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## WINTER MESSAGE OF THE SCIENTIFIC DIRECTOR

### Distinguished Readers and Friends,

The Visegrad cooperation was formed in 1991 at the meeting of the President of the Czechoslovak Republic, the President of Hungary and the President of Poland. The meeting took place in **Visegrad Castel** (Hungary, which has a strong symbolic meaning. In 1335, John of Luxembourg, King of Bohemia, Charles Robert of Hungary and Casimir III, King of Poland met here to discuss the possibilities of cooperation. Since its establishment following the disintegration of the Czechoslovakia, Slovakia joined the V3 turning those into V4. Visegrad cooperation is a positive model of regional cooperation guaranteeing the stability in Central Europe and good neighbourly relation among its countries. Cooperation among Central European countries are deepened in such areas as culture, education, environment, tourism, transport, fight against organized crime, etc.

The basic objectives of the Visegrad Declaration 1991 include:

- full restitution of state independence, democracy and freedom,
- elimination of all existing social, economic and spiritual aspects of the totalitarian system,
- construction of a parliamentary democracy, a modern State of Law, respect for human rights and freedoms,
- creation of a modern free market economy,
- full involvement in the European political and economic system, as well as the system of security and legislation.

In the passing 26 years the V4 Group has been actively representing regional interests. The leaders of the particular countries have been done their best to reply the challenges phased by the European Union and the world-wide scale, especially the financial crises, the going swhere stealthily bureaucray of the Brussel administrtaion, the missusing the power of the EU policymakers especially the the effects of the double standards, like in the field of quality of the food supplied by big multinational companies to the Western-respectively to the Eastern-European markets.

Since the beginning of the mass migration crisis in 2015, the Visegrad Group has assumed a **responsible position towards this complex problem** and stood up for a comprehensive answer to the situation, with an adequate focus on **stemming migration and underlining security as a key aspect of the future solution**. Joint actions has to be taken for the protection of the Schengen borders and those the whole Europe. The V4 countries are very strong in protection of their countries from the unwanted migration and reject the aggressive distribution of the migrant within the EU. **The V4 Group rejects the creation of a mixed afro-arab-europen society, which is against the wish of the their citizens.**

This issue of the ERENET PROFILE highlights selected objectives of the V4 cooperation such as SME policies, entrepreneurship development, entrepreneurial education, competitiveness, contest among yout entrepreneurs, case studies of selected V4 enterprises. The ERENET Secretariat believes that this issue could contribute to better understanding the entrepreneurship development acgievenemt and process in these countries.

Dr. Antal Szabó  
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**EVALUATION OF SME POLICIES IN V4 COUNTRIES BASED ON SBA FACT SHEETS****ABSTRACT:**

**Supporting SMEs became one of the backbones of EU's policy. "Small Business Act for Europe" is the key document, which declares the strategy of the Community and at the same time it is the basis of members' national SME policies. In the present paper our goal is to assess the position of V4 countries in their progress of supporting SMEs and creating for them a favourable business environment. "Small Business Act for Europe" which was accepted by the different bodies of the EU, is regularly reviewed by the EU Commission, and concrete analysis of the member states is done in the form of country fact sheets. These documents provide us the basis for following the progress made in the 10 policy areas declared in SBA. This progress will be examined from the point of view of the V4 countries.**

**Keywords:** competitiveness, SMEs, policy making, government support, V4, Small Business Act for Europe

**JEL Classification:** F23, L26, M16, M2, O52

**INTRODUCTION**

In previous articles the basic document: "Small Business Act for Europe" – further as SBA - was analysed (Borbás 2009, Borbás-Kadocsa 2010). Based on the SBA Review 2011, and were made concerning the statements of the Commission from the viewpoint of the Hungarian SMEs (Borbás 2011). Central-European authors examined different aspects of SME's position (Czagány 2010, Csath 2013, Horváthová 2009, Maková 2008, Mikusová 2008, Mustafa-Michelberger 2005, Szerb 2008, Vokounova 2003, Borbás 2014). In this paper we want to give a picture about the progress the V4 countries made in fulfilling European Commission's recommendations in the framework of SBA for their SMEs. The analysis is based on the fact sheets published by the European Commission in 2016.

**1. ENTREPRENEURSHIP**

In 2013 Poland's performance in the area of entrepreneurship performed well above the EU average for many indicators, while in 2016, Poland's performance was slightly below the EU average. There were no significant changes from the previous year. The situation has been slightly deteriorating since 2008. As far as entrepreneurial intentions are concerned every fifth adult is intending to start a business. Since 2008, Poland has introduced a number of policy measures designed to boost entrepreneurship, including the '2020 Enterprise Development Programme'. The two main fields in which policies remained insufficiently developed include business transfers and support to entrepreneurship potential among immigrants. (EC 2016c pp.7.) Poland removed many administrative burdens over the last few years, which has facilitated the establishment of new businesses. The Polish government simplified business registration and cut down registration costs. Online submission of documents is required to set-up a business. As the basis of entrepreneurial policy, a National Entrepreneurship Programme was launched in 2012. (EC 2013a pp.6-7.)

According to EC document in 2013 the overall ‘entrepreneurship’ performance of the Czech Republic was found on EU average level and this did not change for 2016. The indicators are quite divergent. Some key indicators like the entrepreneurship rate and self-employment rate were above EU average and ‘entrepreneurial intention’ is in line with it. In the Czech Republic, beyond simplification of the Labour Code government adopted the 2014-20 SME Support Concept, based on a public consultation, supported by the Czech media. (EC2013f pp.6.) The two newly introduced composite indicators were related to entrepreneurship education. The scores recorded for both these indicators were below the average EU values. Ease of transferring a business remains a major issue, despite some facilitating measures introduced earlier. New technology programme provides grants to new entrepreneurs, micro-businesses and start-ups that have been in business for no more than three years, (2016a p.7)

Slovakia’s performance in entrepreneurial policy area was found above the EU average, with an especially good score in opportunity-driven entrepreneurship and with some exceptions e.g. entrepreneurial intention and share of adults who agree that school education helps to develop entrepreneurial attitude in 2013 and the situation remained on this level for 2016. (EC2013c pp.7.) A more complex registration process was introduced. Absence of entrepreneurial dynamism was detected in recent years. Since 2008, progress in policy implementation has been moderate. The government adopted measures targeting some SBA recommendations. For 2016, three significant measures were introduced:

- i. The ‘Exemption for start-ups from income tax for the first two years of their existence’
- ii. ‘Financial vouchers for legal, technological or business partnerships’ and
- iii. Technological advice or business partnership creation, related to the protection of intellectual property.

Hungary’s overall score, showing a significant improvement, has moved up into EU average in entrepreneurship for 2013 but this trend turned for 2016 and the country is below EU average. In 2012 and 2013 the Hungarian government introduced new and significant measures for encouraging entrepreneurship:

- i. Supporting young people in becoming entrepreneurs;
- ii. Supporting the acquisition and development of entrepreneurial skills (financial literacy, business plan development, marketing, regulatory environment, etc.)
- iii. As part of the New Széchenyi Plan helping SMEs boost the involvement of women in running businesses.
- iv. As part of the Job Protection Action Plan, a new optional tax scheme was made available for companies employing a maximum of 25 workers. (EC 2013b pp.6-7.)

As far as policy is concerned, there have been a number of initiatives submitted since 2008, out of which one is the support for generational succession in SMEs. To address this, several measures were implemented in previous years to support entrepreneurship, especially among younger generations targeting also women and promote mentoring programmes. Additional measures still need to be addressed in a more comprehensive way, in particular to the area of entrepreneurship education. (EC 2016b pp.7-8)

## **2. SECOND CHANCE**

Poland is below the EU average for second chance in 2013. They announced the ‘New Opportunity Policy’, for the promotion of constant monitoring of the SME sector’s economic situation. A ‘new chance policy’ was introduced from 2014 for better preventing bankruptcies, reducing the risk of early liquidation, liquidating bankrupt businesses efficiently and facilitating the re-launch of business activities.(EC 2016c pp.8.)

Slovakia was far below the EU average in 2013, and this has not been changed for 2016. Time and cost to close a business was around double of the EU average. (EC 2013c pp.7-8.)

Among others, it is because of time-consuming and costly insolvency procedure, which is the lengthiest in the entire EU and the third most costly. A new obligation is to be introduced on the debtor to satisfy creditors’ unsecured claims from its future profits, covering up to 100 % of their claims. This could

help reduce the time needed by creditors to solve their financial demands and speed up the bankruptcy process. (EC 2016d p.7.)

Czech Republic's performance was below the EU average across all indicators in 2013, but they came up to the EU level for 2016. (EC 2013f pp.7.) after showing considerable progress thanks to reducing the time needed to resolve insolvency. Even in 2016 starting a new venture after a business failure remained difficult. (EC 2016a p.8)

Hungary's overall performance was found below the EU average in 2013. (EC 2013b pp.8.) Still in 2016, this was the area where Hungary performed worst. According to the EC document, since 2008, not much progress has been made. In 2016 one measure was implemented in this field. The Second Chance for Entrepreneurs is a new law on debt settlement.(EC 2016b pp.8-9)

### **3. THINK SMALL FIRST**

For 2016 a number of positive steps have been made for the favour to better address the interests of SMEs, but some areas still require policy action. Major challenge is the incorporation of the SME test in the regulatory impact assessment process. (EC 2016a p.6)

Poland's performance on thinking small first in 2013 was below the EU average (EC 2013e pp.8.) In the last three years the situation developed New adopted guidelines strengthen the role of both impact assessment and stakeholder consultations in the government's legislative process. The guidelines also emphasise the importance of applying the 'SME test' to new proposals. Beyond this a pilot project on the 'SME test' was carried out, which resulted in the development of 10 practical examples. They amended law to simplify business activity for micro-firms.(EC 2016c pp.6)

Slovakia's performance was below the EU average in 2013 (EC 2013c pp.8.). This has not been changed for 2016, among others because new regulations generated 4 566 duties or obligations for entrepreneurs, creating a burden for companies with an estimated annual cost of EUR 2.7 billion in administrative costs. Furthermore, perceived corruption continues to be a serious impediment to the growth and development of a healthy business environment (EC 2016d pp.8).

In 2013, Hungary's overall performance was below the EU average, although new and significant policy measures were taken in 2012 and 2013 (EC 2013b pp.8.) For 2016 limited progress can be seen. Only one significant measure was introduced, the so called 'reduction of the State overhead charges'. The reduction of state bureaucracy aimed at relieving citizens and enterprises from payment obligations in the course of administrative procedures. (EC 2016b p.6)

### **4. RESPONSIVE ADMINISTRATION**

The Czech Republic's performance was below the EU average (EC 2013f pp.8.) and remained in this position for 2016. According to SBA Fact Sheet the time needed to deal with fiscal administration and the cost of enforcing contracts were the two main administrative areas where improvements need to be made. Government regulations continued to be burdensome and government staff offered below-average quality of assistance to new and growing firms. Due to improvements certain activities like starting a business is now easier, cheaper and faster. The minimum amount of required paid-in capital has been substantially reduced..(EC 2016a p.9)

Poland's Law on Reduction of Administrative Burden was implemented in 2012, with the aim of reducing financial bottlenecks and simplifying administrative procedures. (EC 2013e pp.9.) The quality of service provided by Poland's government authorities remained average for 2016, while indicator measuring the number of tax payments per year, went down from 18 to 7. The government introduced a number of important measures, such as: e-services, common commencement dates and the 'tax portal'. (EC 2016c p.9)

Slovakia performed well below the EU average in 2013 (EC 2013c pp.9.). This has not been changed for 2016. With this the country is among the three worst performing EU countries in this field. Some progress was made on simplifying its tax administration. The general administrative environment remained

burdensome. SMEs complained about complex bureaucratic procedures and problems due to fast-changing regulations and policies. (EC 2016d p.9)

In 2013 in Hungary most of indicators measuring administrative costs were equal to or even below the EU average (minimum required paid-in capital, cost of transferring property and cost of enforcing contracts) (EC 2013b p.9.)

For 2016 Hungary brought the EU average of the EU members, while Hungary has been catching up in the last years. The overall burden of government regulation is still heavier than in the EU in general, including tax administration, although number of measures have been adopted since 2008 to reduce administrative burdens for SMEs. Still numerous taxes should be paid in several instalments and to several entities, which is against 'only once' principle. (EC 2016b pp.9-10)

## **5. STATE AID & PUBLIC PROCUREMENT**

In 2013 Poland performed below the EU average (EC 2013e pp.10.) This improved a bit for 2016. There was a slight increase in the proportion of businesses that had taken part in a public tender. Public authorities' payment culture slightly improved, although payments continued to be made after their due date, on average still 11 days after the deadline. (EC 2016c p.10).

The Czech Republic's overall performance in this area was below the EU average, mainly due to the lack of state support for SMEs. In 2012 the new Act on Public Procurement came into force, which aims to simplify the tendering process and make it more transparent. (EC 2013f pp.9.) According to the EC document, this is not only the best-performing SBA area for the country, but also the one where most progress has been made since 2008. This positive picture is mainly driven by the performance in a single indicator, measuring the participation of SMEs in public procurement. The numbers of SMEs that participate in public procurement or that get involved through subcontracting, are very high. The use of e-procurement is also more widespread among SMEs in the Czech Republic than in the EU as a whole. (EC 2016a p.10).

Slovakia was close to the EU average in 2013. The Public Procurement Act was amended in 2013, which created a platform for a central electronic market place that is obligatory for small tenders. (EC 2013c p.9-10.) Slovakia's performance remained around EU average for 2016. High rate of businesses using electronic channels to submit tender proposals. Since 2008, there has been no improvement in Slovakia's performance in this SBA area. The 'Public Procurement Act' was reformed in 2013 and the transparency of public procurement has also been improved. (EC 2016d p.9)

In 2013 Hungary's overall score was around EU average. The share of total state aid earmarked for SMEs remained at 1%! (EC 2013b pp.10.) Performance remained around EU average. The proportion of Hungarian SMEs participating in e-tendering is smaller than in the EU in general. Since 2008, some actions have been taken, two new significant measures were implemented under this principle (EC 2016b p.11).

## **6. ACCESS TO FINANCE**

Poland's performance was above the EU average in 2013. Financial conditions were favourable for SMEs, the majority of which were self-financing. (EC 2013e p.11.) This trend continued for 2016. Banks were providing financing to small companies relatively easily, and cost of borrowing was lower for small loans than for large ones. Even equity funding for new and growing firms was easier to get than in the EU on average. The only weak element is the availability of venture capital (EC 2016c p.11)

The Czech Republic's overall performance in 2013 was below the EU average. (EC 2013f pp.9-10.) for 2016 it reached average of the EU. Since 2008, they achieved some progress in making finance more accessible to SMEs. A new action plan to support SMEs for 2016 aims to address challenges. (EC 2016a p.11)

Slovakia's performance was slightly below the EU average. (EC 2013c p.10.) which improved a bit for 2016. Since 2008, policy progress on this SBA area has been moderate. The adopted measures, in line with some SBA recommendations, made it possible to create additional sources of funds for innovation investments. A micro-loans programme has been set up to support SMEs. (EC 2016d pp.10-11).

In 2013 Hungary was below EU average level. The rate of rejected loan applications was 26%. (EC 2013b pp.11-12.) For 2016 it has not been changed significantly. About half of the loans in Hungary come with interest subsidies had a mitigating effect, this sudden jump made loan financing more difficult for many SMEs. A number of policy measures were taken and substantial progress was achieved with three new measures:

- i. Since January 2016, the Hungarian Central Bank has launched the third phase of the FGS providing refinancing loans to commercial banks, which in turn lend the available resources at a preferential interest rate (2.5 %) to SMEs.
- ii. Several new financial programmes managed by the Hungarian Development Bank (MFB), were implemented to increase the competitiveness of Hungarian SMEs
- iii. In 2015, the MFB introduced three targeted working capital loan programmes for the agro-food sector with a budget of EUR 500 million. (EC 2016b pp.12)

## 7. SINGLE MARKET

In 2013 Poland lagged behind the EU average for all indicators. No new significant policy measures were announced or implemented. (EC 2013e pp.12.) Their performance remained poor despite the policy efforts made since 2008. Poland had the highest compliance deficit as far as transposition of law is concerned, according to the EU Single Market Scoreboard 2014. Since 2008, Poland has introduced policy measures addressing almost all SBA recommendations, but these measures turned out not to be particularly effective.(EC 2016c pp.12.)

In 2013 the overall performance of the Czech Republic was around the EU average. No significant new policy measures were announced or implemented until 2013. (EC 2013f pp.10.) The country's performance remained around EU average. The ease of market access for new and growing firms and the degree of competition with companies established on the Single market was in line with the EU average according to the EU document. Since 2008, a number of measures have been implemented to promote and strengthen the position of Czech SMEs in the Single Market. (EC 2016a p.12)

In 2013 Slovakia's performance was its best among other policy areas and above the EU average. (EC 2013c pp.11.) The country was able to maintain its strong position on the implementation of single market legislation. The transposition delay turned to be one of the shortest delays in the EU. Progress in this field was combined with the implementation of new policy initiatives in the last eight years (EC 2016d pp.11-12)

In 2013 concerning 'Single market' Hungary performed well and could reach the EU average. As far as the imports of SMEs are concerned, only 10% of Hungarian SMEs exploited the benefits of the internal market, while on the export side only 7% of SMEs are involved in exporting. (EC 2013b pp.12.). For 2016 Hungary was on the level of EU average with hardly growing trading performance of SMEs. Online trade remains on a low level of 4.5 %. Implementation of Single market legislation is comparable to other member states. The only important measure which was implemented is, 'facilitating Hungarian companies in taking part in international RD&I programmes (EC 2016b pp.13).

