time at a secondary school or higher education institution and run their own business, because they were left out of the list of taxpayers who can pay the HUF 25,000 within the scope of the small entrepreneurs' specific tax (although their status is qualified as multiple legal relations by the Social Security Act). Students who start an independent business during their college years should also be considered as having multiple legal relations, and this favourable taxation should be made available for them, too.

The small business tax introduced along with the small entrepreneurs' specific tax is a significantly more complicated method, and even the professionals have an aversion to its application. It requires the deduction of the tax base, which greatly differs from the corporation tax base, since this one is cash based. The difference between the revenues actually received and the expenditure constitutes the result, which must be increased by the personnel costs, but at least this latter sum constitutes the tax base. It replaces the 10% corporation tax, as well as the social contribution tax to be paid by the members after their personal participation and the contribution to vocational training, but not the individual contributions. At the same time, the dividend of private people is taxed with 16% as dividend tax and 14% as healthcare contribution. There seems to be a logical contradiction between the number of employees set by the small business tax on the one hand (which is 25), and the number of employees set by the EU and the national legislation concerning small businesses on the other hand (where the limit is 50). It would be appropriate to interpret the notions uniformly in this case too (in conformity with the recommendation of the European Commission adopted in 2005).

Corporation tax

Apart from sole traders all the other businesses – business association, single member companies, co-operatives, public companies, foundations, etc. – settle their liability to pay income taxes under the effect of the corporate tax act (if they do not choose one of the above-mentioned options). Its structure and the tax to be paid correspond to the entrepreneurial income tax, which ensures the neutrality of the sector.

Table 3: Method of establishing the corporate tax

Description	Process of tax calculation
Pre-tax profit	income-expenditure
Determination of the tax base	pre-tax profit \pm tax base correction
Determination of minimum income	2% of the entrepreneurial income
Actual tax base	whichever is higher
Calculated tax	10% and over HUF 500 million it is 19%
After tax profit	pre-tax profit – calculated tax
Dividend base	approved dividend \pm modifying items
Dividend tax	16% of the dividend base
Balance-sheet profit	after tax profit – approved dividend

Source: own editing

For the tax payers applying the most complicated form of taxation it is a great challenge to perform the correction with the numerous increasing and decreasing items used to determine the tax base. It could be a solution if the accounting act and the law relating to taxation interpreted the economic events in the same way. For example correction is required due to the difference between the ways depreciation is settled. This is one of the most frequently changing tax types, which restricts predictability and conscious forecast. In 2015 the scope of tax allowances has changed. The statement disposing of this has also been introduced, and it must be submitted electronically. Despite its complexity SMEs also select the corporation tax, since on the basis of the information provided by the Ministry for National Economy the small business taxes are not too popular: according to an end-of December figure 97,000 businesses selected the small entrepreneurs' specific tax, but the majority of them is sole trader, and only 7,500 business opted for the small business tax.

Contributions to be paid by small businesses

The rates and taxes that must be paid after the personal participation of the sole trader and the members of the business association are significant cost factors, but *contributions must be paid* after the engagement of the employees, too. The payment liability is shared between the employer and the employee, and the contributions to be paid under various titles provide the sources for the social security funds, the labour market funds and vocational training. The multi-channel curtailment significantly increases labour cost and administration. Therefore, it is not easy to review the taxation of small businesses offering four different options if we also have to calculate with the contributions. The next table summarizes the contributions to be paid after labour.

Table 4: Classification of tax payments charged to direct labour

I. Rates and taxes payable by the employer		II. Personal contribution	
Social contribution tax	27%	Pension contribution	10%
Contribution to vocational training	1.5%	Healthcare contribution	7%
Healthcare contribution after the dividend base	14%	Labour market contribution	1.5%
Healthcare contribution after fringe benefits	14/27%		
Healthcare contribution	HUF 6,930/month		

Source: own editing

Despite the fact that high amounts are charged to direct labour in Hungary – it exceeds the EU-average – the biggest problem is caused by the regulatory system of social security. The base used for calculating the various contributions is different. It must be declared on a monthly basis, and the amounts arising under different titles must be transferred to the specific central budgetary accounts. The payment liabilities must be recorded separately, which is really difficult for small businesses (they need to use a payroll accounting software and engage a professional). The package of measures introduced by the Simple State Programme has not improved the situation either, though it would be desirable to introduce the *single channel labour contribution* in order to reduce our unemployment rate.

The essence of my recommendation is: the taxes and contributions paid by the employer in one sum would go to a central budget account, from which the distribution to the various titles (to the pension fund, healthcare fund, labour market fund, vocational training fund) would take place with the co-operation of the tax authorities. This would significantly reduce the cost of payroll accounting and bank transfers.

CONCLUSION

The subject of my examination was the simplification of taxes, taxation methods and accounting rules established for small businesses. Although significant changes have taken place in the past two years in order to simplify the procedures, businesses are faced with more and more complicated taxation systems, which is detrimental to their competitiveness. Therefore, I recommend the following:

- simple, transparent income tax should be introduced (there is no need for the currently existing six different variations)
- start-up enterprises should receive tax exemption up to a specific limit

- the small entrepreneurs' specific tax must be maintained but its limit should be increased
- the contributions and taxes on labour should be combined, the single channel deduction scheme would result in significant cost reduction
- the frequency of tax returns should be reduced, their content should be simplified, and the multiple data supply obligation should be terminated
- the legislation should not be modified so frequently (it would be good if the law relating to taxation could not be modified in the middle of the year)

To sum up: the competitiveness of SMEs can only be achieved with a supportive government policy. I firmly believe that the national SME policy could be made successful with the previously listed simplifications.

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TODAY'S SITUATION OF CARPET WEAVING IN AZERBAIJAN

ABSTRACT

The paper highlights the state-of-the art of the Craft Centre “Ayun” in Guba (Azerbaijan) as the most authentic Azerbaijani carpet weaving trying to keep the former important high-quality traditional craft. Unfortunately due to many reasons especially difficulties to find raw materials of good quality, natural dyes, changing the weaving technologies towards decreasing the density of carpets aging the carpet weaving women in the rural and remote areas, bad national marketing and shopping centres the image of the Azerbaijani carpet has been declined.

The state program of support of carpet weaving in rural regions and settlements has to become the first step in this direction in our country. It is necessary not to forget that the carpet gains the increasing political importance. To imagine a carpet without Azerbaijan, and Azerbaijan without a carpet isn't possible.

Key words: carpet weaving, Craft Centre ‘Ayun’, Azerbaijan

JEL Classification: D13, J24, L26

Centuries-old historical way of development of carpet weaving in Azerbaijan, its art esthetic and technological and also ethnographic and merchandising aspects are already being the object of serious scientific researches of historians of art critics and ethnographers for a long time both in Azerbaijan and abroad. There were devoted hundreds scientific articles, tens monographs and materials of the international scientific symposiums to the various aspects of this problem. Especially it is necessary to consider that irreplaceable in this area are Letif Kerimov's works, and, in particular its fundamental three-volume work called "The Azerbaijani carpet". Also it is very important the researches of some other authors, such as R. Efendiyev, K. Aliyev, R. Tagiyeva's scientific works, Jafar Mudzhiri's technological explanations and etc. But all these researches concern the bright, but past history of the Azerbaijani carpet.

In our opinion, today is also extremely actual to research of today's position of this important branch of national arts and crafts, studying of its internal and external problems and searches of ways of their decision. I consider that it is a civic duty for everyone who is connected with the Azerbaijani carpet in anyway and, in particular, for the masters involved in Azerbaijani carpet weaving, to put into this area their feasible contribution.

The purpose of this article is to show our maintaining as current state of this branch in Azerbaijan, and ways of its further development.

The Craft Center "Ayun" has been located in the city of Guba and it continues now the researches started in 2000 in the field of studying of modern provision of the Azerbaijani carpet in the international market. These researches at the same time help to reveal the today's provision of carpet weaving and in Azerbaijan.



Fatima Agmirzoyeva

First of all the Center asked for the help the international professional experts. They are the followings: In 2000, madam to Dineka Ferguson from the British organization BESO, and in 2001 William Myles, Professor of the Canadian University who is also the distributor of known Canadian expert Kazimi, and in 2007-2008s the other experts which were invited from the USA and, in particular, in 2008 the international expert Rolf Kemblon. The firm put forward the following tasks and inquiries for researches:

- 1 "The provision of the Azerbaijani carpet in the international market";
- 2 "What measures should be accepted for return of the Azerbaijani carpet to the international market"?