## 8. SKILLS & INNOVATION

Poland's performance in skills and innovation was lagging far behind EU average. 10% of Polish micro-enterprises and SMEs was ready to improve the skills of their workforce. Progress has been achieved in policies. New initiative was launched to support equity investments in startups and to facilitate R&D commercialisation. and, a new scheme to support young, innovative SMEs. (EC 2013e pp.12-13.) It became the worst performing area for the country, as a result of continuous deterioration of this policy field. Without exception, every indicator performed below the EU average. A number of policy measures were launched by different bodies to respond to most of the remaining SBA recommendations.(EC 2016c pp.13)

In 2013 Czechs were best on innovation, use of IT infrastructure by SMEs was strong. Establishment of Competence Centres was proposed supporting the creation and operation of RDI centres. (EC 2013f pp.11.) For 2016 Czech performance has deteriorated since 2008, but only slightly. According to the Czech Fact Sheet, the three e-commerce indicators (SMEs buying online, selling online and turnover from e-commerce) were subject to methodological changes, and have been made more SME-specific. (EC 2016a p.13)

Slovakia was below average in this policy area, but some progress mainly in product or process innovation could be seen. SMEs in Slovakia turned to be reluctant to collaborate with each other, but they were able successfully put new products and services on markets. A State aid scheme was adopted to support the introduction of innovative and advanced technologies in industry and services. (EC 2013c pp.11-12.) Slovakia performed below the EU average for 2016. Both the percentage of SMEs selling online and the share of e-commerce-generated turnover in SMEs' total turnover increased over the last year. According to the EC material, the share of enterprises providing ICT skills training to their staff has even fallen since 2012. In the last eight years the country has implemented only a few of SBA-related measures. On innovation, financial support is also inadequate or completely lacking in the areas of proof-of-concept and commercialisation of innovation, stated the report. (EC 2016d p.12-13)

EU Commission's document regarded 'Skills & innovation' as one of the most challenging SBA areas for Hungary. With one exception indicator scores were well below the EU average (EC 2013b pp.13). For 2016 this became the only SBA domain where Hungary's performance has deteriorated since the adoption of the SBA due to the drop in innovativeness of Hungarian SMEs. The Hungarian government has tried to stop negative trend with a number of policy measures e.g. supporting and improving the activities of 'gazelles', high-growth start-ups, providing professional advice from mentors (EC 2016b pp.14).

## **9. ENVIRONMENT**

Poland was in 2013 on EU average level in this field and this remained for 2016. Public support for both green products and resource-efficiency actions became more accessible (EC 2016c pp.14).

The Czech Republic is in line with the EU average in this category. No significant new policy measures were announced or implemented in this field until 2013 (EC 2013f pp.12). Their performance was above the EU average for 2016 due to public support measures as regards resource-efficiency actions and the production of green products. The most significant was the Eco-Energy support programme which helped SMEs to replace old technologies with newer, more economical solutions or to produce electricity or heat energy from renewable resources. (EC 2016a pp.14-15).

Slovakia started from the EU average level in 2013, although Slovakian SMEs got less public support either to become more resource efficient or to provide green products and services (EC 2013c pp.12). They crowded above the EU average until 2016. Certain policy progress in SBA implementation has been made by adopting measures to tackle most of the SBA recommendations (EC 2016d p.14).

In 2013 Hungary was last in the EU in the share of SMEs offering 'green' goods or services with a 11% experience contrary to the EU's 26%. Trying to find causes for this position, EU document guess that this may be due to the lower share of SMEs in Hungary which have benefited from public support. A new initiative was announced in 2012 that promised to promote the production of energy from renewable sources and energy efficiency. (EC 2013b pp.14.) Hungary performed below the EU average in 2016 with stable overall position but considerable changes on the level of individual indicators. The number of SMEs benefiting from public support for resource-efficiency measures has doubled since 2013 as a result of policy support programmes. According to the EC document two significant measures were implemented for financing of energy efficiency and renewable energy projects for SMEs and support them in waste management (EC 2016b pp.15-16.).

## **10. INTERNATIONALISATION**

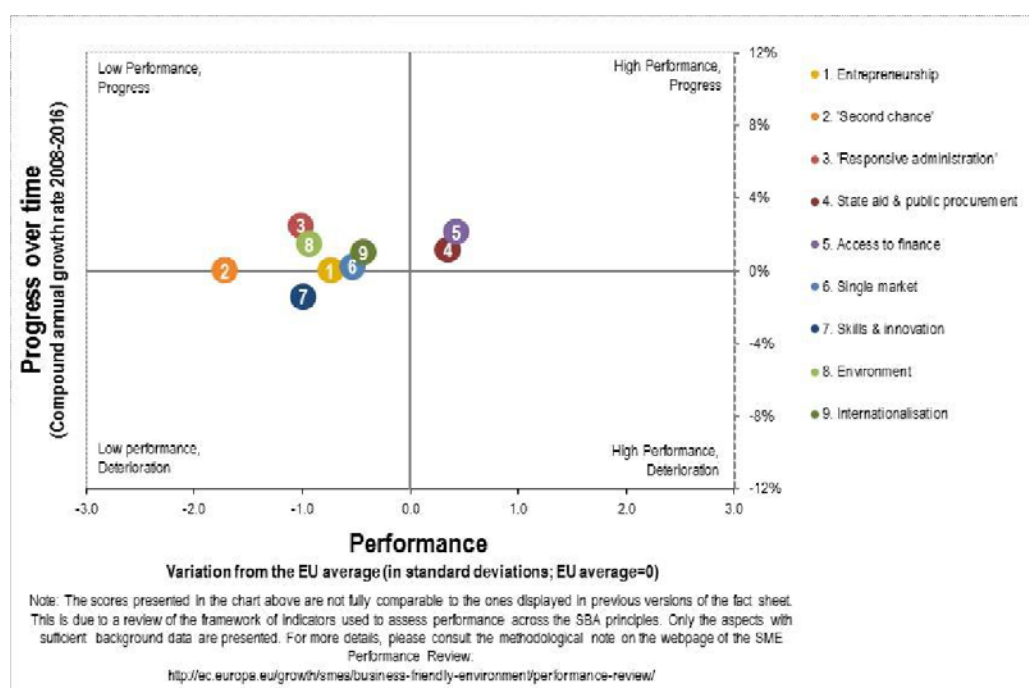


Polish SMEs enjoyed favourable framework conditions in 2013 but they were less active than other members' SMEs on new markets outside the EU. Costs of trade and administrative formalities for foreign trading were modest, but administration was time consuming according to Fact Sheets (EC 2013e pp.14). Poland's performance improved for 2016 and stood in line with the EU average. The proportion of Poland's small businesses carrying out trade with non-EU countries was lower than the EU average. A number of measures have been put in place since the introduction of SBA addressing all recommendations. According to experts, with better coordination of these policy measures each of them could deliver better results. In the last few years no significant policy measures were introduced in Poland. (EC 2016c pp.15)

Except simplification of administration, Czech Republic's performance in internationalisation was below the EU average in 2013. As it was emphasised in Fact Sheet Czech SMEs' share in direct imports and exports was relatively low and could not easily be changed, because of their sub-contractor role to big industries. A new export strategy was launched to support SMEs and a new web portal for international cooperation bringing together Czech entrepreneurs was created. (EC 2013f pp.12-13). The Czech Republic's performance stood below the EU average for 2016 partly because of Czech SMEs weak engagement in extra-EU trade. Since the introduction of SBA, the Czech Republic has responded to four of the five recommendations. An 2012-2020 export strategy is under implementation. A number of executive authorities are involved in providing support for internationalisation in the Czech Republic and centralised coordination is missing. The Czech government provides services to SMEs to support their export activities and economic diplomacy.

Slovakia's performance in internationalisation was well below the EU average in 2013. Like in the case of Czech small firms, foreign trading activity of SMEs was above average within the Single Market, but they were less active outside the EU. The general framework conditions for trading in Slovakia were assessed by the Fact Sheet as less supportive (EC 2013c pp.13). Underperformance remained for 2016 mainly because of the weak extra-EU trading performance of Slovakian SMEs. Their role in exporting to and importing from extra-EU countries is one of the lowest in the EU, although the administrative trading environment is basically supportive. Slovakia has made steps in the following fields in the last eight years: stimulating trade and exports, financial support for the internationalisation of SMEs, support for clusters, accelerators and trade organisations (EC 2016d p.14).

**Figure 1. SBA performance of Hungary: state of play and development from 2008 to 2016**



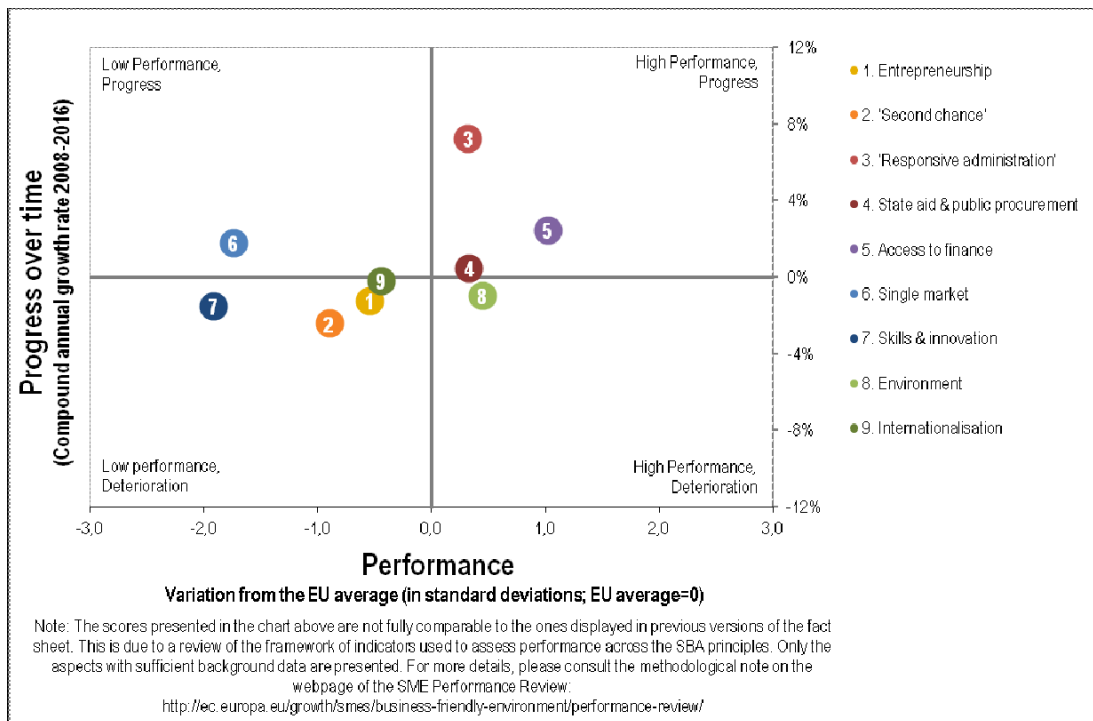
Source: 2016 SBA Fact Sheet — Hungary p.5.

Hungary performed below the EU average in 2013, without significant improvements compared to the previous years. The only exceptions were the costs of exporting and importing. Mostly because of the lack of policy support, Hungarian firms were not able to penetrate into overseas markets, except for some ICT firms (EC 2013b pp.15). Hungary performed well on all aspects concerning the costs and duration of exporting and importing with non-EU countries. The proportions of SMEs exporting to and importing from non-EU countries improved modestly. It is part of the Hungarian SME strategy to boost trade and increase the export activity of SMEs to 30 % of total exports by 2020. In this framework the Ministry for National Economy wants to ensure that SMEs in the manufacturing industry and professional cluster organisations can participate in European and international exhibitions and fairs. ‘helping national innovative SMEs to enter the international market’ was implemented in 2015 with a budget of EUR 16.1 million. The fund helps SMEs in the manufacturing industry to take part in European and international exhibitions and fairs, and can also support marketing development.

The ‘support for professional cluster organisations’ programme is available from December 2015 to December 2017, with a budget of EUR 6.5 million. It helps professional clusters improve the services they offer, boost their presence on foreign markets and increase international cooperation by taking part in international exhibitions and fairs. Basically all the SBA recommendations have been tackled in the field of internationalization, but according to EC document, much more effort is needed to ignite the desired internationalisation drive as set out in the SME strategy (EC 2016b pp.16-17).

Concerning Hungarian SMEs compared to the EU average the overall performance has not been changed significantly between 2013 and 2016. In most of the cases we can see stagnation. Only in case of state aid & public procurement and access to finance can be recognized moderate improvement. What is really sad, that skills & innovation has been deteriorated during time.

Figure 2. SBA performance of Poland: state of play and development from 2008 to 2016

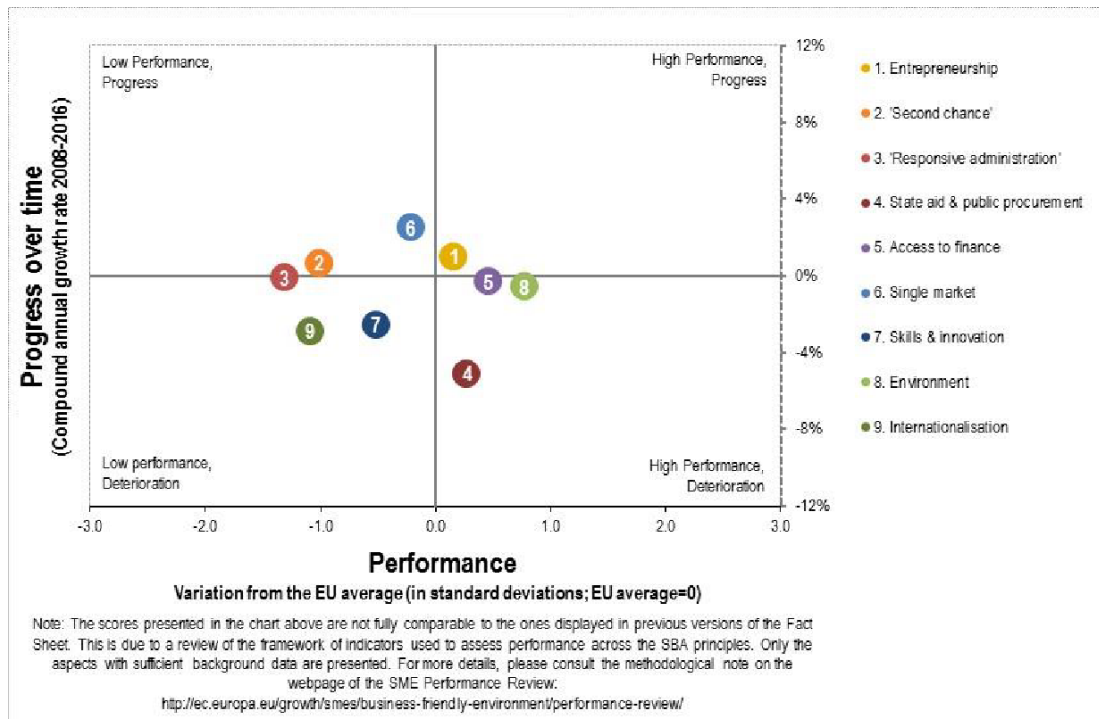


Source: 2016 SBA Fact Sheet — Poland p.5.

As far as the Polish SMEs are concerned, outstandingly high level of development is shown in case of responsive administration and a moderate one for the access to finance. A performance is worst for second chance and skills & innovation.

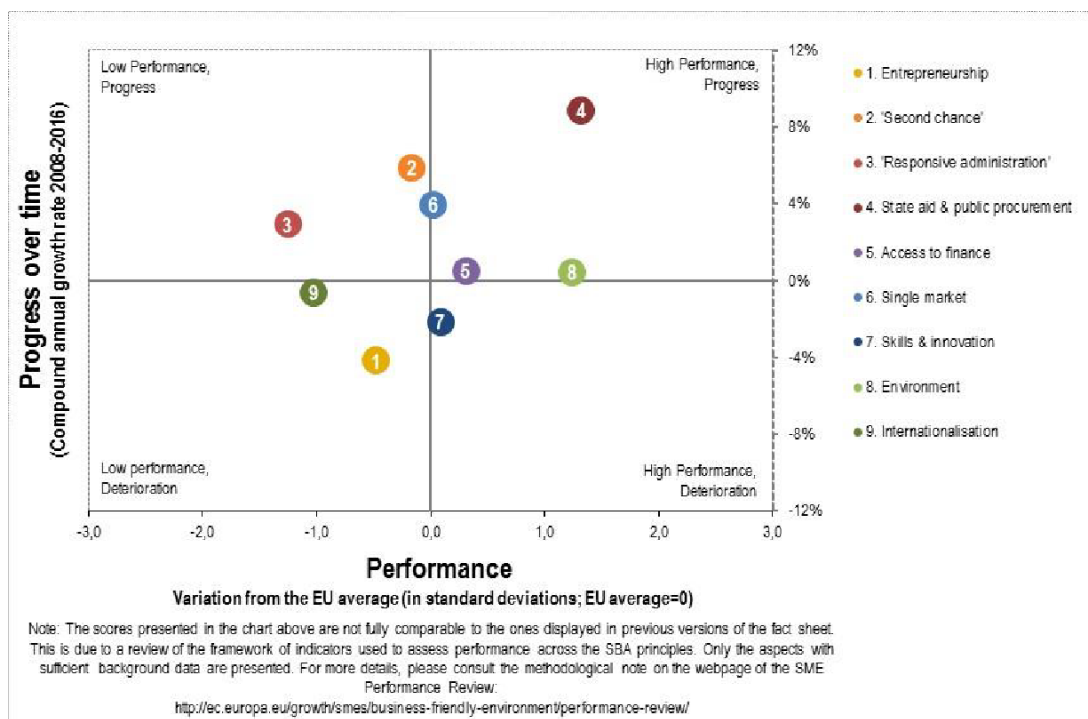
In the Slovakian case relatively high progress can be seen for single market, while the less favourable change touches state aid & public procurement. The overall picture is quite diverse, in general we do not see considerable changes during the period.

**Figure 3. SBA performance of Slovakia: state of play and development from 2008 to 2016**



Source: 2016 SBA Fact Sheet — Slovakia p.5.

**Figure 4. SBA performance of the Czech Republic: state of play and development from 2008 to 2016**



*Source:* 2016 SBA Fact Sheet — Czech Republic p.5.

In the Czech Republic between 2008 and 2016 state aid & public procurement was able to show outstanding progress. In this area the relative position of Czech SMEs has been improved considerably. Single market has also shown progress, but the relative position to others remain the same.

## CONCLUSIONS

In general it seems that the SMEs in V4 countries could not change their relative position compared to the average of the EU's small-and medium sized enterprises. As it turns out from the detailed assessment of the Fact Sheets, in all of V4 countries governments made considerable efforts for the favour of their SMEs. A number of new initiatives and programs has been worked out and launched, but things are going slowly. Naturally, non-V4 members did their best as well to increase the competitiveness of their own SMEs, among others that is why improving relative positions is not easy. Although the political cooperation among V4 members showed a series of positive elements, it seems that in case of SMEs all of them concentrate on their own interest. It is on one hand obvious, we can not expect from any national government to subsidize other nations' SMEs, but some kind of cooperation would be necessary between members to improve the general position of SMEs in this region. They may for example work out programs for coordinated penetration into non-EU member states' markets. Clusters and networks are quite weak in all of V4 members. Governments and representative bodies of enterprises could create cross border cooperation forms for the SMEs. It would support national producers and economies, while increasing their proportion of contribution to their GDP. Certain coordination between V4 members' industrial policies could help during the time of the fourth industrial revolution. In the socialist era, these countries invested in the same type of economic sectors that is why they became competitors on other markets after the political changes. This should not be repeated, it is time for coordination and cooperation so as to avoid unwanted side effects and improving positions on international markets.

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**Budapest – Freedom Bridge with the Gellért Hill and the top with Statue of Liberty**

Photo© by Dr. Antal Szabó

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**ENTREPRENEURSHIP ECOSYSTEMS IN CENTRAL AND EASTERN EUROPEAN REGIONS <sup>1</sup>****ABSTRACT**

The importance of entrepreneurship and entrepreneurship research have been increasing over the last three decades. While early investigations focused on the personal characteristics of the entrepreneur and the entrepreneurial ventures, later, more attention has been paid to the socio-economic environment within entrepreneurs exist and firms operate. Most recently, the entrepreneurship ecosystem scholars highlight the co-existence of the institutional and individual factors that have crucial role in the emergence of new, innovative, productive high growth ventures. Relying on the Regional Entrepreneurship and Development Index dataset and methodology, this paper analyses the strengths and weaknesses of the entrepreneurship ecosystem in Central and Eastern European (CEE) regions. It can be observed that CEE regions have lower level of REDI scores much more weak pillars within entrepreneurship ecosystem as compared to Western European regions. One of the most important characteristics of the CEE regions is the huge difference between the capital city and the other regions. It could also mean that the economic weight and the entrepreneurial performance of the non-capital regions are relatively small.

**Keywords:** regional entrepreneurship, entrepreneurship ecosystem, REDI, Central and Eastern European regions

**JEL Classification:** L26, R10

**1 INTRODUCTION**

The paper is dealing with the entrepreneurship ecosystems of Central and Eastern European (CEE) regions. CEE regions are facing with challenges to find their own way of development. After the transition the regulations and economic environment changed favorable to provide good opportunities for individuals to start their own private business (Kornai, 2006). An “entrepreneurial boom” could be observed during the 1990s in all of the CEE countries. This process was stimulated by different factors like the high demand for normal consumer goods, the rising unemployment and the privatization of existing businesses (Kornai, 1992; Tyson et al., 1994). In the first period, the Czech Republic, Poland, Hungary and Slovenia were the leading nations in the transition process. Later, Slovakia and the three Baltic states caught up (Szerb and Trumbull, 2016). Changing institutions, private and public agencies also played a role in supporting de novo business start-ups (Bateman, 2000; Smallbone and Welter, 2001). However, innovative, productive entrepreneurship was lacking in all CEE countries (Smallbone and Welter 2001).

By the end of the 1990s the situation has changed. Business activity rates and the number of new firms decreased as privatization came to its end and competition became more intensive than before through the further opening of the domestic market for foreign businesses (Szerb and Trumbull, 2016). This change proceeded by EU Accession in 2004, as new member states opened their domestic markets for EU firms. The

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higher competition and the lack of productive firms in CEE countries called for further institutional changes and refinements (Chepureno, 2015; Estrin et al., 2006; Smallbone and Welter, 2012). The entrepreneurial progress of these nations was hindered by such obstacles like the complex administration for starting-up a new business (van der Zwan et al. 2011). The slow convergence of the CEE countries to the rich European nations underlines the importance of the informal institutions (Estrin and Mickiewicz, 2011). Recently, the economic crisis in the last decade shed light on the weaknesses of small business and entrepreneurship development in the transition countries. The recovery process in the post-crisis period has been different in the CEE countries, showing some heterogeneity of the CEE region (Chepureno, 2015).

There are different individual (personal) and institutional factors that could affect entrepreneurship and business activity. In this paper we try to point out to those strengths and weaknesses within entrepreneurship ecosystem that potentially influence productive entrepreneurship in the CEE regions. In order to identify these factors, we use the recently developed REDI Index (Regional Entrepreneurship and Development Index) (Szerb et al., 2014; Szerb et al., 2017). The REDI index includes both individual and institutional factors and provides a good measure of the entrepreneurship ecosystem. In the next section we provide the theoretical background. The third section introduces the REDI Index and its methodology, the main results are explained in the fourth section, and the fifth section presents our conclusion and further research orientations.

## 2 THEORETICAL BACKGROUND

Entrepreneurship is widely believed to be an important driver of economic development, employment, and productivity growth both in country and regional levels. Here, we are focusing on the sub-national level of entrepreneurship. Several studies proved that entrepreneurships have a positive effect on economic growth however the magnitude of the impact varies significantly over development and regions (Acs–Audretsch, 1988; Acs–Varga, 2005; van Stel et al., 2005; Acs–Szerb, 2007; Fritsch–Müller, 2008). Moreover, the impact of new firms on regional development and employment can be noticed in longer time period (Audretsch–Fritsch 2002, Fritsch–Müller 2004).

Regional entrepreneurial activity can be explained by various motivations (Acs et al., 2008). Entrepreneurial behavior and attitudes play an important role in the entrepreneurial intention (Tamásy 2006); and together with adequate entrepreneurial climate it could lead to an increased level of new startups (Bosma–Schutjens 2011). However entrepreneurship cannot be measured through simple quantity types of entrepreneurial activity rates (foundation of new firms), since it includes many different ventures such as low impact necessity-motivated and unproductive businesses. To really capture the entrepreneurial aspect of a startup we need quality related activity measures that are associated with creativity, innovation, knowledge and technology intensity, value creation, or orientation and potential for high growth (Stam 2015).

The diversity between the entrepreneurial motivation and activity of low-income and high-income countries also point out to the importance of the context (Autio et al. 2014). Acs et al. (2013) emphasizes the role of wider regional context that regulates the quality and outcome of the entrepreneurship. According to Stam (2010) “entrepreneurship is the result of the interaction between individual attributes and the surrounding environment” (Stam 2010, pp. 141).

Entrepreneurship ecosystem (EE) research portrays entrepreneurship as the combination of interconnected actors and factors within a focal territory that contribute to the emergence of productive startup (Acs et al., 2014). According to Acs et al. (2014), the system of entrepreneurship “(...) is the dynamic, institutionally embedded interaction between entrepreneurial attitudes, ability, and aspirations, by individuals, which drives the allocation of resources through the creation and operation of new ventures” (Acs et al. 2014, p. 119). This approach makes a distinction among environmental, ecosystem elements and outcome (activity) measures.

In this context, the Global Entrepreneurship Index (GEI) and its regional version the Regional Entrepreneurship and Development Index (REDI) have emerged as relevant measures of the entrepreneurship ecosystem at the national level and regional levels, respectively, by identifying the entrepreneurship system as the complex interactions between entrepreneurial attitudes, abilities and



aspirations (Acs et al., 2014, Szerb et al 2014). In order to identify its strengths and weaknesses in Central and Eastern European (CEE) regions, we use the REDI. With the creation of the REDI, the main objectives were (1) to identify the main contextual and individual determinants of entrepreneurship on regional level, (2) to emphasize that the identified factors create a complex system, (3) to find adequate regional (or country-level) variables, and (4) to offer a useful tool to investigate alternative scenarios for policies affecting entrepreneurship.

### 3 METHODOLOGY AND DATA

The REDI methodology is based on the adoption of the GEI methodology that measures entrepreneurship at country-level (see Acs et al, 2013; Acs et al., 2014). To create the REDI, the institutional and individual indicators of the GEI had to be adapted to reflect regional conditions. Therefore, besides the county-level data the indicators are amended with regional institutional and regionalized individual variables (Figure 1).

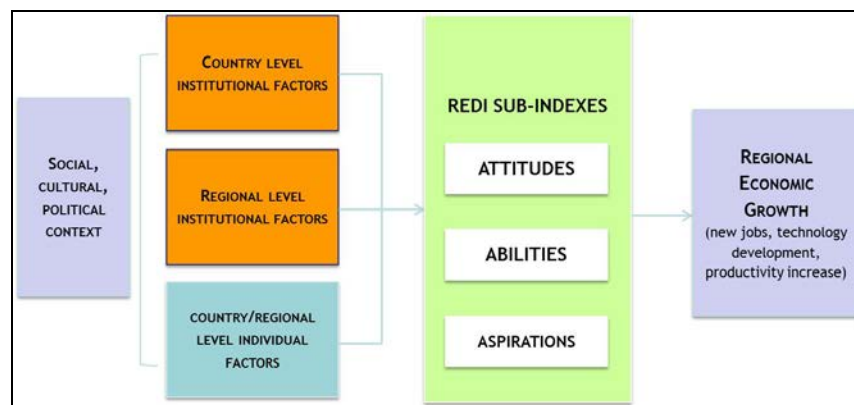


Figure 1. The Regional Entrepreneurship and Development Index (REDI) conceptual model; source: Szerb et al. (2017)

The structure and creation of REDI are summarized here only in nutshell (a more detailed description can be found in Szerb et al., 2014). The REDI has been structured by applying a six-level index-building process: (1) sub-indicators, (2) indicators, (3) variables, (4) pillars, (5) sub-indices, and, finally, (6) the super-index. The most important building blocks are the fourteen pillars that contain, simultaneously, regional individual, regional and country-level institutional variables. These pillars comprise three sub-indices: Entrepreneurial Attitudes (5 pillars), Abilities (4 pillars), and Aspirations (5 pillars) (Table 1).

Each of the pillars involves both individual- and institutional variables. An adequate analysis of the relative differences between pillars, both within a given region and across benchmark regions, should contribute an optimal initial guidance for the search for prospective strengths and weaknesses across regions. Regional and country-level variables are drawn from different database and the variables from 40 indicators. Some institutional indicators are complex creations in themselves, comprising 76 sub-indicators in total.

The entrepreneurial attitude (ATT) sub-index aims to identify the attitudes of a region's population as they relate to entrepreneurship. Opportunity perception indicates the recognition and exploration of the opportunities for a new business. Start of a new enterprise bears a relation to the own personal networks ("Networking") and adequate skills related to new business formation ("Startup skills"). Risk perception represents the attitude about the fear of failure that may have a negative effect, and cultural support indicates the population's main believes about the entrepreneurs like career opportunities, success stories or negative impressions (for e.g. corruption).

Structure of the REDI 3 Sub-indexes 14 Pillars		National and regional institutional variables	Regional level individual variables
<b>Entrepreneurial Aspiration Sub-index</b>	<b>Financing</b>	FINANCIAL INSTITUTIONS	INFORMAL INVESTMENT
	<b>Globalization</b>	CONNECTIVITY	EXPORT
	<b>High growth</b>	CLUSTERING	GAZELLE
	<b>Process innovation</b>	TECHNOLOGY DEVELOPMENT	NEW TECHNOLOGY
	<b>Product innovation</b>	TECHNOLOGY TRANSFER	NEW PRODUCT
<b>Entrepreneurial Ability Sub-index</b>	<b>Competition</b>	BUSINESS STRATEGY	COMPETITORS
	<b>Human capital</b>	EDUCATION & TRAINING	EDUCATION LEVEL
	<b>Technology sector</b>	ABSORPTIVE CAPACITY	TECHNOLOGY LEVEL
	<b>Opportunity start-up</b>	BUSINESS ENVIRONMENT	OPPORTUNITY MOTIVATION
<b>Entrepreneurial Attitudes Sub-index</b>	<b>Cultural support</b>	OPEN SOCIETY	CAREER STATUS
	<b>Networking</b>	SOCIAL CAPITAL	KNOW ENTREPRENEURS
	<b>Risk acceptance</b>	BUSINESS RISK	RISK PERCEPTION
	<b>Startup skills</b>	QUALITY OF EDUCATION	SKILL PERCEPTION
	<b>Opportunity perception</b>	MARKET AGGLOMERATION	OPPORTUNITY RECOGNITION

Table 1 – The structure of the Regional Entrepreneurship and Development Index; source: Szerb et al. (2017)

The entrepreneurial abilities (ABT) sub-index is principally concerned with measuring certain important characteristics of both entrepreneur and start-up with high growth potential. It indicates those skills that may contribute the high growth of a start-up. These pillars are measured among entrepreneurs whose businesses are up to 42 months old. Opportunity start-up represents the individual entrepreneurial motivation on the one hand and the business environment in that the start-up embedded on the other hand. Technological orientation (“Technology adoption”) reflects to the technology level of young firms’ activities, since human capital represents the educational level of employees. Competition indicates the concentration of markets through the number of competitors of young firms.

The entrepreneurial aspiration (ASP) sub-index refers to the distinctive, qualitative, strategy-related nature of entrepreneurial start-up activity. Product and process innovations represent the abilities of the start-up for new products and/or newly organized parts in the production process. The high growth measure indicates the orientation for expanding the number of jobs in the startup. Globalization represents the international orientation, the foreign customers of the start-up as well as the accessibility of the region. Financing refers to the financial background of startup business that is measured by the informal investments on the one hand and the regional concentration of financial sector on the other hand.

The index contains both individual-level and institutional variables. The former are based on indicators from the Global Entrepreneurship Monitor (GEM) Adult Population Survey dataset, and for present purposes we have used the 2007–2011 pooled GEM data. Since the GEM dataset lacks the necessary institutional variables, we complemented it for the index with other widely-used and relevant data derived from a variety of sources available as at December 31<sup>st</sup> 2013. In this paper we provide data and results only for the first version of REDI which has been published in 2014. Now, we are working on a revised version in the frame of a European research project and its results will be released soon.

## 4 RESULTS

### 4.1. Comparison the Central and Eastern European regional performance to all European regions

The Danish Hovedstaden (DK01) region – the capital city region – has the highest REDI score (81.8), since the Greek Kentriki Ellada (EL2) region has the lowest performance with only 16.7 REDI score; the difference is more than four fold. We compared these two regions to the average values of three European macroregions (Northern and Western, Southern, Central and Eastern European regions). The average REDI Index score of the Western European regions is 54.1 that significantly higher than the Southern European and

CEE regions' performance with 31.6 and 28.0 REDI scores, respectively (Table 2).