Due to the received result the present provision of the Azerbaijani carpet in the world market is unfavorable. It lost the earlier high international rating. At the same time, within the country, in the area of carpet weaving, are available a set of the collected problems of demanding urgent decisions. The firm drew up the plan of the activity on the basis of recommendations and researches conducted by means of these experts.

According to information received while researches, today the Azerbaijani carpet has negative image in the international market. It also is the main reason of the fact that for a long time the unique Azerbaijani carpets are on sale abroad under the name of production of other countries. Despite very rare acquisitions from Azerbaijan, shopping centers of the foreign states hide their true origins as they don't sell carpets of the countries which have received the negative decision. Therefore the main necessary condition to escape from this situation is the raising of image of the Azerbaijani carpet in the international market and return of its former glory. In a broad sense this word it is necessary to restore actually the lost brand under the name "Azerbaijani Carpet". First of all the reasons of recession of a rating of carpets were for this purpose found out and as the main the following was revealed: uses of artificial threads; replacement of natural dyes on harmful and unstable chemical ones, also replacement of difficult semantic-mythological elements on the primitive ones; use in a percentage ratio bigger amount of cotton as a part of woolen carpets; simplification of knots; decrease in density of a carpet, and etc. Due to these very serious reasons the Azerbaijani carpet received the negative expert and estimated decision for the international market since the years of 1970s of the last century. Here summary of that conclusion: "The Azerbaijani group being the most important world group till 1917-1921 years at present has lost the importance. (Information is given by the professor of the Canadian University William Myles. He is at the same time the distributor of the known Canadian expert of doctor Kyazimi).

As interest to carpets arisen at foreign countries and stimulation by the state structures of many countries, developments in carpet weaving has important impact on decline of the international rating of the Azerbaijani carpet. Against our inaction, before these countries prospects for assignment of various groups of traditional Azerbaijani carpets by the countries opened. For this purpose during several years some countries at the state level develop the plan of special events in this direction.

Certainly, there may appear an impression that we excessively dramatize a situation. As over a period of all history, at least since the Middle Ages, there was observed a temporary decline in this branch of the craft, caused by various historical conditions more than once. On each time the people revived this branch of craft and developed it further. And today, despite the listed serious begun phenomena, the Azerbaijani carpet still exists, though it lost many positions.

In what secret of opposition of the Azerbaijani carpet to so many attacks? The secret consists in its people, for which carpet is a part of its spiritual culture and a way of life. This art historically lives and develops only thanks to talent of the people, for which carpet is not simply a craft product of utilitarian household purpose, and also a part of his soul and vital philosophy. Each time before the next threat of disappearance of this fine art it anew recovered by the people and lifted on a new level of development. Here great role belonged to the regions. People living in remote places addressed anew to the carpet compositions weaved them with soul and love. The people kept ability of regeneration of this unique traditional craft.

Modern situation is different. Now in Azerbaijan there is a continuous outflow of the population from rural remote places where traditions of house carpet weaving are still live, to the regional centers, and to

the capital. The amount of growing natural dyes day by day decreases due to ecological changes, destruction on pastures by herds, because of unplanned crops in the private sector and construction works, and some even are under the threat of disappearance. The initial raw materials in a carpet weaving called buckle for threads in general come to naught. Today to find women making in house conditions of a thread on distaffs is a big rarity. To change a situation caused the negative expert opinion, it is necessary to look for ways of return to the market. Naturally, on condition of not repetitions of former mistakes.

The state program of support of carpet weaving in rural regions and settlements has to become the first step in this direction in our country.

It is impossible to forget that art carpet weaving lives from time immemorial thanks to the people; it arose in regions and leaned on regions. From the moment of origin the people supported and prolonged life to a carpet. In the remote mountain settlements during a winter time in each house the carpet was weaved. And carpet workshops carried out the activity in the regional centers. In many regions of Azerbaijan this art was a source of the essential income for considerable number of the population. At the same time the state had special plans and benefits according to which it showed care about carpet weaving centers and production workshops and stimulated their activity.

Now in regions, in house conditions, weavers can't find raw materials for independent production of carpets. Very seldom it is possible to meet people working with natural dyes. Because production of natural dyes is one of the most technologically difficult branches demanding special attention.

Difficult process of production, time and work spent for production of a carpet brings today not enough income. It is necessary to consider that dealers in the markets buy carpets weaved by weavers very cheap as this work has no centralized sale. At the same time if they sell them separately, sellers will be able to expose their carpet before the buyer with shortcomings, defects that is inadmissible while the image of Azerbaijani carpet today is so low.

In the past, taking into account a condition of the market, this branch brought in normal incomes. But today, at a present condition of the Azerbaijani market, this income makes the sum within AZN – Azerbaijani manat - 30-40 for a carpet. Because of material problems more and more masters – weavers move away from this profession.

And in private specialized sector all weight of production and sale of carpets fall on shoulders of the owner. Carpet production today is not a profitable branch. Therefore the state has to be interested in preservation of already created specialized private workshops. Only on condition of their preservation and creation of conditions for their development it will be possible to keep both masters and traditional technologies that will promote in turn to creation of the strong competition and consequently also to branch development. It is necessary to consider also that activity of such workshops objectively leads to support of needy families by the additional income which source becomes female work. And after all it is a direct support of a state program on poverty elimination that also gains important value. But, unfortunately in current laws of Fund of social protection the separate point concerning interests of masters – handicraftsmen isn't provided. For example, the master or the owner of a workshop from the date of the beginning of work has to deduct to fund percent. From the first day the tax on a carpet which productions it is yet complete is raised and it isn't known how many profits it will be able to make. If to consider that on production of a carpet is required 7-8 months, and sometimes it is more than a year, and contributions to fund of social protection makes at least for two in a month of AZN 27; in 8 months these assignments make AZN 432. To this tax it should be added the cost of 16 kg of raw materials worth AZN 256. It is also necessary to involve a master–carpet weaver to the work. At low payment a master will refuse to work. If for 1 sq.m to take AZN 120 for a minimum wage basis, for a carpet with the size of 3,5sq.mit will be AZN 430. Thus, AZN 432 the tax plus AZN 256 for raw material + 430 AZN of the earned payment, then it makes 1138 AZN. If to add here trivial expenses within 6-8 months then the turn out will be not less than AZN 1,200. And the market cost of such a qualitative carpet makes AZN 1,000 – 1,100. There turns out an interesting the figure! That means such business never can be profitable. If to consider also technical expenses and costs of use of necessary technicians, becomes clear that such pressure of the enterprise simply won't sustain. As a result it will bring to that the regional centers of

production either will be closed, or will go to shadow economy evading from transparent activity. For the same reason the most known producers of carpets in the capital find a way out that buy carpets at very low prices weaved by workers from China which are very difficult to distinguish from the manual. It leads to decline of manual local production and completely reduces the international rating of the Azerbaijani carpet. Certainly, about any application of natural dyes and a number of other factors making earlier than pride and uniqueness of the Azerbaijani carpet, in such carpets there ever can't be.

Probably, the trade of this sort has necessity for these organizations for a survival and profitability of the business. But positioning of these carpets as manual Azerbaijani leads to deterioration of the international rating of our real manual carpets of the ancient traditional technologies made at scrupulous observance. Such "way out" will simply finally finish image of our carpet.

Today the countries for which carpet weaving was created as area having the currency importance, developed special programs on its preservation and development, and simplification of the presentation of their production in the international carpet market. They try to contain these programs in any way unknown to other countries. For example, in the neighboring Iran 30-45% of programs on elimination of poverty are directed on preservation of master handicraftsmen; and masters of carpet business dominate here. This process happens as follows: if the master earns on life by working in the house or in a workshop, then the elder man of the area (aksakal) or the managing director of a workshop issues the reference testifying to such kind of activity. In case of a fake of the reference of people expects serious punishment. The State Social Support allocates funds for future pension in social fund of the master. In this case the master has an opportunity to exist at the expense of the earnings that facilitates a state problem with self-sufficiency of one thousand families. At the same corruption has being prevented, and means received of the state budget againreturn back there. The pension fund collects and future pension of the master of the handicraftsman becomes provided.