Region	ATT	ABT	ASP	REDI
DK01 (Hovedstaden)	79.3	88.2	77.7	81.8
Northern and Western European regions (average)	56.3	55.1	50.9	54.1
Southern European regions (average)	31.7	30.4	32.6	31.6
Central and Eastern European regions (average)	25.4	23.0	35.7	28.0
EL2 (Kentriki Ellada)	11.0	15.7	23.6	16.7

Table 2 – The REDI and sub-index values of the best and worst performing regions as well as three European macroregions; source: own calculation and edition

Since the Danish capital city region has an outstanding performance in almost all of the sub-indexes, the Greek region performs significantly below the Southern European average values of sub-indexes. The sub-index values of Southern European and CEE regions lag behind the Northern and Western European regional average in general. CEE regions have some advantage in Entrepreneurial Aspiration compared to the Southern European macroregion. All in all, Entrepreneurial Aspiration has the best scores among the three sub-indexes in Southern European and CEE regions, respectively. However it cannot balance those laggings that can be observed in Entrepreneurial Attitudes and Abilities sub-indexes.

Applying the quintiles as cut points, the 125 regions have been divided into five groups. According to the cluster results the best performing regions locate in the Scandinavian countries and in Western Europe. The lowest entrepreneurial performances are indicated in Central and Eastern European regions and in Mediterranean countries (like Greece, Spain, Portugal and Italy) (Figure 2).

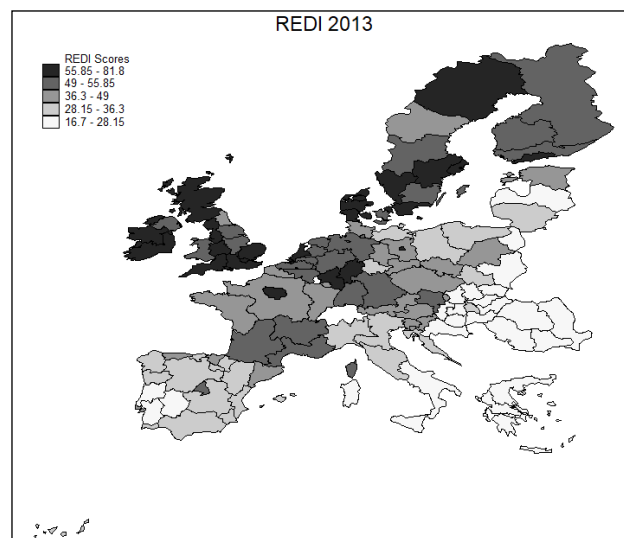


Figure 2 – The entrepreneurial performance of European regions according the REDI Index scores; source: own calculation and edition

These results show that capital city and highly urbanized regions (like London, Paris, Berlin, Copenhagen or Stockholm) have outstanding performance in REDI scores. A couple of regions that are not capital cities but have an important nationwide functional role belong to best performing ones like a few regions in the United Kingdom, Hessen in Germany or Västerverige in Sweden. Almost all of the Northern

and Western European regions belong to the best or above average performing territories.

The Central and Eastern European regions were ordered in the “Below average” and “Lowest” performing groups. The best performing CEE region, Zahodna Slovenija (SI02) can be found on 52<sup>nd</sup> position in REDI Index ranking. The Baltic states, Czech Republic, Slovenia, a couple of Polish regions and the capital cities of Hungary and Slovakia are among the “below average” performing regions. Their scores represent only a bit weaker performance than the East German, North Italian or Spanish regions (except Vzhodna Slovenija and Estonia). However it should be noticed that the Polish and Czech regions were measured by NUTS 1 level data that may hide many differences within these larger regions. All the Polish NUTS 1 regions except Eastern Poland have a significant metropolitan area which may serve as the engine of local and regional economy. The worst performing regions lag behind almost in all of the pillar values. All the Romanian regions, the non-capital Hungarian and Slovakian territories as well as Eastern Poland belong to this cluster together with Greek, Portuguese and a Spanish region. They rank from the 101<sup>st</sup> to the 123<sup>rd</sup> positions.

#### 4.2. The entrepreneurial performance of CEE regions

In this chapter we are examining the entrepreneurial performance only of the 29 CEE country regions. The 1<sup>st</sup> ranked region is Zahodna Slovenija (SI02, 52<sup>nd</sup> in total rank) and Macroregiunea patru (RO4, 124<sup>th</sup> in total rank) occupies the last position in the CEE regions (Table 3).

REDI rank	Code	Region	REDI score	REDI rank	Code	Region	REDI score
52	SI02	Zahodna Slovenija	46.3	104	LV	Latvia	26.9
61	SI01	Vzhodna Slovenija	41.7	108	SK03	Stredné Slovensko	25.3
62	SK01	Bratislavský Kraj	41.4	109	SK02	Západné Slovensko	24.5
67	PL5	Region Południowo-Zachodni	39.2	112	SK04	Východné Slovensko	23.2
68	EE	Estonia	38.9	113	RO3	Macroregiunea trei	20.4
70	PL1	Region Centralny	38.3	115	HU22	Nyugat-Dunántúl	20.0
74	CZ	Czech Republic	37.2	117	HU23	Dél-Dunántúl	19.3
79	PL6	Region Północny	34.7	118	HU21	Közép-Dunántúl	18.6
80	PL2	Region Południowy	34.4	119	HU31	Észak-Magyarország	18.5
86	PL4	Region Północno-Zachodni	33.4	120	HU33	Dél-Alföld	18.1
97	LT	Lithuania	29.3	121	RO2	Macroregiunea doi	18.1
99	HU10	Közép-Magyarország	28.4	122	RO1	Macroregiunea unu	17.9
100	HR03	Jadranska Hrvatska	28.2	123	HU32	Észak-Alföld	17.8
101	PL3	Region Wschodni	28.1	123	RO4	Macroregiunea patru	17.8
103	HR04	Kontinentalna Hrvatska	27.2				

Table 3 – The REDI index scores and ranking of the CEE regions; source: own edition

The CEE regions have been assigned into four groups according to their REDI Scores (Figure 3).

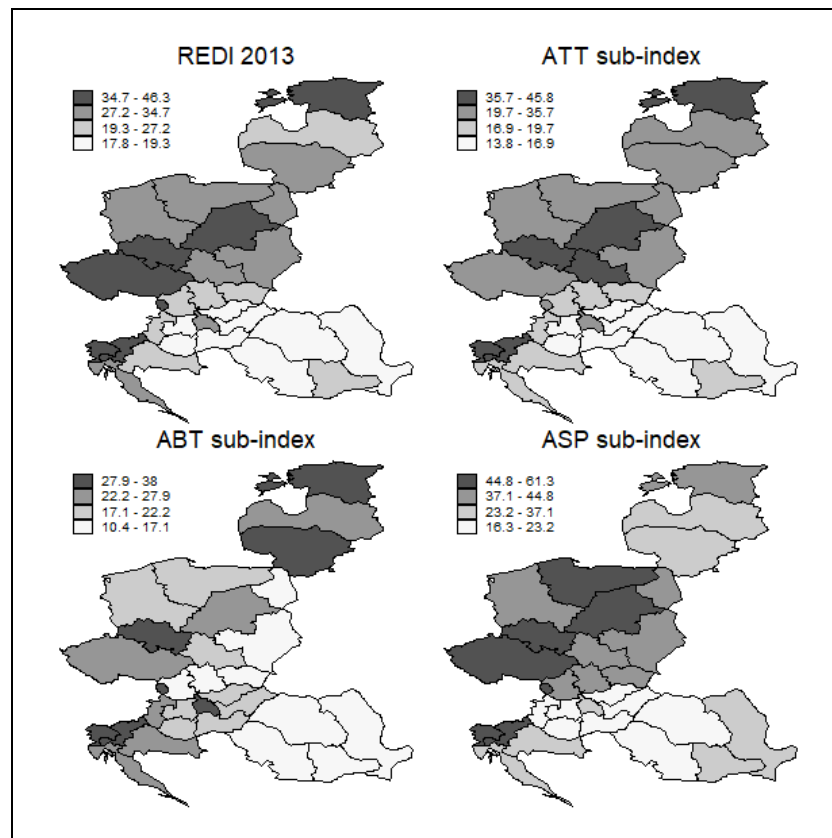


Figure 3 – REDI Index and its sub-index scores in CEE regions

Source: own edition

The Slovenian regions (Zahodna Slovenija and Vzhodna Slovenija), Estonia, Czech Republic, two Polish regions (Region Centralny and Region Poludniowo-Zachodni) and Bratislava's agglomeration (Bratislavsky kraj) belong to the first cluster that members perform significantly above the CEE average ("Outstanding CEE regions"). Although these territories represent relatively strong performance in each sub-index compared to other CEE regions, a few differences can be observed among the sub-index values. In comparison with the other group members, the Czech Republic shows relatively weaker performance in entrepreneurial attitudes and abilities, Bratislava represents weaker score in entrepreneurial attitudes and the Polish Region Centralny (PL1) has lower score in entrepreneurial abilities.

The REDI scores of the next cluster lag behind the best performing regions, but these are still above the CEE regional average. In these regions, at least one sub-index score is weaker as compared to their REDI scores. A weak sub-index value may refer not only to one or two weak pillars, but these values may also influence the whole entrepreneurship ecosystem of the region negatively. Compared to its REDI score, Lithuania shows weaker scores in entrepreneurial aspirations, while it has higher values in entrepreneurial abilities. A similar pattern can be observed in the case of the Hungarian capital city region (HU10 – Közép-Magyarország). Polish regions in this cluster have relatively good performance in entrepreneurial aspirations and attitudes, but their values represent weaker performance in entrepreneurial abilities than the other regions in this group. The Croatian regions are grouped in two different clusters. Jadranska Hrvatska (the coastal region) represents a marginally better performance in entrepreneurship than the continental region in Croatia. This difference may be explained by the role of tourism in the coast of Croatia and the economic poor territories in the Eastern part of Croatia.

Regions that belong to the third group have below average REDI scores. These regions have moderate in all of the sub-indexes. All of the Slovakian regions represent similar characters: they have moderate values in REDI and entrepreneurial attitudes, while their performance is relatively weak in entrepreneurial abilities and relatively strong in entrepreneurial aspirations. Western Transdanubian region (HU22 – Nyugat-Dunántúl) shows different character as other Hungarian regions, since its values are higher compared to other non-capital Hungarian regions, but it lags behind the scores of capital city region. The last group involves regions with the lowest REDI Index scores: three of the four Romanian and, and five of the seven Hungarian regions have been assigned to this group. All regions of Hungary and Romania can be found here, except the capital city's regions (Közép-Magyarország and Macroregionea Trei) and Western Transdanubia (HU22), respectively.

In sum there are only a few of CEE regions that reach the average value of Western European territories. Similar to the Western European pattern, the CEE capital city's regions perform much better than other regions (except Croatia). The entrepreneurial aspiration values of many regions are significantly higher than the scores in entrepreneurial attitudes and abilities. The low attitude values may refer to the lack of the adequate skills to perceive and exploit entrepreneurial opportunities on the one hand and the relatively low acceptance of the entrepreneurship as a high career status on the other hand. The low level of abilities may represent that the share of startups with high-technology level and highly qualified labor force is relatively low.

## CONCLUSION

According to the literature entrepreneurship plays an important role in the regional economic development. In this paper, we have attempted to discover the main attributes of the entrepreneurial performance in Central and Eastern European regions by the application of the REDI Index. REDI measures the entrepreneurship ecosystem on sub-national level in a complex way. We have found that Western and Northern European, highly urbanized regions perform the best. Central and Eastern European regions lag behind the Western and Northern European regions significantly. There are only few CEE regions that reach the European regional average value. These are mostly small countries or capital city regions and they are the best performing territories in the whole CEE region. The differences between the Western and CEE regions can be explained by the historical background on the one hand and the lack of the entrepreneurial attitudes and abilities on the other hand. The relatively good values in the entrepreneurial aspiration could only partially counterbalance the weak performance of the other two sub-indices.

There were some limitations of the research. The use of NUTS 1 data instead of NUTS 2 data hides some vital differences within the regions. Moreover, a more detailed analysis of the REDI's institutional and individual variables could also contribute to understand better the differences in entrepreneurship in the European regions. After clustering the regions it would be useful to determine some regions as benchmark examples and continue the research of the entrepreneurship ecosystem by a more detailed analysis. Such regional investigation may confirm the results of the REDI in the CEE regions.

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#### Visegrád photos

from left to right : (i) Pontoon Bridge, (ii) Visegrád Citadell, (iii) and (iv) Tournaments

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## NATIONAL STRATEGIES CONCERNING ENTREPRENEURSHIP EDUCATION AT UNIVERSITY LEVEL<sup>2</sup>

### ABSTRACT

Inclusion of Entrepreneurship education in the university curricula may be regarded either as an independent decision of university authorities or may be viewed in a broader context as stemming from developmental policies pursued by governments. In this chapter we take a closer look at the latter trying to link the current situation of entrepreneurship education in higher education institutions (HEIs) in Visegrad countries to strategies pursued by respective governments as well as legal framework of higher education in general. The key objective is thus to assess to what extent entrepreneurship education at university level is supported by strategic plans and legal actions of central governments.

The paper present the national entrepreneurship education policies and practices in the Czech Republic, Hungary, Poland and Slovakia.

**Keywords:** entrepreneurship education, higher education institutions, V4 countries

**JEL Classification:** L26, M13, O15

### INTRODUCTION

In order to achieve the above mentioned objective key strategic documents along with legal acts in each Visegrad country are being analyzed. Due to heterogeneity in terms of legal frameworks for higher education in the studied countries as well as different approaches to the development of country-wide strategies the following subchapters present a somewhat patchy picture. While in some countries entrepreneurship education was mentioned in general strategic documents concerning socio-economic growth, in others they were the topic of specific strategies concerning education, including higher education. Similarly, the differences in respect to legal framework were significant. While in some cases there are country-wide regulations which determine the extent of entrepreneurship education in HEIs, in other cases this is left to university authorities. The remaining part of this chapter is following: first the situation in each Visegrad country in respect to the studied research problem is presented and then some comparisons and conclusions are drawn.

#### 1. NATIONAL STRATEGIES IN THE CZECH REPUBLIC

In the presented subchapter we are briefly going to focus on strategic documents in relation to the development of education in the Czech Republic. The main focus will be on strategic documents for the development of education at universities in the period since the year 2011.

In the introduction it can be stated that, although entrepreneurship and education, or rather preparation for entrepreneurship, are favourite topics in the media and although there are strategic

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<sup>2</sup> Extract for the Entrepreneurship Education – Opportunities and Challenges for Universities in the Visegrad Countries, Plzen, 2016

documents supporting entrepreneurship and education available within the EU, in the Czech Republic hardly any strategic documents can be found that would significantly support entrepreneurship education.

The long-term plan of educational, scientific, research, developmental, innovative, and artistic or any other creative activity for the field of universities over the period of 2011 – 2015 only focuses on entrepreneurship in point 2.2 “Cooperation with practice”. It says:” The Ministry shall facilitate teaching entrepreneurship at universities.” Related recommendations - tasks for universities are as follows:

- To support entering scientific and technological parks, to build centres of technology transfer and entrepreneurship incubators;
- To create study programs/fields with regard to the requirements of employers;
- To invite experts from practice to the teaching process, to the creation of study programs, to get them involved in university authorities, in preparation of strategic concepts meant for universities (and also in research and development);
- To support internships/placements of students and academic workers in businesses;
- To develop career consultancies, to cooperate with businesses in the field of employing graduates;
- To create conditions for the spin offs within the academic community.

According to the above stated document mainly those EU development programs dealing with education for competitiveness should be the main support tool.

The National qualification framework of the tertiary education in the Czech Republic (2012) is a general but important educational document, where terms like “entrepreneurship and management” can be found no sooner than on page 112, in the section called economic fields. The specification of the field, however, focuses more on management than entrepreneurship:

“The field of entrepreneurship and management focuses on the education of experts who will be able to manage various types of organizational units in different stages of their life cycles, most often within businesses but also in non-profit organizations.” (The National qualification framework, p. 113)

In the general specification of the profile of bachelor level graduates the term “entrepreneur” can also be found.

In the document “Strategy of educational policy in the Czech Republic up to the year 2020” which was prepared mainly in the years 2013 - 2014 not a single sentence concerning entrepreneurship can be found. Subsequently, in the unfinished concept of the long-term strategy of the development of the educational system for the same time period, the word enterprise occurs several times in places where the cooperation of schools with other subjects is mentioned but terms like entrepreneurial activity or entrepreneurship cannot be found in the document at all, even though it relates not only to basic schools but also to secondary schools. It is obvious that the situation is no better in the above documents aimed at the development of universities in the Czech Republic.

Below is a new document meant for universities:

“The framework of the development of institutions of higher education up to the year 2020.” It is a document providing analytical and strategic solutions in the field of institutions of higher education for the operation program called “Research, development and education for the EU program in the period 2014 – 2015”.

Right at the beginning the above document draws attention to ET 2020 – Education and Training 2020 and it also introduces an important, below stated task:

To improve creativity and innovations, including entrepreneurial abilities, at all levels of education and vocational training.

Page 9 states: “The awareness of the necessity of developing students’ entrepreneurial spirit and interest in the entrepreneurial career of the prospective university graduates has been growing in institutions of higher education over the past years.” The document further refers to the national project EF-TRANS administered by the Ministry of Education, Youth and Sport. The methodology of entrepreneurial activities “Education for entrepreneurship” originated within the above project which aims at universities and which states, among other things, possibilities of creating of programs focused on entrepreneurial spirit and entrepreneurship. Mainly issues dealing with effective transfer of technologies and cooperation of institutions of higher education in the Czech Republic with entrepreneurs and research organizations were mentioned there.

In the above document the words, such as entrepreneurship and entrepreneurial activities appear relatively frequently, and, on page 77 there is even a subchapter:

“The development of entrepreneurial spirit and entrepreneurship”. In the form of a comparative study Eurostat data up to the year 2012 are used in the document. There are also references to the expert survey GEM 2011 which is relatively critical towards the preparation of entrepreneurs at universities, and that is also the field of interest even in our research study. It is stated there that “not only is the entrepreneurial spirit of Czech students underdeveloped but sometimes it is even subdued.” (p. 80). Appeal is made here to the application of the “learning by doing” approach and to the involvement of educators with experience in entrepreneurship.

The long-term concept of educational, scientific, research, developmental, innovative, artistic and other creative activities in the field of institutions of higher education for the period 2016 - 2020, which is a strategic document issued by the Ministry of Education (2015) also pays more attention to entrepreneurship.

In chapter 5 “Quality and relevant research, development and innovation” the following information can be found:

“Universities should foster educational activities in favour of facilitating creativity and entrepreneurial spirit of students and they should also increase the competencies of academic and research workers and the management of their research institutions with the aim of starting innovative entrepreneurial activities and transferring knowledge into practice so it may be applied commercially.”

Not only the competences for entrepreneurship are highlighted but even the entrepreneurial spirit of universities is mentioned here in relation to the implementation of the output of research activities and in relation to innovation. Partnership of universities with the entrepreneurial sector is highlighted here and even the creation of entrepreneurial incubators is supported in this strategic document.

The amendment of the Higher Education Act planned to come in force in the second half of the year 2016 might cause a significant change in this sense. It is going to provide a new system of accreditation and quality assessment of universities in the Czech Republic.

From the point of view of entrepreneurship, a new orientation of study programs can be seen as a significant change as it, according to the profile of bachelor or master study programs, can newly constitute the following programs:

- a professionally oriented program with stress on mastering practical skills necessary to exercise a profession supported by necessary theoretical knowledge, or
- an academically oriented program with stress on gaining theoretical knowledge needed to exercise a profession including the application of the above knowledge in creative activities and, at the same time, providing space for mastering practical skills.

At present we can only inform about the above prospective change. To see the impact of the amendment of the Higher Education Act we will have to wait for about 2 – 3 years until its real impact on the practice of our universities can be proved.

In conclusion to our contribution about the strategic documents of the Czech Republic in relation to university education we can restate what has already been stated in the introduction:

- on one hand entrepreneurship and requests for changes in orientation of universities towards entrepreneurial applications of the outputs of both the educational process but also of science can newly be seen in the strategic documents, but on the other hand this all may be handicapped by the below concept, which goes as follows:
- a stricter system of accreditations, mainly in the interdisciplinary study plans, with relatively high requirements for the quality of academic staff, is likely to represent complications in introducing educational innovations that the entrepreneurial sector requires.

## 2. NATIONAL STRATEGIES IN HUNGARY

"If it is to make a success of the Lisbon strategy for growth and employment, Europe needs to stimulate the entrepreneurial mindsets of young people, encourage innovative business start-ups, and foster a culture that is friendlier to entrepreneurship and to the growth of small and medium-sized enterprises (SMEs). The important role of education in promoting more entrepreneurial attitudes and behaviours is now widely recognised." This is how the executive summary of a study entitled *Entrepreneurship in higher education, especially within non-business studies* prepared for the European Commission starts (European Commission, 2008).

However, teaching entrepreneurship plays a key role in supporting and nurturing entrepreneurial spirit, whose importance has widely been acknowledged. The role of entrepreneurship has further been increasing by the altered economic environment as more and more fresh graduates from the higher education institutions of the European Union are seeking jobs while the labour market is unable to absorb them due to the large number of qualified job seekers who have lost their jobs. Consequently, the government has to find a cure for reducing unemployment of the graduates and thus, entrepreneurship is sometimes marked as a path to be followed for the students who are channelled to setting up small enterprises.

It is well known that education greatly contributes to the development of culture, especially entrepreneurial culture. In line with this, the European Union supports the idea that one of the primary tasks of higher education is the development of entrepreneurial mindsets and skills and also teaching entrepreneurship (European Commission, 2008).

With the introduction of the Bologna system the situation has improved and the number of higher education institutions offering entrepreneurial courses and trainings has been growing.

In accordance with the higher education regulations effective in Hungary, the content criteria of the higher education courses are stipulated by 15/2006 (3 April) Ministry of Education Decree on the qualification and training criteria of bachelor and master courses.

This decree also defines the general (not specific) characteristics (competences) that describe the levels of qualification provided by higher education together with the qualification and training criteria of the bachelor and master courses in higher education. The specific competencies imparted at bachelor and master courses include proper IT literacy and healthcare consisting of the basics of consumer protection, environment and safety management.

Part of the qualification and training criteria outlined by this decree is applicable first to students beginning their studies from 1 September 2006, involving full time, part time or distance education students, both on bachelor and master courses.

This decree can be basically regarded as a regulator and according to the researchers and specialists of this issue three distinguished statements can be made here.

- **It outlines competences** (the final result, the mission and the objective of the education process, i.e. how the students entering the system must be shaped) so

- **it defines objectives and requirements in such a way that both academic and labour market requirements are prevalent** (it induces and expects the connection between the two parties together with formulating and meeting their mutual expectations as the academic party is the expert of education and developing competencies and their pedagogy while the labour market one knows what 'product',

i.e. specialist they expect from higher education) while

- **it does not control the method and the instrument** (i.e. after catering for the qualification requirement it does not stipulate what and how to teach so the autonomy of the university prevails and it makes the flexibility of the training programs possible by using individual solutions and special features).

The national qualification framework does not follow the former principle of content and/or process-like regulation and concentrates on learning outcomes as well as the acquired competencies and the development of skills.

It is interesting to note that some competencies and skills, except a few, are consistently similar in the qualification and training requirements of the different areas of science. They include language knowledge, IT and communication. Very recently, learning outcomes related to entrepreneurship and management have been added although this is a provisional proposal and if accepted by authorities may become effective as of the second half of 2016.

Thus, according to NQF in addition to the acquisition of the basic scientific knowledge in their main field of studies, the graduates should also acquire other, supplementary knowledge and skills which would be useful for the job market.

Entrepreneurship education might be linked also with academic programs in the field of business and economics. Between 2005 and 2015, 193 accredited training programs in this area were offered in Hungary, of which 10 bachelor and 14 master courses were in foreign languages.

Out of these 193 training programs:

- 19 refer to economics,
- 67 refer to business administration and enterprise management,
- 51 programs refer to trade and procurement,
- 24 programs refer to international economics,
- 32 programs refer to finance and accountancy.

It is recommended that study programs in the field of business/economics include the following subjects and modules:

- compulsory modules: the most necessary ones that are inevitable (e.g. management, corporate functions etc.);
- supporting modules that provide additional knowledge (e.g. mathematics, statistics)
- organizational and communication modules (e.g. learning skills, team work, rhetoric etc.);
- specialized modules /major-minor / optional subjects (that can be selected by the student and which can be classified based on corporate functions (e.g. logistics, finance, marketing), type of company (small enterprise, multinational company), geographical location (Europe, Asia etc.) or business sectors (services, pharmaceutical industry, automotive industry etc.);
- transferable skill modules that improve competencies aimed to bridge the gap between theory and practice (e.g. work experience, business games, project work etc.).

It is notable that although small enterprise management is mentioned among specialized modules, entrepreneurship as such is not mentioned in any of these groups of subjects/modules.

Nevertheless, after the introduction of 2006 law in Hungary, the offer of courses related to entrepreneurship has become broader and available to a greater number of students. Those engaged in business education can acquire deep managerial knowledge and the basics of entrepreneurship especially due to their subject entitled Business administration.

Among courses which increase entrepreneurship-related knowledge one can list, for example. business planning, corporate finance, management etc. However, these courses although contributing to knowledge, do not improve skills. This is due to their content and methodology which places too much stress on theory at the expense of practice. Additionally, one needs to notice that in addition to knowledge and skills, learning outcomes should focus more on entrepreneurial mindset, the support of which should be especially important in a country where the public attitude and mood was against entrepreneurship for a long time. This latter objective cannot be met by merely inserting subjects in the curricula, although the traditional academic subjects also have a significant role in arousing the students' interest in training programs and courses with more details on entrepreneurship.

The analysis of strategic documents focused on the key strategic document on higher education entitled 'Stepchange in higher education'. This document serves as a guideline for the forthcoming 15 years designating the objectives and tasks that the performance-oriented Hungarian higher education would require.

The objective of transforming higher education is to establish a more planned and organised system of higher education in the forthcoming decade that is able to meet both social and economic challenges in line with the global changes and the long-term objectives of the government.

The concept marks the following five directions.

- creating cooperation and competitiveness within and outside the system of higher education institutions,
- establishing a training structure in line with labour market requirements,
- establishing higher education of academic values based on scientific excellence,
- ensuring the background for research, development and innovation guaranteeing the innovation activity of the Hungarian economy, and
- establishing a system of institutions meeting and complying with the objectives.

While the analysed strategy does not refer directly to entrepreneurship education, one could infer from the above mentioned key directions that entrepreneurship education might be important for matching training programs with labour market requirements. The changes in the NQF which are expected in the second half of 2016 might be instrumental in increasing the match between training programs and market needs.

The ambition of the Hungarian government is to establish one of the best higher education systems in Central Europe by 2030, which will provide quality education and offer competitive trainings being able at the same time to attract external funding sources. Hopefully the entrepreneurship education might become one of the tools that would allow to increase the match between study programs and labour market needs.

### **3. NATIONAL STRATEGIES IN POLAND**

The importance of entrepreneurship education has been noted in Poland for over ten years. Students of Polish high schools and gymnasiums (junior high schools) are obliged to participate in classes pertaining to entrepreneurship. The situation of entrepreneurship education at the university level is, however, different. The purpose of this subchapter is to analyse the institutional environment of education for entrepreneurship at the university level. Specifically, national qualification framework as well as key strategic documents will be reviewed in respect to their reference to entrepreneurship education at the university level. This will provide an overview of legal framework for teaching entrepreneurship and also throw some light on the actual priority of entrepreneurship education in HEIs for public authorities.

National Qualifications Framework is a key document introduced in 2011 by the Polish Ministry of Research and Higher Education (Rozporządzenie Ministra Nauki i Szkolnictwa Wyższego z dnia 2 listopada 2011 r., DzUst. nr 253, poz. 1520) which defines learning outcomes for all areas of study along three dimensions: knowledge, skills and social competences. These learning outcomes are defined for seven general areas of study: Social Sciences, Precise Sciences (e.g. Mathematics), Natural Sciences (e.g. biology), Technical Sciences, Medical (human) Sciences, Agricultural, Forestry and Veterinary sciences, Arts.

Learning outcomes for most of the listed areas of study refer to entrepreneurship at the knowledge and social competences dimensions. In most cases learning outcomes concerning knowledge state the following: (Graduate) "knows general rules of establishing and developing individual entrepreneurship forms, leveraging knowledge from the field of science relevant for the program of studies". As far as social competences are concerned, learning outcomes often state the following: (Graduate) "can think and act entrepreneurially."

With some minor modifications such learning outcomes have been defined for most areas of study apart from Humanities and Arts in case of which learning outcomes do not refer to entrepreneurship in any direct way. One needs to note, however, that while learning outcomes generally defined by the Ministry should be reflected in learning outcomes for particular study programs defined at university level they are not exactly obligatory. As a result, universities may skip learning outcomes related to entrepreneurship education, provided that they offer rational reasons. It is also noteworthy that only some of the exemplary learning outcomes for selected study programs issued by the Ministry include references to entrepreneurship education. Thus, introduction of entrepreneurship education into study programs depends to some extent on decisions of individual universities.

While entrepreneurship education at the university level depends mostly on the decision to cover relevant learning outcomes in study programs, other strategic documents issued by the Public Administration affect both perceptions of the relevance of entrepreneurship education and availability of specific support actions and funds. Therefore it is important to screen the most important documents in order to assess what is the priority of entrepreneurship education for Public Administration.

Mid-term National Development Strategy 2020 (Council of Ministers 2012) (later referred to as NDS) refers to entrepreneurship as one of the drivers of social welfare, faster growth as well as development of an efficient and effective state. NDS refers to creative and innovative attitudes among various social groups, such as rural communities and academic communities. Referring to commercialization of research NDS make an important statement: "Basic courses on entrepreneurship, innovation and management processes related to intellectual property rights should be available in all areas of academic studies."(p.66)

Additionally, one of the strategic tasks of the State in the 2020 perspective is: "Strengthening the social capital at the local level by raising awareness of the benefits of cooperation and shaping pro-social and pro-entrepreneurial attitudes."(p.142)

Even if the role of entrepreneurship education could still be more pronounced in the NDS, ones has to admit that this document does address this issue.

Unfortunately, the analysis of other strategic documents which should reflect NDS goals at a more detailed level for specific domains, such as human capital, social or regional development, reveals lack of consistency between NDS and these domain-specific strategies in respect to entrepreneurship education.

Human Capital Development Strategy (Ministerstwo Pracy i Polityki Społecznej 2012) refers, in several places, to supporting entrepreneurial attitudes among young people, including students. It does not refer, however, to education that would develop knowledge or skills needed for entrepreneurship but focuses solely on entrepreneurial attitudes.

Social Capital Development Strategy (Ministerstwo Kultury i Dziedzictwa Narodowego 2013) takes a very narrow point of view of entrepreneurship referring primarily to social entrepreneurship and entrepreneurship in the field of culture and environment. This narrow perspective could be explained by the fact that Ministry of Culture and National Heritage was the key coordinator of this strategy. Nevertheless,

this document clearly lacks reference to social competences needed by potential entrepreneurs, an issue clearly related to social capital.

Entrepreneurship education aimed at developing entrepreneurial skills is mentioned by **Strategy for Innovation and Efficiency of the Economy "Dynamic Poland 2020"** (further as SIEE) (Ministry of the Economy, 2013). This strategic document, within objective 2 of this strategy (stimulating innovation through increase in knowledge and labour efficiency) refers to the development of modern academic staff, providing incentives to creating partnerships with the business environment among others by: "... promoting skills related with entrepreneurship, management and innovation among students and scientists". (p.89)

SIEE refers, in several places, to supporting entrepreneurial and innovative attitudes as well as promoting culture of entrepreneurship and innovation. It also links innovation with entrepreneurship, regarding the latter as the precondition for innovation. Culture of innovation is to be developed by means of fostering innovative academic entrepreneurship culture, i.e. by: "including modules on entrepreneurship, innovation and commercialisation of technologies in university curricula and involving experienced practitioners in the process of supporting academic entrepreneurship (lectures, teaching, coaching)". (p.100)

SIEE has also a broad vision of developing this academic and innovative entrepreneurship culture referring to cooperation with such institutions as academic incubators, techno parks, and venture capital. It mentions also an important role of entrepreneurs who could contribute to the shape of education system as well as active participation in teaching programs. Overall, despite several notable references to entrepreneurship skills and attitudes, it seems again to focus more on attitudes and culture than on specific skills and when it does refer to skills informal approaches to learning entrepreneurship, by means of traineeships, entrepreneurs and supportive institutions, seem to be preferred over formal entrepreneurship education as part of university curricula. Perhaps this could show certain distrust towards academic staff and its competences related to entrepreneurship education and more broadly its capability to deliver practice-oriented education.

Three other strategic documents have been analysed: Lifelong learning perspective (2013), Program for Higher Education development 2015-2020 (Ministerstwo Nauki i Szkolnictwa Wyższego 2015) and National Strategy of Regional Development 2010-2020 (Ministry of Regional Development, Warsaw, 2010). None of these refers directly to entrepreneurship education. While the first of these strategies refers to practice-oriented education and developing practice-oriented skills as well as entrepreneurship, the issue of entrepreneurship is mentioned mostly in relation to cooperation with business. Both LLLP and PHED mention relevance of academic incubators but otherwise ignore entrepreneurship education.