The same program is applied in the neighboring Turkey. At the same time, there is no customs tax and a ban on imported and exported carpets which need restoration. Hundred Turkish families lead normal existence at the expense of restoration works. As a result, foreign countries start recognizing Turkey as the ancient center a carpet weaving. And quite recently in Turkey there were allocated the long-term and interest-free credits for masters – handicraftsmen.

As a result of researches of the Craft Center "Aygun" and "World of Carpets" Association it became known that very many countries give preference of this branch and care of its preservation.

And the Azerbaijani carpet which many centuries long was the major export goods, image and the card of the Azerbaijani people, and almost the second goods after silk on routes of the Great silk way, many of which since the antique period, passed through the territory of historical Azerbaijan, promptly loses glory which was earned throughout centuries by creative and physical work of tens generations of Azerbaijanians.

This process of gradual loss of the international positions of the Azerbaijani carpet began from 20th years of the last century. Researches showed that in the period of the former Soviet Union there not only didn't put investments in development of carpet weaving but also did everything in order the people forgot and renounced this historical heritage. In the conditions of the market competition demanding constant investments into development of this branch it didn't occur as the basis for expansion of production and quality support of products. Prompt falling of the international rating of the Azerbaijani carpet during the Soviet period, first of all, is connected with the most economic system based on rigid directive planned installations. The relation to the Azerbaijani carpet was under construction not as to the unique and specific phenomenon in the history and culture of the people, but as to branch obliged to carry out the planned installations lowered from above. Highly professional experts were discharged of work in this area and it gradually degraded. Even received in 1972-1974 in the international market negative image of the Azerbaijani carpet didn't become, at that time, a reason for the situation analysis in this branch.

But it was in last century. Already more than 20 years Azerbaijan is an independent state, but a situation in this branch, unfortunately, practically didn't change.

At such situation it is necessary to understand that the plan of necessary measures has to be urgently developed for preservation of the Azerbaijani carpet. If it isn't carried at the state level of the country before a problem appears, then our competitors finally will overcome us. Presented by Azerbaijan in the WTO carpets of handwork didn't find the reflection in offers. Besides, handwork carpets weaved in India, and also in other countries, with worth USD 40 for 1 sq.m and intensively getting into the Azerbaijani market, can force out our carpets completely.

Today there very few production organizations in Azerbaijan engaged in production of carpets and those are very weak. In Baku it is to "Azerkhalcha" and "Azerilma", in Gandzha – "Buta", in Ismailli one small workshop, in Guba there is Handicraft Center "Aygyun" and the "Gedim Guba" organization, and in Shabran some separate small organizations carry out their activity. The financial position of all regional organizations is very deplorable. Due to this there is expected the full stay of their activity soon. Carpet weaving loss in regions can put an end to art a carpet weaving in Azerbaijan.

There is a lot of problems, and very little time. There is very slightly of carpets having high density production in the country. Carpets of easy production with a density of 31x 31 or 33x 33, with so-called return knot, received very serious negative expert opinion in the international markets and exhibitions. And it can't bring our carpets to the international market anew. Meanwhile, true carpets demanding big work and investments need state support.

It is necessary not to forget that the carpet gains the increasing political importance. To imagine a carpet without Azerbaijan, and Azerbaijan without a carpet isn't possible. But without having supported this branch today, we will turn soon into the importer of cheap carpet production of other countries from once known exporter of high quality carpets.



Carpets from Craft Center "Aygun"

Photo © by Fatima Agmirzoyeva

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THE POTENTIAL ROLE OF THE ENTREPRENEURSHIP EDUCATION OF UNIVERSITIES IN THE PROMOTION OF ENTREPRENEURSHIP**THESES OF DOCTORAL DISSERTATION
Szeged (Hungary) 2014****1. INTRODUCTION**

In recent years, there has been an increasing focus on the issue of the promotion of entrepreneurship. Intellectuals swarming out from university are the key of future businesses on such dynamically developing and innovative fields as information technology or biotechnology. In fact, successful universities in the USA lay emphasis on the important role of educational institutions as “catalysts” of high-tech start-up companies: a remarkably graphic example is if four thousand companies established by MIT graduates and staff formed an independent nation, these companies would make this “nation” the 24th largest economy of the world (Lüthje-Franke 2002). The role of universities is also continuously transforming, adapting to the changed environment and tasks (Barakonyi 2004), as well as to the changes occurring in the management, financing and training system of universities (Inzelt 2010). The competitiveness of higher education is also being increasingly revalued in economic competitiveness (Barakonyi 2010).

The idea of the service provider university has also been brought into prominence (Schwartz 2006), where one of the potential services is entrepreneurship education. One of the greatest challenges for universities is to move from the “ivory tower” status towards “entrepreneurial university” status. Even for business schools it is a real threat that fetishizing theory and methodology drifts them farther from actual business practice (Barakonyi 2009). The European Union also pays particular attention to entrepreneurship education, which is proven by that the “Entrepreneurship 2020 Action Plan” has been developed, which is built on three main pillars: entrepreneurial education and training, creating entrepreneurial environment and supporting the problematic groups of society (care for new entrepreneurial generations).

In the past decades, the role of enterprises in local economic development has been considerably revalued (Wennekers – Thurik 1999, Vilmányi–Kovács 2008), and in general the various forms of university-industry relationships (Vilmányi 2011). Furthermore, special attention is paid to spin-off enterprises producing high value-added products and services (Imreh-Tóth et al. 2013). Consequently, an increasing emphasis has been laid on entrepreneurship education, emerging as a tool of creating successful enterprises. According to the European Commission (2013), Europe needs even more enterprises in order to return to the growth path in the current economic situation and to achieve a higher level of employment. Expanding entrepreneurial competencies may also have a role in the personal prosperity of young people leaving higher education, since employees with a higher education degree cannot find work corresponding to their qualifications (Kotsis 2013). A potential alternative for this can be entrepreneurship.

Entrepreneurship education is approached from several directions, besides, several names are used in relation to the subject. The term “entrepreneurship education” is generally used in the USA and Canada, but it is less widespread in Europe.

The preferred term in the United Kingdom and Ireland was “enterprise education”, but by the end of the 1990s the concept of “enterprise” was gradually integrated into the concept of entrepreneurship. As a result, several definitions have been created regarding the subject, but including all differentiations (and

attempts to differentiate), an ultimate objective of enterprise, business and entrepreneurship education activities equally is promoting the creation and more successful operation of independent enterprises (Imreh-Tóth et al. 2012).

The primary objective of entrepreneurship education is supporting the successful establishment of new enterprises. It is important to emphasise here that the success of entrepreneurship education programmes cannot be measured merely by the number of graduate students, but much rather by the socioeconomic effect of the enterprises they create. Such questions as the number of created enterprises, the number of created jobs, the types of established companies and the growth of the companies' performance are essential in terms of economic growth (Sternberg-Wennekers 2005; Wong et al., 2005).

The research sponsored by the Kauffman Foundation has established that in the current economic situation business start-ups are key elements in the renewal and restructuring of the economy (Loureiro 2013), which is supported by that according to the study, over half of the companies featured in the American Fortune 500 were set up during a period of economic decline.

Many studies deal with whether entrepreneurship can be taught (Vesper-Gartner 1997, Klofsten 2000, Kuratko 2003, Todorovic 2004, Henry 2005, Klein-Bullock 2006). The researchers who argue that it cannot be taught start out from that certain people are born with entrepreneurial traits (the so-called "trait theory") (Todorovic 2004). According to another approach, entrepreneurial role is often acquired in a cultural or practical way. The latter supports the view that "entrepreneurship" can be also influenced through education and training. Szerb and Márkus (2007a) analysed the relationship between entrepreneurship and higher educational environment. It has turned out from their research that higher educational training and choosing an entrepreneurial profession show a positive correlation. The authors carried out several examinations in the topic (Szerb-Márkus 2007a, 2007b), during which they found that there is a positive effect between those who take entrepreneurial courses and those who choose an entrepreneurial career. Similarly, Gubik's (2013) research also supports the effect of training on business start-up; a particularly graphic example is that taking a further entrepreneurial course increases the chance by 13% for a student to plan a business start-up. The recent increase and development of curricula and programmes devoted to promoting entrepreneurship and starting new ventures is remarkable.

It is becoming increasingly accepted that "entrepreneurship", or at least its certain aspects are learnable. Business educators and professionals have gone beyond the myth that entrepreneurs are born and not developed (Kuratko 2003). Within the framework of the well-known GUESSS research, it has been established in many cases that universities can contribute to students' entrepreneurship and the future success of enterprises primarily by providing entrepreneurial courses (Szerb-Lukovszki 2013). That is, university education may have an effect not only on business start-ups but also on the long-term survival of enterprises. I agree with these ideas, consequently in my paper I analyse American and Western European examples that can serve as best practice for developing efficient entrepreneurship education.

2. OBJECTIVES OF THE RESEARCH

In the 21st century, the concepts of creativity, innovation and enterprise have become the key factors of modern economic development. Both small and medium enterprises play an important role in increasing the competitiveness of the European Union, in economic development and in self-fulfilment.

In the past years, entrepreneurship, its promotion, as well as entrepreneurship education have been given particularly great attention in developed countries. All this can be traced back to several reasons: the role of knowledge-intensive small and medium enterprises in economic development, the increasingly "trendy" start-ups and the development of the related "ecosystem", re-evaluation of entrepreneurial lifestyle in personal vision, etc.

One of the forms of entrepreneurial lifestyle is the multitude of companies spinning off from various universities and research institutes. Within the framework of the present research, the concepts of companies spinning off from research institutes are interpreted in the broadest possible sense. It includes both the so-

called student enterprises established by students involved in higher education and classical spin-off companies set up by researchers.

As a result of the above, the question how higher educational institutions – in line with their increasingly intensifying third mission – could show a more active involvement in this field is becoming increasingly pronounced. International tendencies explicitly demonstrate the revaluation of the field in the past 20 years; practically countless different forms of universities' involvement in enterprise support have emerged.

In recent years, my interest has been directed towards the potential “breeding ground” of the trio of creativity-innovation-enterprise, the university, it becoming an entrepreneur university and the role it plays (can play) in business start-up. Despite the fact that in the past decades in the United States of America and in Western Europe the promotion of entrepreneurship has been continuously developing within the framework of newer and newer programmes and courses, such a pronounced shift has not yet started in the University of Szeged (SZTE), apart from some island initiatives. Therefore I devote my dissertation to enterprise development and entrepreneurship education realisable in the University of Szeged.

The objective of the research is to elaborate the framework of the enterprise development and entrepreneurship education model of the University of Szeged using the methods adaptable from American and Western European best practices and results from primary research.

In order to achieve the research objective, first I review the relevant literature, more specifically I cover three main fields. On the one hand, I examine the main characteristics of universities' changing role, touching upon the triple helix model and the possibilities of its further development. On the other hand, I analyse the question – dividing the profession – whether “entrepreneurship” can be learnt and taught. Following that I review the concept and objectives of entrepreneurship education in order to set a kind of limit, within which I continue the examination. Finally – with the purpose of founding the subsequent framework – I present entrepreneurship education models.

In the course of my secondary research, from the “market leaders”, i.e. the institutions having a leading role in the field of entrepreneurship education, I examine the American institutions heading the Princeton Review's ranking and the leading Western European institutions selected based on the MBA50.com Premiership 2013. In my opinion, the elaboration of the framework of the enterprise development and entrepreneurship education model of the University of Szeged requires both the review of theoretical models and the analysis of practical examples. Therefore, I attempt to collect the methods adaptable from theoretical models and best practices, and I offer a proposal for the adaptation of these methods in Szeged.

Obviously, due to socioeconomic and cultural differences, the “best practice” cannot be “copied” – because, among others, it does not even exist. Depending on in what environment, according to what rules a given institution operates, numberless effect influence the creation and development of its own method. Besides, the diversity of entrepreneurial lifestyles is present in the diversity of entrepreneurship education. Apparently, there are common (and necessary) aspects (e.g. business start-up, choosing an accountant), but beyond these aspects each enterprise is different, since the entrepreneurs themselves are unique in every case, which entails the necessity of the diversity of entrepreneurship education.

Finally, in the sixth chapter of my paper, I present the most important results of my empirical studies, the questionnaire research and the expert interviews. Furthermore – based on the findings of literature and empirical research – I formulate proposals at three levels for the framework of the enterprise development and entrepreneurship education model of the University of Szeged.

I conducted the literature and empirical research considering the following questions:

- Examining the role of universities: how does the role of university change and how does it become entrepreneurial?
- To what extent can entrepreneurial skills be taught? To what extent can education facilitate entrepreneurship?

- Using what methods can university entrepreneurship education achieve real and efficient results?
- What methods and experiences regarding entrepreneurship education can be adapted from institutions with a long history in the United States of America for the University of Szeged?
- What common methods/guidelines can be adapted from European institutions, which show larger similarities in cultural-social terms?
- Which points can be the corner stones of the enterprise development and entrepreneurship education model of the SZTE based on the expert interviews?

3. STRUCTURE OF THE DISSERTATION AND RESEARCH METHODS

In my opinion, the elaboration of the framework of the enterprise development and entrepreneurship education model of the University of Szeged requires both the review of theoretical models and the analysis of practical examples. Therefore, I attempted to collect and synthesise the methods adaptable from theoretical models and American and Western European practices, as well as to map the adaptation possibilities of best practices occurring most frequently. For this, I selected the European and American universities with the best entrepreneurial trainings based on various rankings, then I made a detailed analysis on the entrepreneurship education practice of 10 European and 9 American leading universities based on an predetermined system of aspects.

After reviewing the international examples and the adaptable factors, the examination focuses on the factors of the framework of the enterprise development and entrepreneurship education model that can be implemented in the University of Szeged. For the examination of the services to be provided by the SZTE and its related institutions (GVK) and the tasks to be performed, I think it is essential to know about the opinion of local actors. Therefore, I conducted primary research, which can be divided into three parts. First of all, in the course of my questionnaire research, I asked 400 knowledge-intensive enterprises with headquarters in the counties of the Southern Great Plain region (Békés, Bács-Kiskun and Csongrád) about what factors contributed to starting the business, in addition, what role they think university has in business creation and the importance the respondents attach to particular courses.

Secondly, I made expert interviews with specialists and entrepreneurs who can be major contributors to the success of the enterprise development and entrepreneurship education model of the SZTE. Thirdly, further narrowing the scope, I aimed to provide a proper basis for the enterprise development and entrepreneurship education model of the SZTE with in-depth interviews with entrepreneurs who started their business as a student.

In what follows, I present my theses that can be formulated based on the literature review, my secondary research and my primary research. These theses, on the one hand, summarize the reviewed information and, on the other hand, serve as a basis for the framework of my enterprise development and entrepreneurship education model of the SZTE.

My theses formulated based on the literature and my secondary research

Thesis 1: Despite the fact that entrepreneurial attitude is based partly on innate characteristics and partly on childhood socialisation, it can be developed, moreover, strengthened with entrepreneurship education, even in the framework of higher education.

In my research, I gave a detailed analysis on the several factors that can influence the development of entrepreneurial attitude and becoming an entrepreneur (whether the entrepreneur is in a direct environment, innate traits, when does the entrepreneurial attitude start to develop, etc.), but one of the most determining factor is precisely education. I attempted to prove that entrepreneurship education can be considered as a proper tool to increase the survival and success rate of new business start-ups. Higher education can basically contribute to the development and reinforcement of entrepreneurial attitude in two ways: on the one hand, transferring business knowledge (theoretical foundation), on the other hand, developing entrepreneurial skills (practical approach).

Thesis 2: Methodologically founded business administration and management knowledge has great significance in business start-up and particularly in the successful operation of an enterprise, therefore it is a necessary but not sufficient condition of entrepreneurship.

The literature emphasises that entrepreneurial knowledge and management knowledge are not identical, nonetheless, they are closely related and both are necessary for implementing successful entrepreneurship education. Despite the fact that acquiring business and business administration knowledge is not identical with the development of entrepreneurial competencies, my research convinced me that in general there is scope for improvement even in the education of such knowledge, because higher educational practice often cannot respond even to these challenges. Presenting know-what of this kind could be an initial step of transferring knowledge required for entrepreneurship.

Thesis 3: A part of entrepreneurial competencies can be learnt and developed with educational activity. Therefore, in higher education, for efficient entrepreneurship education it is essential to consciously develop entrepreneurial skills, competencies.