In conclusion, while both the Polish National Qualifications Framework and some of the strategic documents make references to entrepreneurship education, there is lack of consistency in the approach to this issue. Humanities and Arts are left out from entrepreneurship education while in case of other areas universities have a substantial freedom in shaping their curricula. Considering a limited number of lecturers prepared for handling classes in entrepreneurship there is a possibility that inclusion of entrepreneurship education in the curricula may depend upon availability of such lectures among university academic staff. As far as strategic documents are concerned, while some of them, in particular National Development Strategy 2020 as well as Strategy for Innovation and Efficiency of the Economy, made references to entrepreneurship education, also at university level, some other strategies like Human Capital Development Strategy or Social Capital Development Strategy made almost none of such references. This shows that little consistence in this respect exists in strategic documents. It also suggests either low priority of this particular objective for Poland's authorities or low level of coordination in respect to strategy formulation. Finishing one should also mention that strategic documents referred to practice-oriented education as well as cooperation with business and business environment institutions. There was very little reference, perhaps apart from Strategy for Innovation and Efficiency of the Economy, to the involvement of academic staff in entrepreneurship education. While support of entrepreneurs and business environment institutions undoubtedly contributes to the value of teaching, there should be some systematic effort on the part of the State to support academic staff in increasing its capabilities in teaching entrepreneurship, or more generally, teaching focused on business-related skills.



#### 4. NATIONAL STRATEGIES IN THE SLOVAK REPUBLIC

The main attention on the development of entrepreneurial education is devoted at the universities with faculties, which are oriented into management and economics. This orientation is done based on the strategy documents from the national till regional educational level. The goal of this subchapter is to describe the development of the entrepreneurial education at the university level. This goal is followed from the long – term plan, which consists of seven parts based on the Millennium – National Program of Education in the Slovak republic in the nearest 15 – 20 years.

The first part deals with the mission of higher education and its fulfilment, second to fifth sections deal with the sub-areas of university policy, taking into account the structure of financing public universities, the sixth part deals with crosscutting and other activities of universities and the last section is a summary of the activities of the ministry.

The second to sixth section are designed brief denomination of the current situation, defining the goals of the Ministry in the area and the appointment schedule of specific tasks that the Department will ensure the implementation of the plan in the area. More detailed information on the current state of higher education in the Slovak Republic is not subject of this document, but is listed in a separate document whose ministry in the preparation of the long ministry based.

In formulating tasks ministry reflects the fact that universities are autonomous and self-governing institutions. A number of tasks that the Department will initiate will be based on voluntary participation of universities and colleges suitable incentives for sharing on their implementation, in particular through financial instruments. Deductions fulfilment of a long- term plan, the integration of the ministry in the annual reports on the state of higher education in subsequent years, which are negotiated by the government.

The Ministry determined in the coming years in the development of state policy in the field of higher education. Based on the results of the performance of sub-tasks, the Department will annually update a long-term plan of the Ministry and the same will be updated according to the actual needs of the specific tasks of the Ministry in the coming years. **In pursuing long-term objective of the Ministry is necessary to take into account the complexity of the higher education system and the need for partnership (ministries, universities, employers, students) on the success in achieving individual goals and tasks.**

The successful implementation of the various tasks of the long-term objective of the Ministry and the other above mentioned documents can be expected:

- taking into account the needs of high school students (in terms of content and methods)
- higher education partnerships with employers and graduates,
- motivating academic environment (less administration, partnership approach in education, client's access to the students)
- open universities (disclosure, promotion of public interest in the activities of public universities)
- a prestigious position as a university lecturer (strengthening competition in the staffing of university teachers and conducive environment to operate in high school)
- higher education more accessible through a more effective system of social support,
- a more stable environment for college (multiannual funding)
- regularly analysed and forecasted conditions for operation of universities

#### **Definition of Global Education in relation to the Entrepreneurial Education in Slovakia**

Global education can be defined like the education, of which main attention is devoted to the global context. It means that all global topics are taken into account from the viewpoint of deeper understanding of problems and topics in relation to the world. The global education motives the people for responsibility and

educates to the understanding of values of global citizen from the viewpoint of the National Strategy for Global education in SR within 2012 – 2016.

### **Principles of global education**

To achieve the goals of global learning in relation to the understanding of the entrepreneurial education, there is important take into account the following principles:

- Global responsibility - responsibility for their actions and the world that we affect it.
- Solidarity - solidarity with people living in difficult conditions and willingness.
- Participation - active and informed participation in the solution of problems and conflicts.
- Interconnectedness - awareness of global interconnection and links among local, regional and international affairs.
- Cooperation - equal partnership among economic developed and developing countries.
- Social justice and equality - respect for the human rights and equal opportunities for all.
- Openness and critical thinking - critical approach to information and skills of critical judgment and informed decision-making.
- Sustainable development - to adapt the lifestyle aimed to maintaining and improving the environment for future generations.

Proposal – key findings for comparison:

- comparison of national strategy of education in each of V4 countries from the point of view of mission and vision of universities (faculties)
- definition and principles of global education at the selected V4 universities
- key actors of global education (relation among ministry, university and employers)

From this point of view, we can give the question: Are teacher training students internationally mobile? We can find the following answer as it is seen in the EUROSTUDENT project, which collates comparable student survey data on the social dimension of European higher education. It focuses on the socio-economic background, living conditions and temporary international mobility of students. The project strives to provide reliable and insightful cross-country comparisons. The data presented below stem from the fifth round of EUROSTUDENT and were collected between the years 2012 and 2014. The data are preliminary and may still be subject to minor changes as we can find in EUROSTUDENT (2016).

### Case study:

Entrepreneurial Education at the Faculty of Economics and Management at the Slovak University of Agriculture in Nitra, Slovakia

At the beginning of submitted subchapter we wrote, that with the problem of the entrepreneurial education have dealt, mainly the universities with the orientation into economic and managerial study programs. We would like to submit an example of the Faculty of Economics and Management like Programmes in relation to Accredited Programs at the FEM SUA in Nitra. The Slovak University of Agriculture in Nitra has developed an internal system of quality and implemented it according to ISO 9001: 2009, which is binding for all faculties and departments at SUA. Standards and guidelines for quality assurance in the European Higher Education Area (Standards and Guidelines for Quality Assurance in the European Higher Education Area - ESG) are applied in the learning process. The internal quality assurance based on European standards and guidelines includes: policies and quality assurance procedures, approval, monitoring and periodic evaluation of study programs and degrees, student assessment, quality assurance of higher education teachers, physical security, technical and information resources to support student learning, information systems and public information. The faculty has elaborated methodology for evaluating the

quality of education in curricula and has developed guidelines on the documentation of a direct measurement of the quality of study programs. Quality assessment of the educational process is organized by the Faculty Council of Quality to ensure quality education for faculty (MCRC) and the Commission for Study Programs (CRM), appointed by the Dean. The main goal of the Commission is to evaluate the ongoing process review of the educational process, the educational experiences of students and logistical support. One of the basic aspects of evaluation is self-evaluation of the faculty in connection with the strengths and weaknesses of the educational process. Based on self-evaluation report the action plan how to improve the educational process was drawn up. The self-evaluation report and action plan for improvement of the educational process are approved by the faculty management and are published on the website of the faculty (Fakultná rada kvality, 2016). Ongoing, final and comprehensive evaluation of obligatory, additional and selected subjects at both Bachelor and Master levels is managed by Study Rules of the Slovak University of Agriculture in Nitra. The conditions are specified in the information sheets for individual subjects in following study programs. It means that the Faculty of Economics and Management offers undergraduate and postgraduate programmes in Slovak and English (Horská, Ubrežiová, Palková, 2015).

The modernization process in higher education in the Slovak Republic is to increase the attractiveness of the Slovak universities, not only for the domestic business sector, but in different forms and for the rest of the world. Increasing attractiveness is particularly increasing the quality of science education. The Slovak universities have become more attractive for domestic and foreign capital from in relation to invest in joint projects leading to innovative products with a high proportion of human creative work easily applicable to domestic as well as international labour market. On the other hand to increase the attractiveness in the academic field, in particular to enhance cooperation in carrying out research projects in collaboration with foreign universities, conduct joint study programs, increasing mobility between Slovak and foreign universities, including students and university teachers (Czegledi, Juhos, 2013). When we are talking about adaptation of the graduates from the Slovak universities, we have taken into consideration the profile of the graduates. Profile of the graduates has explained the necessity how:

- to innovate in many fields,
- to adapt to the requirements of employers and rapid social changes.

In general, the employers expect from the graduates mainly:

- professional knowledge and practical skills for specialized professional activities in the small and medium sized enterprises and big companies,
- long-term sustainable performance and initiative (including overtime),
- flexibility and stability to identify and solve the problems,
- satisfaction from operating activities,
- lifelong learning,
- the ability of social interaction with progressive formation of human relationships,
- the ability to communicate in a foreign language,
- other requirements arising from the firm culture and business scope.

In terms of social practice, it is necessary to create the greatest possible consistency among:

- the existing structure of jobs in the economy and preparing skilled employees for the knowledge society defining sectoral priorities,
- the knowledge requirements of graduates from employers, which are often focused on narrow, specialized activities and the requirements that the acquired knowledge can graduate high school used in other professions and professional activities, such as departure of foreign employers for new labour markets,

- social expectations of the content of education graduates and employers' demands so as to avoid excessive early professional specialization, which allows to employ lifetime only a small group of professions and activities, or in order to avoid it too late, which in turn leads to a lack of preparedness the pursuit of professions or professional activities following the end of the training.

## 5. DISCUSSION AND CONCLUSION

The position of entrepreneurship education in the higher education system depends on the supportive institutional climate. This in turn depends on legal regulations which may enforce or strongly encourage introduction of this education into university study programs but also on the public discourse around this issue. Strategic documents issued by governments and referring to higher education but also to other topic relevant for economic and social growth are of special importance in this respect. They communicate governmental plans and strategies and thus may prepare and potentially encourage other stakeholders to support this education. Public administration at both the central and regional level as well as university authorities may take actions targeted at increasing access to entrepreneurship education if they expect that such actions may receive public support in the future.

As far as the regulatory framework concerning higher education in V4 countries is concerned, all four V4 members embrace national qualifications frameworks. However, at this stage the Czech Republic, Hungary and Poland have defined learning outcomes as part of their NQFs while in Slovakia the system is at a less advanced level. Thus it is possible to determine the legal framework of entrepreneurship education in the three above mentioned countries but not in Slovakia. The situation of entrepreneurship education and reference of learning outcomes to this education is very different in the studied countries. In Poland learning outcomes refer to entrepreneurship education in relatively the greatest number of fields of study as only humanities and arts do not have learning outcomes related to entrepreneurship education. In case of the Czech Republic, on the contrary, only business and economics related fields of study possess learning outcomes referring to entrepreneurship education. In case of Hungary the situation seems to be in the transition. While, currently, entrepreneurship is somehow referred to in the fields of business and economics, though not very extensively, it is foreseen that at the end of 2016 all fields of study will refer to practical skills that will increase graduates' chances on the job market, and also skills related to entrepreneurship and business.

As far as strategic documents are concerned, the situation is relatively difficult to compare. The Czech Republic, Hungary and Slovakia have relatively extensive strategic documents referring to higher education while in case of Poland this document is relatively short. This might explain why in the former group of countries the strategy referring to higher education make certain references to entrepreneurship education while in the case of Poland the issue is not mentioned. In turn when analysing the broader range of Poland's strategic documents it turned out that there is certain inconsistency between major strategies. On the one hand, the development strategy and strategy for innovation refer to entrepreneurship education regarding it as a precondition for future growth, while strategies of human and social capital hardly mention it.

All in all, strategic documents analysed in the scope of the analyses of V4 countries indicate that entrepreneurship education is not treated as a priority by V4 governments. This calls for reflection whether other strategies of these countries can be achieved without a major change in the mentality as well as entrepreneurial skills of university graduates. Moving along the path of growth based on knowledge requires entrepreneurs with a high level of knowledge and skills. If university graduates could combine their functional knowledge of their specific field of study with the willingness and skills to undertake entrepreneurial activity, strategies aimed at strengthening innovation and SME sector would be supported substantially. Our findings indicate that much more needs to be done in order to create an institutional climate supportive for such objectives.

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**FROM EUROPEAN INTEGRATION TO EUROPEANISATION: TOWARDS INCREASING COMPETITIVENESS OF THE EUROPEAN UNION**<sup>3</sup>**ABSTRACT**

The chapter is a kind of a summary of the achievements of the European Union as the international organisation in the field of economic integration. The chapter aims at presenting the integration processes in Europe in retrospective approach from European studies on integration to Europeanisation processes in Europe and beyond. The chapters reveals the integration processes within the EU from the very new perspective in European studies, that is from the perspective of Europeanisation. The conclusions are based on the literature review and observations, and the whole chapter is mainly of a theoretical and conceptual character.

**Keywords:** European Union; economic integration; competitiveness; Europeanisation

**JEL classification:** F15

**1. INTRODUCTION**

The European Union faces serious challenges not only to its internal problems, but above all to its future on the international scene. These fears are not only expressed by opponents of European integration, or by sceptics who have always expressed them, but also by their supporters, which is definitely a disturbing symptom. The current image of the European Union and the challenges it is currently facing, was well captured by Giddens (2007). Does it mean that further Europeanisation is threatened? Certainly, the times in which we live and work are interesting and at the same time current times create huge challenges for modern economies and business.

The main objective of this chapter is to show the way that the integration theory went through from the basic concepts of integration to the Europeanisation processes and creating the Grand Europe in the modern world economy. The study is based mainly on the literature review and its critics, nevertheless to illustrate some tendencies the secondary statistics were used.

**2. EUROPEAN ECONOMIC INTEGRATION AS THE ROOTS**

In the discourse on the phenomenon of European economic integration or Europeanisation, the taxonomy of the conceptual apparatus is not univocal, its systematic, and sometimes the lack of it, leaves much to be desired, which from the present time perspective is emphasised by Holzinger and Schimmelfenning (2012, p. 292): “it is astonishing how poor our research and knowledge about the phenomenon is”. Precise determination, and sometimes even delimitation of such related terms as Europeanisation, Europeification, EU-isation, Euroisation, Europeism, or the European integration itself has the key significance for the scientific analysis and research into the Europeanisation process.

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<sup>3</sup> This chapter is extract of research project No. 061/WE-KHZ/02/2017/S/7061 entitled “onkurencyjność międzynarodowa w perspektywie makro, mezo i mikro” (International competitiveness from the macro, meso and micro perspectives) financed from the funds allocated to the Faculty of Economics and International Relations of the Cracow University of Economics in the framework of grants for maintaining research potential. This chapter is the modified extension of (Wach, 2012, pp. 137-183). It is an excellent teaching material for V4 policymakers, students and internationally oriented entrepreneurs.

The term integration itself may be variously formulated depending on the research perspective, e.g. integration in the management studies is something different and in economics it takes on a different meaning. The issue becomes even more complicated if we consider interdisciplinary research perspective, even with regard to the European integration itself into which the research is conducted in numerous scientific disciplines. The phenomenon is seen differently by a sociologist, a culture expert, a political scientist, and still differently by an economist. The link connecting all definitions is the significance of the term integration itself which etymologically stands for the process of creating the wholeness from individual parts and is identical with the term of consolidation or unification. From the point of view of the undertaken research topic, the main emphasis will be put on economic aspects, both in the macroeconomic and microeconomic dimension, and also, wherever it will be possible and desired, from the perspective of the management studies. From the historical and merit point of view, Diez and Wiener (2009, p. 6-7) distinguish three phases in the development of European integration theory (Table 1).

Within the scope of defining economic integration, after Jantoń-Drozdowska (1998, p. 9) we can distinguish two basic streams of views, the first of which treats integration as a form of international economic cooperation, whereas the other one defines it “as a totally new quality which has replaced the structures existing so far”, but we can have an impression that with regard to the European Union the other stream, the main representative of which is Balassa (1962, p. 2) or Molle (2006, p. 4), prevails now. Integration occurring in the regional dimension is according to Pietrzyk (2009, p. 31) identified *de facto* with the phenomenon of regionalisation, and *de jure* with the phenomenon of regionalism, which are occurring now in the world economy, concurrently with globalisation. The first one stands for “more intense economic links between countries belonging to the same economic zone”, and the other one concerns the institutional and instrument dimension.

**Table 1. Three phases in integration theory**

Phase	When	Main themes	Main theoretical reference points
Explaining intergation	1960s onwards	How can integration outcomes be explained? Why does European integration takes place?	Liberalism, realism, neoliberalism
Analysing governance	1980s onwards	What kind of political integration is the EU? How can the political processes within the EU described? How can the EU's regulatory polivy works?	Governance, comparative politics, policy analyses
Constructing the EU	1990s onwards	How and with which social and political consequences does integration develop? How are integration and governance conceptualised? How should they be?	Social constructivism, poststructuralism, international political economy. Normative political theory. Gender approaches.

*Source:* Diez and Wiener, 2009, pp. 7

On a high level of generality (*sensu largo*), Molle (2006, p. 4) understands the European economic integration as gradual elimination of economic borders between independent member states, as a result of which the economies of those states start to function as a whole. Although economic integration has far-reaching historical connotations, sometimes even of fundamental significance for the correctness of the interpretation of this phenomenon, it structuralised as a scientific notion only after the Second World War. From the methodological point of view, economic integration must be analysed applying both the dynamic approach (as a process) and the static approach (as a state) but, as Molle (2006, p. 4) emphasises, that last approach will be able to be fully applied as soon as the economic integration process goes through all its stages and achieves its goal. The issue is seen differently by Jantoń-Drozdowska (1998, p. 9) who stresses that “what results from the empirical observation is that the state of integration must be treated as a goal because achieving the total complementarity in the case of dynamic elements is not possible”. An analysis of the integration process itself and the related processes requires from the researcher a versatile grasp of this issue,

and the static perspective may be highly applicable, for example in the research into the measurement of the level, stage or intensity of the European integration process (compare for example Table 2).