Despite the fact that within the framework of entrepreneurship education educators cannot “create” entrepreneurs, as they cannot create the recipe of entrepreneurial success, I pointed out that they can indeed teach the knowledge required for new business start-up and operation. However, it necessitates – with applying proper methodology – the development of students’ entrepreneurial competencies, which can be formed through methods such as workshops, action-based learning, problem-based activities, situation exercises, or even participating in the establishment of a real business. Depending on whether the objective is to transfer knowledge or to develop skills, different methodology has to be used in entrepreneurship education.

Thesis 4: In the development of entrepreneurial competencies, it is crucial to create the proper ratio of knowledge transfer and skill development. Besides the general practical predominance, it is important to pay sufficient attention to classroom educational solutions.

The four basic objectives of entrepreneurship education are to create entrepreneurial attitude, provide knowledge required for new business start-up and operation and develop entrepreneurial skills, competencies. In entrepreneurship education, attention has to be paid to both the aspects of new business start-up (reviewing typical problems in the early stages) and business knowledge (management, business plan, venture capital raising), which are fairly important in the subsequent stages of growth.

Entrepreneurship education can be implemented basically in three forms, which are logically built on each other: form of classroom education, simulated entrepreneurial activities and real business start-up.

Classroom educational form (e.g. pl. lecture by teacher, guest lecturers) focuses on transferring knowledge, it is not really suitable to develop entrepreneurial skills; however, it can provide a proper basis for them through transferring the necessary theoretical background. In addition, the presented case examples and the introduction to entrepreneurial lifestyles play an important role in developing entrepreneurial attitude. In the case of the simulated enterprise, we can talk about the development of entrepreneurial competencies and skills, since in this case students can learn about entrepreneurial life in practice, without accounting for real risks. Finally, in the course of real business start-up, entrepreneurial lifestyle becomes “tangible”, since students can experience what it is like to be an entrepreneur. One of the fundamental pillars of successful entrepreneurship education is the consequent use of modern educational methods.

Thesis 5: Within the framework of higher education, the promotion of entrepreneurship requires organisational units with proper organisational competencies and elaborated enterprise development and entrepreneurship education strategy.

The triple mission of the entrepreneurial university (education-research-enterprise), and the national and EU objectives (entrepreneurial education and training, creating entrepreneurial environment and supporting the problematic groups of society) also support that universities can have a determining role in the development of entrepreneurship. The successful higher educational institutional models and examples clearly highlight that it is necessary to have organisational units with proper organisational competencies and elaborated enterprise development and entrepreneurship education strategy. My research pointed out that in a

major part of the cases, successful institutions have several centres (specialised on a certain field), which offer various services: mentoring, consultancy, trainings, events forming entrepreneurial attitude.

My theses formulated based on my primary research

Thesis 6: The role of local universities is not properly strong yet to promote entrepreneurship.

The results of the research studying 400 enterprises highlighted that there are different expectations on the recipient side regarding the role of university as well. In the Southern Great Plain region, entrepreneurs simply do not consider the university as an institution providing help in business start-up and operation. For the time being, the university plays a determining role merely in establishing relationships based on the feedbacks.

Thesis 7: One of the most important risk factors of successful entrepreneurship education activity is precisely the vision students imagine.

My research conducted among the (ex) students of the SZTE ensured me that entrepreneurship is not a real vision for a considerable proportion of the present students.

The majority of the students imagine themselves in an employee position after graduation, and a small proportion considers establishing an enterprise. In the long term, this picture slightly changes but there are still serious fallbacks in this field. This is precisely why the activity forming entrepreneurial attitude has a particular importance, which can be regarded as “step zero” of entrepreneurship. It is no use developing educational systems that are methodologically founded and aiming for professional perfection if there is no demand for that from the students’ side.

Thesis 8: Within the University of Szeged – based on the literature and international experience – it is necessary to have a single separate organizational unit that coordinates the available limited resources and the enterprise development and entrepreneurship education activities of faculties.

It turns out from the fifth thesis that it is necessary to have organisational units separate from the university for enterprise development and entrepreneurship education activities, however, in the case of the SZTE, it is sufficient to establish a single separate organisational unit within the SZTE. This unit has to engage in a fairly diverse activity, the services related to the development and reinforcement of entrepreneurial attitude and the services related to business start-up and operation can be separated. In line with the principle of organic development, I consider targeting students as the priority task in the first step of defining target groups.

Thesis 9: Successful entrepreneurship education activity itself is simply not enough.

Economic development and enterprise development cannot be separated from each other, they are linked to each other in several points.

In order for such activity of the university to actually contribute to increasing the competitiveness of the given region, a simultaneous and conscious economic development activity is essential. To ensure that new graduates prepared within the framework of university education (thus entrepreneurship education) stay in the region and establish local enterprises, proper local business environment and networks have to be created for entrepreneurs, however, this all clearly necessitate conscious economic development interventions.

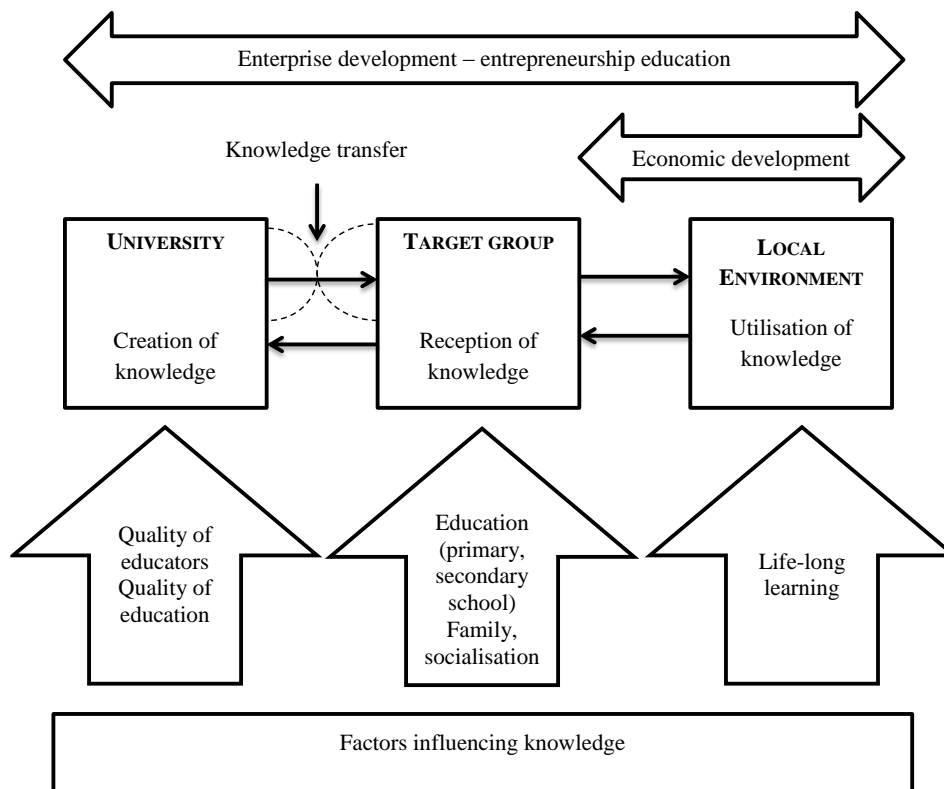
4. THE MAIN RESULTS OF THE DISSERTATION

As a conclusion of my research, I attempt to formulate proposals in relation with the framework of the enterprise development and entrepreneurship education model of the SZTE based on the findings of the literature review, the known best practices and the most important messages of the expert interviews.

Before the actual proposals, I would like to start by highlighting the neuralgic points of the model, several risk factors emerge in the case of an activity of this kind (Figure 1).

If we examine university in terms of “knowledge”, the first problematic area can be the content, quantity and quality of the concrete knowledge to be transferred (knowledge related to trainings and entrepreneurial knowledge). It is a necessary condition that a **substantive knowledge base is available**. To create high quality knowledge it is essential to have a faculty base of high quality. Experience shows that efficient entrepreneurship education activity requires credible personalities with substantive entrepreneurial competencies.

Figure 1: Critical points of enterprise development – entrepreneurship education



Source: own edition

In terms of entrepreneurship education it means that such educators are (also) needed who are practicing entrepreneurs with entrepreneurial experience and competencies.

The next neuralgic point is how to transfer knowledge, i.e. the best possible methodological background. I was confirmed that the availability of knowledge is only a necessary but not sufficient condition of successful entrepreneurship education. It is closely related to the next condition: **the recipient side being active in the transfer process**. It is no use having proper methodological tools if the recipient side is not a partner in their application (dashed line in the figure), in addition, continuous feedbacks are necessary for the university to assess the needs of target groups (students, researchers, entrepreneurs, primary and secondary school teachers) and the quality and adequacy of education. The emphasis has to be laid not only on what a university offers or can offer, but also on what “service packages” are expected by the students attending the university from higher education. Therefore, the general motivation of the recipient side has to be examined; if they do not need the expansion of such competencies, it is practically irrelevant what knowledge we aim to transfer through what methodology. In this case, two questions have to be examined: whether **entrepreneurial knowledge is needed**, and whether the target group **is able to receive** this knowledge. Regarding entrepreneurship education, several factors can influence the processes of both knowledge transfer

and knowledge reception, such as entrepreneurial attitude forming (or its lack) in previous (primary and secondary school) education, entrepreneurial models in direct environment (family, friends), and socialisation.

Finally, the last issue is the **utilisation of knowledge**, since the creation, transfer and reception of knowledge is successful only if it is properly utilised in the end. In the case of entrepreneurship education, the acquisition of entrepreneurial knowledge and the development of competencies have a substantive economic development effect only if the target groups stay in the region and the establish enterprises there (and do not take the knowledge abroad). Otherwise, “brain drain” may occur, when the trained workforce leaves the region (Lengyel 2010). However, it clearly necessitates a proper business environment, infrastructure, networks (business, university, R&D), support for local enterprises, and all this require conscious economic development interventions.

The first logical unit of the proposals is the proposals related to the creation and operation of a successful organisational background, which I formulated at the level of “principles”. The second logical unit is overall the set of proposals regarding the enhancement of entrepreneurial attitude. Besides general establishments, concrete possibilities and actions are described here. The third logical unit is overall the set of proposals concerning the concrete enterprise development, particularly entrepreneurship education services offered by the organisation.

Organisational proposals

The first level of the proposals is the organisational proposals, which systematises my ideas regarding the organisation of the Centre according to the following principles:

- The principle of a separate organisational unit.
- The principle of organic development.
- The principle of managing the “entrepreneurship knowledge assets” of the university.
- The principle of internal partnership.
- The principle of external partnership.

The principle of a separate organisational unit

The international best practices and the reviewed examples of universities clearly highlighted that a separate, relatively independently operating enterprise development centre has to be established in the university, which offers services for both the entire university and external stakeholders. Obviously, the operation and maintenance of such an organisational unit is necessary only if it is managed to be filled with substantive content. In line with this, the financing of the organisation is a particularly interesting issue. For interventions of this kind, a financing scale realised at three levels seems to be a relatively viable option, which creates the minimally required background.

- **Start-up financing.** This is the task of the University as the general rule. It should be considered how much the potential services to be offered inward by the Centre to the University and the possibility of the profit generating capacity that can occasionally be realised later “are worth”. By definition, this is the financing of the actual start-up phase within a certain period of time.
- **Revenue generation from application resources.** If the minimally required human and material infrastructure is available, it is an obvious resource generating option. Having reviewed the ideas related to the next programming period, “entrepreneurship” is one of the priority focuses of developments. It is practically impossible that – if there is indeed a common will in the university – certain activities of the Centre could not be fit into the tenders of various H2020 or national operative programmes and even the Centre could not submit own applications. This imitative is currently running from application resource.
- **Own service revenue.** The successful international examples clearly pointed out that an enterprise development centre with a high-quality service portfolio can have substantive profit generating

capacity. This has to be interpreted in the broadest possible sense, it can include everything ranging from direct revenue realisable from various trainings and consultancy to the share of the centre from the future revenue of mentored enterprises – which in the case of this organisation can be regarded as the revenue of its own “business” activity.

In connection with this I want to note that the issue of financing is important but clearly not a primary issue. Based on both my personal opinion and the expert interviews it can be stated that will (at the level of both university management and the staff of the Centre), commitment and motivation are considerably more important than the problems of financing. Moreover – if substantive results could be managed – I am convinced that the required financing background would be created from the side of both university and enterprise.

On the other hand, it is completely a real expectation from an Enterprise Development Centre in the long term that it ensures its maintenance, i.e. achieving functional self-maintenance is a basic requirement. I am convinced that application and business revenues – beside an operation of a proper standard – can ensure the survival and required growth of the Centre in the short term.

The principle of organic development

Generally speaking, a major part of the interviewees agreed that the Centre has to go through an “organic development”, in terms of both the target groups and the offered services. As a starting point, it is useful to consider the basic question that for precisely what target group and what services have to be offered (I deal with this issue in the concrete activities in detail). As a general rule, first target groups within the university (students, researchers) could be offered attitude forming events and partnership buildings, and provided with simpler services (in particular entrepreneurial trainings). As the interviews also highlighted, each organisation has to build up gradually, thus the Centre needs to target students and researchers in the first step partly because they are easily accessible, and partly because a kind of trust already exists between the actors. Then in parallel with the learning and strengthening of the organisation, both the target group and the scope of offered services should be expanded. For any target groups, it is very important to assess the needs of each group and to create demand.

The principle of managing the “entrepreneurship knowledge asset” of the university

A particularly important (priority) task for such a Centre could be the management of “entrepreneurship knowledge asset”. Currently there are not any overall summaries about the enterprise supporting projects that were/are in progress in the SZTE, the related experiences and best practices are not summarised. Several successful and less successful initiatives have been in the past few years, substantive foundational studies have been created, and actual primary research has been conducted. One of the basic tasks of the Centre would be to update and synthesise this common knowledge and set of experience, which could be completed with sharing this knowledge in the long term, first within the university and later even outside the university. The implementation of this task could represent a stable basis for mapping potential development possibilities and continuing further coordinated entrepreneurship research. In addition, a substantively maintained knowledge asset in this field can mean tangible advantages in several fields, ranging from entrepreneurial attitude forming events to founding the applications to be submitted in the future.

The principle of internal partnership

The cooperation within the SZTE (Innovation Directory + Faculty of Economics + Centre), collective thinking would considerably increase the success of initiatives and programmes. In the knowledge-intensive economy, innovation and enterprise are closely related concepts. Therefore, the cooperation of the proper institutions is essential to achieve successful and efficient operation.

In the case of any activities, close cooperation with faculties is a key success factor. Several interviewees pointed out that one of the most important tasks of the Centre can be coordination and the support of the enthusiastic people’s work in the Faculties. However, it requires a close partner relationship.

Besides formalised relationships between the institutions within the SZTE, it is very important to cultivate alumni relationships. Involving successful entrepreneurs graduated from the SZTE in education and informal events, or requesting them to – professionally, financially – support various competitions are also areas to improve.

The principle of external partnership

In accordance with the experience of American and European examples, the establishment of the following should be considered:

- Network of local and global strategic partners
- Establishing a “Business lab”

Within local and global strategic partners, the following networks would be needed for efficient entrepreneurship education and enterprise development:

- Collecting small and medium enterprises which provide mentors for students, and considerably contribute to increasing the efficiency of entrepreneurship education through their integration into university courses. Involving small and medium entrepreneurs in trainings and the students can learn about this lifestyle through their own examples.
- Network of American and European universities, which ensures student mobility and student exchange, which represent a major part of entrepreneurship education according to international examples.
- Strengthening international relationships in the region: open towards Serbia and Romania. We are one step further in the field of entrepreneurship education, the possibilities it entails have to be utilised.

The “Business lab” creates a space and opportunity for students where they can share their ideas, they can get support regarding business start-up, and it forms a kind of collecting place for those sharing the same intention and motivation.

Proposals regarding the enhancement of entrepreneurial attitude

Currently, entrepreneurship is still not a real vision, although as start-ups have been brought into prominence, many think about starting a business even as students. Students generally do not have the entrepreneurial attitude that urges them to start a business. It can be traced back to that in secondary school they do not encounter entrepreneurial attitude forming classes and lectures, thus in those who do not meet entrepreneurs in their family, the entrepreneurial attitude does not, moreover cannot develop. This spills over at the university, where students reach the point in the second or third year where entrepreneurial attitude can start to be formed by the university faculty, which is nearly already late. Therefore, opportunities facilitating attitude forming – informal framework as well – are necessary.