A significant division of regional economic integration was made by Bożyk (2008, pp. 330-331) distinguishing international and supranational integration. The result of the first one is only the limitation of exercising sovereignty by the member states (without losing it), and the integration party concentrates on the coordination of the member states' activities. On the other hand, supranational integration is related to the issuance of obligatory decisions, recommendations, decrees or directives by the institutions of a given integration party with relation to their member states.

Tinbergen (1954, p. 95) according to the integration method introduced the classification differentiating functional (negative) integration and institutional (positive) integration. The first one consists in the abolishment of barriers in the flow of the factors of production and goods, which means that integration occurs via the market mechanism. On the other hand, the other one consists in the harmonisation of the economic policy by a supranational institution (Borowiec 2011, p. 19), integration takes place here by the impact of institutional factors and the policy supporting integration. In practice, there is a third model - sectoral integration which "defines the integration only in the selected segments of economy" (Żołądkiewicz, 2012, p. 177), and the integration process begins from the branches in which it is relatively easiest and/or most beneficial.

Tinbergen (1954, p. 95) goes furthest in his views. He identifies economic integration with delegating by signatories of a specific integration formation their powers with regard to the regulations of the economic policy to the supranational centre, in the effect of which we deal with stricter international coordination and the unification of the economic policy the result of which can be the achievement of the highest stage of the integration process according to Balassa<sup>4</sup> – political unification in the form of federation or confederation (Table 2).

Here, we can and even should separate the political union from the full economic integration. The first one will be treated as *sensu stricto* unification of politics, and the other one will be related to one supranational politics, and they will be characterised by different means to achieve these goals (Kawecka-Wyrzykowska 1997, quoted in Bożyk 2008, p. 335). Interesting scenarios of reaching full economic integration are described by Misala (2005, pp. 457-459 quoted in Żołądkiewicz, 2012, pp. 188-190). On the one hand, he uses two models of the integration concept, the supranational and the international model mentioned before, and as the other criterion he considers economic or political factors of the realisation of the full integration concept. These are: federalism, confederalism, functionalism and neofunctionalism, which are included in the classical solutions. We should extend this catalogue by, for example, intergovernmental approach or contemporary theories of European integration, such as: institutionalism, multi-level governance or, for example, constructivism.<sup>5</sup> Schmitter (2004) offers a much wider classification of integration theories (Figure 1).

Using the same methodological assumptions with regard to the stages of economic integration and the forms of integration policy, the European integration process from the retrospective point of view can be synthetically divided into five periods, and adding a prospective perspective, extended by one more, sixth period (Table 3), which allows to treat the European Union at present as the "pro-federal" structure – a platform of the mass transfer of policies on the supranational level (Nowak & Riedel 2010, p. 222). The division of the economic integration process into stages, as Barcz, Kawecka-Wyrzykowska and

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<sup>4</sup> Béla Balassa (1996) distinguishes the following stages of the integration process: 1. Free trade area; 2. Customs union, 3. Common market, 4. Economic and monetary union, 5. Economic and political union (total economic integration).

<sup>5</sup> A detailed overview of the theories and models of the European integration can be found in the work (Cini et al. 2003) whose Chapters 5-8 concern individual theories and theoretical approaches.

Michalowska-Gorywoda (2012, p. 23) rightly observe, is purely theoretical because in practice these stages do not have to occur either separately or alternately, and very often they simply overlap. Most often, however, the stages overlap.

Integration level		Characteristics	Examples of implementation
(0) Trade agreements (regional autarky)		Bilateral trade contracts	Japan (before the creation of ASEAN)
(1) Free-trade zone		as above and abolition of customs duties and quotas	EFTA, CEFTA, NAFTA, AFTA, CISFTA
(2) Customs union		as above and common external customs tariff	Mercosur, EUCU – European Union Customs Union, CUBKR, CAN – Andean Community of Nations
(3) Free market		as above and free flow of production factors	EEC/EU before the introduction of the monetary union EEA (common market without common customs tariffs),
Economic and monetary union	(4a) economic union	As in stage three and harmonisation of economic policy	Benelux Economic Union (until 1957), EU (although not in full scope)
	(4b) monetary union	As in stage three and introduction of common currency and common central bank	EU to some extent: Euro-zone with European Central Bank
	(4c) fiscal union	As in stage three and harmonisation of taxes resulting in submitting tax sovereignty to the supranational level	EU to some extent
(5) Economic and political union		As above and political unification within the framework of a supranational institution	Does not occur in the contemporary world economy (profederal character of EU)

Source: own study based on (Crowley 2001, p. 5).

**Table 2.** Stages of economic integration in the modified approach by B. Balassa

**Figure 1.**

Main theories in economic integration according to Schmitter

Source: (Schmitter, 2004, p. 48).

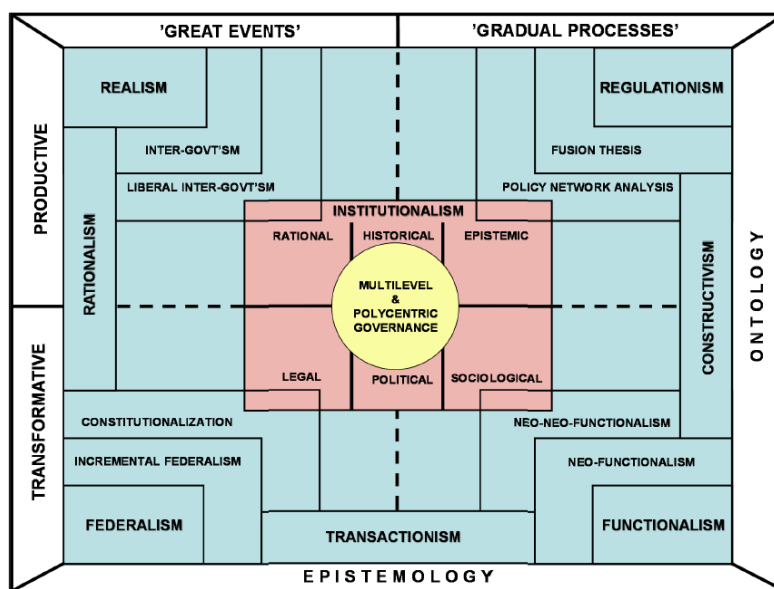




Table 1. Stages of the European economic integration in the years 1945-2016

Period	General characteristics	Institutional characteristics	Economic characteristics	Territorial expansion	Integration level
1945 – 1957	Beginning of the realisation of the European integration concept	Organization for European Economic Cooperation (1948), European Coal and Steel Community (1952), European Defence Community (1952), Western European Union (1954)	Bilateral and Multilateral trade Agreement, Common market of coal, steel & iron (within European Coal and Steel Community from 1952 until 2002)	Various countries of Western Europe (depending on the agreement)	Regional autarky, Free trade zone, Custom Union, Common market
1958 - 1969	Building the foundation for integration	European Economic Community (1958), European Atomic Energy Community (1958)	10-year (it was supposed to be a 12-year) period of abolition of import and export duties among the member states, from 1 July 1968 creation of common customs tariff in trade with third countries	EEC-6 (1958) founding states: - Belgium - Holland - Luxembourg - France - Italy - West Germany	Towards the free trade zone and customs union
1970- 1985	Strengthening of economic ties	European Free Trade Association (EFTA), so-called merger treaty: Council of Ministers, Commission of European Communities (1965), European Council (1974), from 1972 general elections to the European Parliament, from 1978 ECU within European Monetary System, Schengen Agreement I (1985),	From 12 October 1968 full freedom of the flow of work-force, liberalisation of the flow of services and capital  Harmonisation of indirect taxes, progressing liberalisation of the free flow of capital and services	EEC-9 (1973): - Great Britain - Ireland - Denmark  EEC-10 (1981): - Greece	Customs union  Towards to common market

1986-1991	Preparation for the creation of the European Union	Single European Act (1986) Europe 1992 Project	Area without internal border with free flow of goods, people, services and capital ensures (JAE Art. 7a)	EEC-12 (1986) - Spain - Portugal	
1992 - 2009	Implementation of the European Union	European Union (as a name for the European Community) with three pillars (1992), Schengen Agreement II (1995), from 2009 European Union gains personality in the international law	Since 1993 abolition of customs offices on borders, since 1994 Community Customs Code, since 1999 (2001) introduction of common currency - EURO	EU-15 (1995) - Austria - Finland - Sweden EU-25 (2004) - Czech Republic - Cyprus - Estonia - Latvia - Lithuania - Malta - Hungary - Poland - Slovakia - Slovenia EU-27 (2007) - Bulgaria - Romania	Economic and monetary union: - economic union (to a great extent) - monetary union (Euro-zone) - fiscal union (partial harmonisation)
2010 - 2016	Preparation of strengthening the integration	The Treaty of Lisbon from 1 December 2009 among others High Representatives in Foreign Affairs, institutionalization of Eurogroup	Clear political impulses in the form of the calls to strengthen the policy, including the economic one	EU 28 (2013) - Croatia	
2017 - ?	On the crossroads	?	?	Planning Brexit (EU 27? from 2019?)	?

Source: Adopted by the Author (Wach 2012)

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**ENTREPRENEURSHIP AND HEALTH CARE REFORM IN POLAND****ABSTRACT**

The goal of the paper is to analyse the role of entrepreneurship in health care reform in Poland. A leading research question is: to what extent entrepreneurial values were allowed in legal regulations introduced while reforming the Polish health care system over the last twenty years. It is argued that legal regulations in the health care sector - opposite to other sectors - did not create basic conditions to exercise entrepreneurial behaviours by independent public health care providers. As the main reason for such a dysfunction, inability to execute fundamental ownership rights by the owners of the independent public health care providers is presented. As opposed to this, the entrepreneurial spirit presents and practiced in the private sector in the Polish health care system is documented based upon experiences and achievements of primary health care, specialist, and dental care. It is argued here, that implementation of basic conditions allowing for entrepreneurial activities in the public sector in the Polish health care system is a boundary condition for its successful reform.

**Keywords:** health care reform, entrepreneurship, public health care providers, ownership rights.

**JEL Classification:** D21, I18, H19

**1. INTRODUCTION**

Entrepreneurship is considered as an important stimulant for innovations and economic growth both in developed and developing countries and this is very well documented in the literature on these aspects [1], [2], [3], [4], [5], [6], [7]. Innovations on the other hand are perceived as determinants of transition and development [8], [9], [10], [11], [12]. Consequently, entrepreneurship can be linked to macro, mezzo and micro levels [13], [14], [15], [16], [17].

Among different fields of transition, health care sector occurs to be not sufficiently explored. The most developed theoretical reflection on entrepreneurship in health care system is done by American researchers partly because of the fact that the U.S. health care industry is extensively privatized [18]. Health care providers acting in such environment may comparatively easier to proceed with entrepreneurial behaviours. This and to develop theoretical models such as diagnostic framework composed of three categories of factors contributing to health care entrepreneurship: *predisposing factors* (knowledge, education, and experience; attitudes, values, and culture; cognitive style; achievement motivation, risk-taking propensity, and preference for innovation; locus of control), *enabling factors* (availability of resources; skills commitment), and *reinforcing factors* (financial gain or profit; autonomy and flexibility; social purpose/mission; customer or stakeholder satisfaction) [19, p.561-568].

Little empirical work has been done yet on entrepreneurs in the health care [19]. There is also comparatively less literature on entrepreneurship in transition economies in general [17], [20] and in the health care sector in particular [21]. Even in the most recently published books the issue of entrepreneurship in health care sector is not addressed [20], [22],[23].

Consequently, this article contributes to filling such a gap. The article is structured as follow: first a concise picture of reforms in the Polish health care system is presented followed by their results so far. Then classic ownership rights are confronted with the practices of managing independent public health care units. It

is shown that local authorities as the owners of independent public health care providers cannot execute their basic ownership rights.

## 2. POLISH HEALTH CARE REFORMS

Poland has been proceeding with health care reforms (of various scope and character) for over twenty years. One may distinguish few phases of these reforms.

### 2.1. Initial stage

Transition from a Communist system to capitalist liberal democracy covered also the Polish health care system. In the early 1990s, reforms in economy and public administration were implemented according to respectively: implementation of market mechanisms and decentralisation. Such a model was used also in the health care where competition and private initiative were encouraged [24]. There was overall agreement that Siemaszko model should have been replaced, but undergoing deep transformation in economy and in social and political spheres postponed and marginalized the systemic health care reform (Millard 1995). Consequently, there was not a clear, coherent, and distinctive model for reform in the health care system.

During the first half of the 1990s there were few attempts to reform health care system undertaken by local governments (within the broader strategy to introduce a decentralized public administration) but of limited scale [25]. Among pilot programs implemented that time in few regions was one aimed at integration of health services resembling managed care [26].

Important changes took place in primary health care. Following the UK model, family doctors (*lekarze domowi, lekarze pierwszego kontaktu*) appeared on the scene. A family practice was registered in court as a sole proprietorship and family doctors were treated as entrepreneurs.

Despite pilot studies, different models and non-orchestrated (often chaotic) actions, one may maintain that commercialization, privatisation and decentralisation were three common denominators of the reforms implemented during 1990s. Privatisation processes will be addressed in a separate paragraph below.

### 2.2. Structural reform implemented in 1999

In January 1999, the *Act on Social Health Insurance* of 1997<sup>6</sup> came into force. This meant that the national health model was replaced by a social health insurance system.

There were six characteristic traits of the new model:

1. Free-of-charge access to health care services was granted only for insured persons (and spouses indicated in the act). Health care contribution was paid both by employers and employees as a part of social security premium transferred to Social Insurance Institution (*Zakład Ubezpieczeń Społecznych*). The level of health care contribution in the form of a payroll tax was originally calculated at 7.5% of gross income from all sources, then increased to 7.75%, and then reaching 9% in 2003.
2. Purchaser-provider split was introduced to the system of health care financing. Consequently, special institutions, Regional Health Insurance Funds - RHIF (*Regionalne Kasy Chorych*) acting as health services were established. In newly formed 16 regions (voivodships)<sup>7</sup> independent RHIF were launched accompanied by a special Health Insurance Fund for military and police personnel. RHIFs were purchasers of health care services offered by health care providers: private (non-public health care units: *niepubliczne zakłady opieki zdrowotnej - nzo*) and public health care units.

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<sup>6</sup> Ustawa z dnia 6 lutego 1997 o powszechnym ubezpieczeniu zdrowotnym (Dz.U. 1997, nr 28, item 153 with further amendments).

<sup>7</sup> In January 1999 a reform of public administration (new administrative division) was initiated and former 49 voivodships were replaced by 16 bigger voivodships.

3. All state health care units were transformed into independent public health care units (*samodzielne publiczne zakłady opieki zdrowotnej – spzoz*). Spzoz was defined as self-financing legal entity, with considerable scope of discretion regarding strategic and operational functioning. Possible financial losses had to be covered with revenues. Self-financing was seen as a spzoz legal obligation. The main source of spzoz revenues were contracts signed with Regional Health Insurance Funds on the competitive basis. Spzoz could get revenues from other sources than selling health services. Additional sources of revenues were enumerated in the act.

4. Competition between health care providers was stipulated in the act. Spzoz had to compete for contracts with RHIFs with other spzoz and nzo. Despite the fact that there were four criteria used in bidding for contracts: quality of services offered, availability of services, medical and organizational standards, and price, in practice the last was a decisive one. Interestingly enough, competition between health care providers was formalised in the act but there was no provisions on competition between Regional Health Insurance Funds. This in turn resulted in a deep asymmetry between health care providers and RHIF.

5. The 1999 reform enabled further development of market mechanisms and private sector in the health care since private and public health care providers were treated equally when competing for contracts with Regional Health Insurance Funds and this was guaranteed by the law. Declarative/verbal support for private sector has not been accompanied by rigorous policies in this respect and as indicated by Filinson et al. [27] the major obstacles were identified as political hurdles, physician resistance, and continued dependence on state allocations.

6. In the new model – unlike the old one where financial resources were distributed according to amount of resources a given health care unit possessed such as: number of employees, number of beds, size of infrastructure, etc. – the public money was used exclusively to pay for health care services contracted.

### 2.3. Centralisation of the system

Regional (voivodship) Health Insurance Funds as payers were entitled to negotiate with health care providers, among others the volume, quality and prices of health services purchased. This resulted in differences in prices for similar or identical medical procedures purchased by different Regional Health Insurance Funds. This in turn raised up some criticism which in the end led towards a new *Act on Insurance in the National Health Fund*<sup>8</sup> which was passed by the Parliament in January 2003.

The new act transformed Regional Health Insurance Funds into regional offices of the newly created, central payer, the National Health Fund (NHF). The purchasing policy was centralised. The asymmetry between health care providers and payer mentioned earlier has been strengthened.