In what follows, I formulate some concrete actions, which can be implemented with a relatively small expenditure in the near future:

- Organising club-style, informal events, where entrepreneurs and students can talk about entrepreneurial lifestyle and experience in an informal way.
- Organising workshops for increasing entrepreneurial success.
- Organising various competitions (business plan, start-up, etc.).
- Extending the students internship programme “More usable knowledge – more useful workforce!”, currently in progress in the SZTE, to more clusters, and creating more internship places would considerably contribute to acquiring real practical experience and knowledge.

Proposals related to concrete enterprise development, in particular entrepreneurship education services

To define concrete services, first it is necessary to choose proper target groups. The first target groups to be targeted would be the students, because the SZTE can access them the most easily and most efficiently. Furthermore, the Centre needs to get experience to operate successfully and to “get the hang of” the processes. Later this scope can be expanded to potential entrepreneurs, existing entrepreneurs etc. Accordingly, services would also improve and expand through understanding the needs of the particular target groups and acquiring the required experience.

If we look at the students, based on the American, Western European and expert interviews, we need to investigate according to the following points: small-group practical education, involving entrepreneurs in education, and formal events, forums.

Small-group practical education

Both the international practice and expert interviews unambiguously support that one of the most important, if not the most important entrepreneurship education service is small-group practical education. Within practical education, the development of the following competencies should be given major focus: problem solving, communication, negotiation technique, presentation, cooperation. For this the following courses could be efficient in the development of required competencies, and during practical education students can acquire knowledge that will be beneficial for them in the entrepreneurial life (team work).

Involving entrepreneurs in education

entrepreneurs in education is possible in many ways. On the one hand, as guest lecturers they can bring several life experiences and case studies regarding entrepreneurial lifestyle. This can mainly be interesting on BA level, as entrepreneurial attitude forming. On the other hand – which is considerably more efficient in terms of the success of entrepreneurship education – the certain entrepreneurs can bring concrete, real problems to the courses, which students have to elaborate in small groups and find solutions. The “reward” in this case can be grade, prize money etc., which can depend on the entrepreneur, the problem, but overall its substantive effect is not shown by this. From the aspect of the entrepreneurs, participating in education can also be beneficial, since it creates opportunity to cooperate with and get to know their potential future employees.

Formal clubs, events

Besides informal clubs, formal student-entrepreneur meetings are also necessary. In this case interactivity is a very important factor. The entrepreneur should not only tell “his/her own story”, but encourage students to think and cooperate through discussing a certain problem, difficulty, typical pitfalls, etc.

I hope that my dissertation managed to contribute to the theoretical foundation of national entrepreneurship education on the one hand, because during my research work I observed that this field is quite a tangentially discussed issue compared to its importance. On the other hand, I hope that the proposals I have formulated can contribute to the improvement of entrepreneurship education practice of the university to some extent, and thereby to the promotion of entrepreneurship.

Finally, I present some subjective observations which I have formulated during the examinations of the past few years.

During my research I faced an extremely interesting duality. Despite the fact that practically every EU and national document regards the enhancement and promotion of entrepreneurship, as well as entrepreneurship education as a key issue, nothing has happened almost for years. Theory and practice are extremely far from each other in this area too.

In my examinations, I also attempted to review the national higher educational practice as a secondary issue. Of course my lack of information can also play a role in the formulation of my opinion, but based on

my own examinations, the read publications and the experts' opinion it can be stated that, on the one hand, we incredibly lag behind both the European and the American practice. On the other hand, the national activities are very isolated and modest: apart from Szeged, as I am aware, substantive and more complex enterprise supporting activity in the narrow sense is in progress in the Corvinus University of Budapest, in the Budapest University of Technology and Economics and in the University of Pécs.

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MANAGING THE DEVELOPMENT OF SMALL AND MEDIUM-SIZED ENTERPRISES SECTOR IN THE REPUBLIC OF MOLDOVA IN THE CONTEXT OF CONTEMPORARY EUROPEAN TRENDS

**THESIS OF DOCTOR HABILITAT IN ECONOMICS
 Chisinau, 2015**

THE STRUCTURE OF THE THESIS

Introduction, five chapters, generalizing conclusions and recommendations, biography with 236 sources. The content is expounded on 251 pages of main text, contains 65 tables, 10 figures and 41 annexes. The results have been published in more than 70 scientific papers.

KEYWORDS

entrepreneurship activity, entrepreneur, small business, small and medium-sized enterprises, public policy of small and medium-sized enterprises development, the assessment of the business environment, clusters, dialogue between enterprises and public authorities.

AREA OF RESEARCH

management of small and medium-sized enterprises sector

AIM OF THE RESEARCH

Developing of a theoretical framework, substantiating of a conceptual approach, elaboration of methodical guidelines and practical measures needed for the improvement of management of development of small and medium-sized enterprises sector in the Republic of Moldova, which partly can be used in other countries with emerging market economies.

OBJECTIVES

- To analyse the essential characteristics of small business,
- To develop a typology of small business and entrepreneurs,
- To evaluate their contribution to European economies,
- To reveal peculiarities of petty traders in emerging market economies,
- to analyze the development policy for the period of market reforms,
- To justify a conceptual approach to improve the state management in SME sector development in the Republic of Moldova in conditions of limited resources and
- To develop specific measures for the implementation of the proposed approach.

SCIENTIFIC NOVELTY AND THE ORIGINALITY OF THE WORK

- It was developed an idea about the presence in the emerging market economies of the „forced” entrepreneurs;

- It was developed a model „portrait” of a petty business owner in terms of Republic of Moldova;
- It was revealed the specificity of the SMEs contribution in different groups of countries;
- There were systematized the modern European priorities of SMEs development management;
- There were identified and grouped the main types of barriers for SMEs;
- It was elaborated the conceptual approach to improve the state policy of SME sector support, which includes the grounding of the differentiated support of specific groups of enterprises, the argumentation and development of key provisions and mechanism of clusters development policy, and the strengthening the dialogues between the business and government authority;
- It was substantiated and elaborated the methodic approach for business environment evaluation.

FUNDAMENTALLY NEW SPECIFIC AND PRACTICAL RESULTS

- It has been justified and developed the conceptual approach to improve management of the SME sector in countries with emerging market economies;
- There were substantiated priorities and mechanism for its implementation, which determines the solution of applied problems of specific significance – to improve the management of the development of the SME sector within limited resources in short- and medium-term period according to the Strategy for Development of Small and Medium-sized Enterprises Sector for 2010-2020.

THEORETICAL SIGNIFICANCE OF THE RESEARCH

Based on the analysis of SMEs specificity and peculiarities of the public policy of SME support in countries with emerging market economies, the conceptual approach has been argued, priorities and mechanisms of improvement of the management of the SME sector in conditions of limited resources have been proposed, which create the basis for increasing of its contribution to economic and social development of the country.

IMPLEMENTATION OF THE RESULTS

- The results, conclusions and recommendations have been used: in the justification and elaboration of the fundamentals of the Concept of Cluster Development of the Industrial Sector of the Republic of Moldova;
- The parts of the Strategy for SME Sector Development for 2012-2020;
- Chapters on entrepreneurship in Strategies for socio-economic development of certain districts;
- In the practical work of business associations and non-governmental organizations;
- Related with the learning and other forms of entrepreneurs support within the justification of SME policy in the Member Countries of the Black Sea Economic Cooperation.
- Implementation of the obtained results is confirmed by Certificates on implementation, issued by the Ministry of Economy of the Republic of Moldova, the District Council Hincesti, business associations and non-governmental organizations – the Small Business Association of Moldova, the International Center for Advancement of Women in Business (ICAEB), Winrock Moldova, and the Entrepreneurship Research and Education Network among the Central- and Eastern European Universities: ERENET.

NEWS

THE WORLD COMPETITIVENESS SCOREBOARD 2014

The IMD World Competitiveness Yearbook is the leading annual report on the competitiveness of nations and has been published by IMD since 1989.

The World Competitiveness Scoreboard presents the 2014 overall rankings for the 60 economies covered by the WCY. The economies are ranked from the most to the least competitive and the results from the previous year's scoreboard (2013) are shown in brackets. The Scores shown to the left are actually indices (0 to 100) generated for the unique purpose of constructing charts and graphics. The yearbook benchmarks the performance of 60 countries based on 338 criteria (2/3 statistical data and 1/3 survey data). It measures the different facets of competitiveness, grouped into four factors (economic performance, government efficiency, business efficiency and infrastructure).

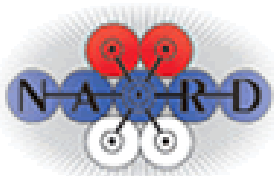
Score	Country	Rank in 2014	Rank in 2014
100.00	USA	1	1
92.423	Switzerland	2	2
90.933	Singapoure	3	5
90.329	Hong Kong	4	3
85.833	Sweden	5	4
85.782	Germany	6	9
85.429	Canada	7	7
64.386	Estonia	30	36
62.508	Kazakhstan	32	34
62.213	Czech Republic	33	36
62.012	Lithuania	34	31
61.848	Latvia	35	41
61.767	Poland	36	33
57.997	Russia	38	42
57.863	Turkey	40	37
53.302	Slovak Republic	45	47
52.841	Romania	44	55
52.505	Hungary	48	50
50.872	Ukraine	49	49
46.245	Slovenia	55	52
45.784	Bulgaria	56	57
38.974	Croatia	59	58

Source:

http://www.imd.org/uupload/IMD.WebSite/wcc/WCYResults/1/scoreboard_2014.pdf

INSTITUTIONAL PROFILE

REPUBLIC OF SERBIA NATIONAL AGENCY FOR REGIONAL DEVELOPMENT



The economic power of the region is 80% lower than the republic average. A salary is 12,000 dinars lower than the republic average, and the unemployment rate is increased by 32%. In most of Serbia we have a similar situation. Often the facts which are not on your behalf can motivate you to achieve each goal on your development path.

We will do everything to make the National Agency a leading institution of the Republic of Serbia that implements the national policy of balanced regional development. The Agency will be the primary resource center for information and harmonization of the institutional, entrepreneurial and individual initiatives and the measures aimed at development of all regions in Serbia. This requires building a network of partnerships with all key actors of social development, providing adequate support to development, infrastructure and investment projects and programmes, and therefore to the development of Serbia as a whole. We are aware that the embodiment of this vision will require a lot of work and results from each of the employees of the Agency.

The results are the only way for this Agency to get closer to people and their desire to approach Europe in the relevant matters. **Closer to people– closer to Europe.** Our mission is to contribute to creation of modern infrastructure, favorable business environment, job creation, and thus create equal opportunities for all, that is, a better life for the people of Serbia.

I am convinced that we have a tough road ahead, but I know that all roads have a beginning and an end - except for a development path which we constantly walk on. I assure you and all the people of Serbia that the National Agency for Regional Development will, within its legal obligations, make every effort to have the objectives of the Regional Development policy, pursued by the Government, fully achieved.

Profile

The National Agency for Regional Development was founded in 2009 at the discretion of the Government of the Republic of Serbia as a public agency for performing development, professional and regulatory tasks of regional development.

It is a legal successor of the Republic Agency for development of Small and Medium Enterprises. At the discretion of the Government of the Republic of Serbia within the Programme for the revival of large industrial centres, the National Agency for Regional Development is the first institution whose headoffice was relocated, and that was to Zajecar.

The activities under the jurisdiction of the National Agency are:

- Participating in the preparation and implementation of development documents and monitoring their realization;
- Monitoring and enforcing the measures and implementing development projects for infrastructure improvement, development of enterprises and entrepreneurship, which are included in the funding programs for regional development;
- Accrediting regional development agencies, issuing public documents on Accreditation and keeping records of the issued public documents

Source: http://narr.gov.rs/index.php/narr_en/About-us

SOUTHERN AND ESATERN MEDITERRANIAN REGION

SEMED

The EBRD is well placed to help Southern and Eastern Mediterranean countries make the transition to economic and political pluralism. The Group G8 has described the EBRD as a “unique instrument” in its work in “central and eastern European countries engaged in the same dynamics”.

The Southern and Eastern Mediterranean, known within the EBRD as SEMED, is the latest region in which the Bank is working to boost economic growth and democratic change.

The EBRD has been investing in Egypt, Jordan, Morocco and Tunisia since September 2012. All four nations, in their different ways, emerged from the Arab uprising events in 2011 with different political systems and a new determination to reform their economies.

The four countries, the European Council and the G8 all called on the EBRD in 2011 to extend its mandate to include the new region and apply the lessons learned during the transition in Central, South-eastern and Eastern Europe, Russia, the Caucasus and Central Asia to the Mediterranean.

Egypt and Morocco originally joined the Bank as shareholders in 1991. Jordan and Tunisia became members at the end of 2011. In 2014 the EBRD Board of Governors agreed that Libya could become a shareholder of the Bank.

Donors to the Bank, including the European Union and contributors to the SEMED Multi-Donor Account (funded by Australia, Finland, France, Germany, Italy, the Netherlands, Norway, Sweden and the United Kingdom) supported the first phase of the EBRD’s involvement in the new region through technical cooperation activities in preparation of investment projects.

The EBRD’s shareholders approved the creation of a €1 billion special fund to launch investments in the four countries at its Annual Meeting in London in May 2012. By December 2014 the EBRD had invested €1.5 billion across the region in a total of 53 projects.

The EBRD’s activities, alongside governments of these countries, will focus on fostering the growth of small and medium-sized enterprises (SMEs) through investments in loans and equities, boosting agribusiness, improving banking services, creating local capital markets and supporting renewable energy and energy efficiency. Assisting SMEs will help spur job creation and stem high unemployment, especially among young people.

Source: <http://www.ebrd.com/the-EBRD-and-the-SEMED.html>

NEW COMING EVENTS AND CALL FOR PAPER



The **International Scientific Conference EMPLOYMENT, EDUCATION AND ENTREPRENEURSHIP - EEE** takes place annually in Belgrade, Serbia. It has the following goals:

The first goal of the Conference is to provide opportunities for scientists and researchers to share their research experiences in various scientific disciplines.

Another objective of the conference is the encouragement of the themed discussions for every area of the Conference, in order to test the scientific ideas and to give a substantial contribution to the issues that are the subject of a detailed consideration. In addition, the Conference should ensure closer collaboration between international researchers and their institutions.

CALL FOR PAPERS

Authors are invited to submit full papers, which should be written in English. The maximum number of authors of one paper is two. One author can send the maximum of two papers for the conference and one for the round table. Authors bear full responsibility for the originality and content of their own papers.

SUBTOPICS:

1. Growth and Development Strategies
2. Interaction between management and enterprise sustainable development
3. Business & Market Strategies
4. Consumption and Saving
5. Employment and underemployment
6. Structural problem of employment
7. Entrepreneurship
8. Follower and authentic leadership
9. Work motivation
10. Workforce diversity
11. Project-based organizations
12. Technological innovation
13. E-business Services
14. Virtual teams
15. The media and the virtual organizational culture
16. Information management and business decision making
17. Corporate restructuring
18. Corporate Finance, Mergers and Acquisitions

19. Electronic banking and electronic trade
20. Monetary System and Policy
21. The influence of the monetary and fiscal policies on economic development
22. Asset Pricing Theory
23. Risk Securitization
24. Commercial Insurance and Reinsurance
25. Tourism and Hospitality
26. Total Quality Management
27. Importance of education for entrepreneurs
28. Creative education
29. E-learning
30. Educational innovations

TOPIC OF THE ROUND TABLE: NEW TRENDS IN ORGANISATIONAL BEHAVIOR

The best papers of the conference and the round table, according to the reviewers, will be published in a monograph and all other papers in the magazine International Review. Papers should be written in English

Working forms: plenary sessions, group discussions, roundtable and plenary conclusions.sions.

REGISTRATION FEE

Registration fee: 100 EUR.

Registration fee for PhD students: 50 EUR (confirmation of enrolment at PhD studies has to be scanned and sent via e-mail)

Registration fee for the round table:

Registration fee: 50 EUR.

Registration fee for PhD students: 30 EUR (confirmation of enrolment at PhD studies has to be scanned and sent via e-mail)

Registration fee is paid per paper.


No refunds will be issued.


Payment of the fees should be done by 2015-09-15

Link - **Instructions for payments of fees**


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Source: <http://www.eee-conference.com/index.html?jezik=eng>



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ERENET PROFILE

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