Provisions of the *Act on Health Care Services Financed from Public Resources*<sup>9</sup> which determined ways and procedures used in contracting and specified conditions for out-of-the pocket payments were also considered as an example of centralisation.

### 2.4. Further changes in the Polish health care system

There were several sectoral reforms in the health care after 1999. One may mention the most important:

- Implementation of new hospital payment system based on diagnosis-related groups (DRGs) (*Jednorodne Grupy Pacjentów – JGP*) in July 2008 [28],
- The *Act on Medical Activity* of 2011<sup>10</sup>

<sup>8</sup> Ustawa z dnia 23 stycznia 2003 r. o powszechnym ubezpieczeniu w Narodowym Funduszu Zdrowia ( Dz.U. 2003, nr 45, item 391).

<sup>9</sup> Ustawa z dnia 27 sierpnia 2004 r. o świadczeniach opieki zdrowotnej finansowanych ze środków publicznych (Dz.U. 2004, nr 210, item 2135).

- Changes in primary health care (PHC) initiated in 2015 [29],
- Changes in emergency medical services (EMS) in 2014 [30],
- Establishment of a network of hospitals (units financed based on budgets, not contracts as other hospitals which do not belong to the network).

Out of the above mentioned the Act on Medical Activity had the greatest influence on the functioning of the health care system. It determined primarily the conditions of providing and the scope of health care services financed from public resources, responsibilities of public authorities in the scope of ensuring equal access to services and the principle of common - obligatory and voluntary health insurance. Very important in this act were the provisions of article 59. According to them the owners of indebted independent public health care units who were either unwilling or unable to cover financial losses of their spzoz were obliged either to restructure these units by: transforming them into commercial law companies, to merge them or to liquidate them.

### 2.5. The newest developments: a U-turn in reforming the Polish health care?

After 2015 parliamentary elections the former opposition party: the Law and Order, formed a new government led by Beata Szydło. In respect to health policy the new government declared to liquidate National Health Fund and to shift the system of health care financing back to budget-financed universal healthcare<sup>11</sup>. This seems to be a huge challenge for all projects and initiatives aimed at developing and strengthening market mechanisms and private sector in the health system undertaken so far. At the time of writing, this new model is still under construction.

In June 2016 an amendment<sup>12</sup> to the *Act on Medical Activity* of 2011 was passed through the Parliament and provisions of article 59 have been amended. Now spzoz owners are *obliged* to cover financial losses of their spzoz. This in turn means that the privatisation processes are abandoned.

## 3. PRIVATE SECTOR IN THE POLISH HEALTH CARE SYSTEM

Similar to the ownership changes in the whole economy, private sector started to grow also in the Polish health care sector.

The first for commercialisation and then privatisation was wholesale of pharmaceuticals since it's legal basis was the *Freedom of Economic Activity Act* of 1988<sup>13</sup>. In the first half of 1990s the number of private pharmacies accounted for approximately 43.9% of the total number. Following a program implemented in 1994 devoted to the privatization of pharmacies, almost all pharmaceutical outlets belonging to the state have subsequently been privatized. Over the last 20 years the number of pharmacies has been growing. As of the end of September 2017, there were 14 976 pharmacies, nearly exclusively private<sup>14</sup>.

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<sup>10</sup> Ustawa z dnia 15 kwietnia 2011 r. o działalności leczniczej (Dz.U. 2011, nr 112, item 654).

<sup>11</sup> <http://www.warsawvoice.pl/WVpage/pages/article.php/36158/news>.

<sup>12</sup> Ustawa z dnia 10 czerwca 2016 r. o zmianie ustawy o działalności leczniczej oraz niektórych innych ustaw (Dz.U. 2016, item 960).

<sup>13</sup> Ustawa z dnia 23 grudnia 1988 r. o działalności gospodarczej (Dz.U. 1988, nr 41, item 32).

<sup>14</sup> <http://www.rynekaptk.pl/marketing-i-zarzadzanie/rynek-farmaceutyczny-w-okresie-styczen-wrzesien-2017,22823.html>.

In 2016 pharmacies run by individual entrepreneurs and micro-chains of pharmacies (composed of 2-4 units) counted for 62% of the whole market but it was 4.3% less than in 2015 [31, p.13]. The value of the pharmaceutical market as of the end of September 2017 was estimated for 28.2 PLN billion<sup>15</sup>.

Until June 2017, a pharmacy could be established and run by an entrepreneur, not necessarily a pharmacist. The *Act on Amendments to the Pharmaceutical Law*<sup>16</sup> limited this opportunity to pharmacists.

### 3.1. Legal basis for privatization of health services

As indicated earlier, actions and initiatives undertaken in the health care sector were not coordinated. So was the legislation process. Between 1989 and 2001, approximately 20 new laws relating to health care provision were adopted in Poland [32], which facilitated the development of the private sector but with some limits originating from the dispersed law provisions.

Here the *Act on Health Care Units*<sup>17</sup> should be mentioned first. It introduced contracting in place of administrative relationships, allowing private surgeries and organizations to sign contracts for the provision of services to people entitled to care financed from public sources. In doing so, categories of entities authorized to provide health services (including those that are established by non-public entities or individuals) were defined, as well as the technical requirements that such entities had to fulfil. Consequently, private clinics began to appear, operated by small teams of specialists. Rarely were they purpose-built; more often they used privately rented apartments. These were good examples of entrepreneurial spirit. In other cases a state-private symbiosis emerged. Some public hospitals made their equipment available to private practitioners for payment. Health service premises and equipment were also used after hours for private consultations. The main emphasis was on the provision of dentistry and specialist outpatient care, although the first private hospital opened near Warsaw in June 1991. Private maternity clinics became common [33]. However, in practice, the private sector remained virtually unregulated which in some cases led towards increased risk for patients and easy-rider syndrome. All these reflect a considerable entrepreneurial potential which has been released and the above mentioned processes illustrate a textbook entrepreneurial attitude.

The Act on Social Health Insurance of 1997 allowed private providers to act within the public system of financing health services which resulted in a vast increase in the number of private organizations holding public contracts [32].

### 3.2. Dental care

Since the introduction of co-payments for dental care due to budget constraints, patients have started to purchase services offered by private practices and clinics more willingly, even when required to cover the total cost of the treatment. In doing so, they are able to receive a faster and perceived better quality treatment. Because of this high acceptability, the private dental sector developed quickly in the early 1990s. In 2008 more than 80% of the active dentists work in the private sector and approximately 85% of the services were provided by non-public providers [34].

### 3.3. Ambulatory care

Until 1990, hospitals were responsible for the delivery of specialist outpatient services as well as for laboratory and imaging diagnostics. The separation of hospitals and ambulatory (outpatient) care was the first step toward the transformation of service provision and an opportunity for entrepreneurs.

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<sup>15</sup> Ibidem.

<sup>16</sup> Ustawa z dnia 7 kwietnia 2017 r. o zmianie ustawy Prawo farmaceutyczne (Dz.U. 2017, item 1015).

<sup>17</sup> Ustawa z dnia 30 sierpnia 1991r. o zakładach opieki zdrowotnej (Dz.U.1991, item 408).

In the first phase of the process, non-public facilities were established mainly by individuals (physicians, nurses, and other medical practitioners) and companies, who became responsible and accountable for providing health care services [32]. Later, the local self-government units joined the process by transforming the facilities they owned.

Between 1990 and 2008 the share of private ambulatory care facilities has risen from 4.5% to 77.8% respectively [32].

Out-patient care (basic and specialized) is conducted in Poland by health care entities such as out-patient clinics, dispensaries, and doctor's practices, which largely remain in private hands [35].

As Kaczmarek et al. shows, a clear disparity in privatization rates in different sub-sectors of the Polish health care market can be observed. The pharmaceutical industry was fully privatized in 2012, and the ambulatory and dental sectors systematically increased their private market shares to around 70% of all services provided [32].

### 3.4. Hospital care

The lack of a comprehensive legal basis for privatization of health care facilities as indicated above constitutes an obstacle for the development of private hospitals. Certainly, one may observe the development of non-public and private hospitals but there are discrepancies regarding the scope of the changes. This is due to the different definitions of "a hospital" used. For example, for National Health Fund a hospital is a health provider who may offer at least one service classified as in-patient care service. Consequently, small health care units with one-department/ward are perceived as hospitals. Using such a broad definition, PMR in 2015 estimated the number of non-public hospitals for 560 [36]. Much more strict and rigorous definition used by the Polish Private Hospitals Association (*Ogólnopolskie Stowarzyszenie Szpitali Prywatnych*) leads to the conclusion that there are 130 private hospitals in Poland [37] (Mađrala, 2014). Private hospitals are heavily dependent of contracts with National Health Fund which means that they use public financing (81% of private hospitals have contracts with NHF). The share of private hospitals in the total NHF spending on in-patient care is 5.75% [37].

In general, the role of private sector in the health care sector is considerable. The private sector is predominant in providing primary healthcare, out-patient care, rehabilitation, long-term care and spa care. Only hospital care remains the province of public service providers but – as showed above – private sector has been increasing its share in this market also [38].

### 3.5. Private insurance

Growing numbers of Poles use non-public health care providers compensating limited access to public providers. Between 2002 and 2016 the percentage of respondents reporting paying for health care services obtaining in non-public providers (while obtaining free-of-charge services from public providers) has risen from 27% to 40% [39, p.7]. The percentage of respondents using exclusively private health care providers is low and stable (7%).

Since the growing number of patients goes to non-public health care providers, the appearance of private insurance firms was logical and easy to anticipate. This is a young, but very dynamic market as is showed in Table 1.



**Table 1: Private health care insurance in Poland (as of the end of 1Q of the year)**

Total market	Gross premiums [in PLN] (cumulative)		Number of insured persons (cumulative)	
	Individual insurances	Group insurances	Individual insurances	Group insurances
I Q 2014	15 358 480	83 062 878	61 820	847 605
I Q 2015	16 867 043	97 600 038	197 826	1 004 425
I Q 2016	20 935 654	113 970 652	285 065	1 290 175
I Q 2017*	Total: 169 100 000 PLN		453 000	1 558 000

Source: Polska Izba Ubezpieczeń (Polish Insurance Chamber),

<http://piu.org.pl/analizy/project/1903/pagination/1>

<http://piu.org.pl/analizy/project/1954/pagination/1>

\*<https://piu.org.pl/juz-ponad-2-miliony-polakow-dodatkowym-ubezpieczeniem-zdrowotnym/>

#### 4. SELECTED OUTCOMES OF THE REFORMED HEALTH CARE SYSTEM

Even if the overall effectiveness of the health care reform in Poland is assessed as below expectations (and needs) [40, p.19] there are some positive outcomes. One may point at, for example, an increase of the quality of services and the level of financing. Also constant growth of indexes reflecting the health status of Polish society, such as life expectancy, quality of life, and decreasing index of deaths at birth can be observed [35]. These positive trends on a macro level can be supplemented by positive changes on a micro-level. Here one may mention better access to primary care (family physicians) [41, p.4], dental care [39], and pharmaceuticals. It is worth to remember that these areas are dominated by private entities and vast majority of entities active on these markets are entrepreneurs.

These positive phenomena are counterweighted by negative ones. On a macro-level it is a still existing gap between overall assessment of the Polish health care system as compared to other post-communist countries and continuous inefficiency of independent public health care units leading to indebtedness. On a micro-level it is - among others- worsening access to specialist care and rising waiting list for planned operations [42]. It must be noticed that deteriorating access to health care is observed nearly exclusively in the public sector.

The Polish health care system despite over two decades of reforming remains low in the international rankings. As showed in Table 2 the latest ranking based upon Health Care Index places Poland on the 44<sup>th</sup> place, behind other post-communist countries such as Czech Republic, Estonia, Lithuania, Slovakia, and Macedonia.

One may consider more complex/accurate measures to assess national health care systems. Here the Euro Health Consumer Index (EHCI) could help. It has been used since 2008. EHCI is a complex indicator composed of the six sub-disciplines (with the weights): *Patient rights and information* (which uses 12 specific criteria), *Accessibility (waiting times for treatment)* (with 6 specific criteria), *Outcomes* (9 criteria), *Range and Reach of services provided* (8 criteria), *Prevention* (7 criteria), and *Pharmaceuticals* (7 criteria). Consequently, there are 49 specific criteria used in EHCI. As indicated, the EHCI scale is a way to measure to what extent each one of

the 35 European countries meet expectations of good, consumer-friendly healthcare and how the healthcare consumer is being served by the respective systems [40, p. 25].

**Table 2: Health Care Index for Country 2017 Mid-Year (selected countries)**

Rank	Country	Health Care Index
1	Taiwan	82.75
7	Austria	79.47
8	France	78.40
12	Czech Republic	75.48
19	Estonia	71.82
34	Lithuania	66.33
41	Slovakia	63.20
42	Macedonia	63.03
44	Poland	62.33
52	Romania	53.84
56	Bulgaria	52.72
58	Hungary	52.29

Source: [https://www.numbeo.com/health-care/rankings\\_by\\_country.jsp](https://www.numbeo.com/health-care/rankings_by_country.jsp).

Country analysis of 35 European countries based upon EHCI for 2016 showed that Poland was ranked 31 (with 564 points, following Hungary with 575 points) [40, p.19]. It is indicated that these two countries “have not done well in the EHCI in recent years, despite having good and plentiful medical education and a long tradition of solidarity-financed public healthcare” [40,p.19].

Such a critical assessment is mirrored also on a micro-level. Opinion polls indicate that Poles are not satisfied with the health care system. In 2014 only 28% of respondents were satisfied from the functioning of the health care system, while 68% were critical [41]. In 2016 only 23% respondents were satisfied and 74% expressed their discontent with functioning of the health care system [39].

Even more important seems to be growing inefficiency of independent public health care units. As showed in Table 3, total liabilities of independent public health care units has been growing between 2003 and II Q of 2017 (except for 2007, 2008 and 2009). Due liabilities were in II Q of 2017 lower than in 2003, but one should remember that between 2005-2009 over 4.2 PLN billion was spent on financial aid for indebted independent public health care units as stipulated in the *Act on Public Assistance and Restructurisation of Public Health Care Units*<sup>18</sup>. Still, the level of due liabilities of spzoz remains high.

<sup>18</sup> Ustawa z dnia 15 kwietnia 2005 r. o pomocy publicznej i restrukturyzacji publicznych zakładów opieki zdrowotnej (Dz.U. 2005, nr 78, item 684).

**Table 3 Liabilities of independent public health care units 2003 - I and II Quarter of 2017**

End of the Year	Due liabilities (PLN million)	Total liabilities (PLN million)
2003	4 543,7	7 327,7
2004	5 872,3	9 450,1
2005	4 933,6	10 273,5
2006	3 723,8	10 384,2
2007	2 666,2	9 563,3
2008	2 357,9	9 979,7
2009	2 241,8	9 627,6
2010	2 138,8	9 963,1
2011	2 316,5	10 383,6
2012	2 474,0	10 661,4
2013	2 015,5	9 922,1
2014	1 890,7	10 345,8
2015	1 754,3	10 812,6
2016	1 790,4	11 249,5
I Q 2017	1 764,8	11 266,7
II Q 2017	1 841,4	11 562,9

*Source:* Ministry of Health

## 5. STRUCTURAL DYSFUNCTIONS OF THE HEALTH CARE SYSTEM

As shown above, public sector in the Polish health care is heavily indebted and inefficient. It is reasonable to try to identify main reasons for this.

As it is argued below, the main reason for indebtedness and low efficiency in the public health care sector in Poland is, that in this sector alone ( as opposed to other sectors of the Polish economy) basic preconditions for entrepreneurial activities do not exist.

Independent public health care units could be established by local governments (self-governments) , regional (voivodeship) governments, or/and certain ministries like Ministry of Health, Ministry of Defence, or Ministry of Internal Affairs. These institutions are considered by the Polish law as founding bodies and as such are owners of the independent public health care units (spzoz).

As owners, local and regional governments and ministries face structural difficulties in exercising their fundamental ownership rights.

These basic ownership rights are derived from the Roman law: *ius utendi et abutendi re sua, quatenus iuris ratio patitur*. Consequently, an owner may use things, take benefits from using things and dispose things he/she owns. In article 544 of the *Code Civil des Français* of 1804 is written: “Property is the right to enjoy and dispose of things in the most absolute manner, provided we do not act against the laws and regulations”.

In Poland the legal construct of “an independent public health care unit” makes effective execution of the basic ownership right heavily limited, or even possible.

First, the owners cannot decide about *not using* independent public health care units facilities even if their usage results in growing indebtedness of spzoz. Regional offices of the National Health Fund which are responsible for purchasing health care services in many cases offer/accept prices for these services below the real costs providers are bearing. The owners cannot resign from selling the services at hand because as local authorities are responsible to guarantee the population they serve the access to these services (needless to add that these populations are also constituencies during election years). The local governments (as owners of spzoz) on the one hand are (in practice) not in a position to resign from selling unprofitable health care services and on the other they are fully responsible for spzoz debts. One must add here, that the National Health Funds exercises a textbook monopsony position in the Polish health care system which affects spzoz operations in a very negative way.

Second, the independent public health care unit owners are not in a position to decide upon the use of financial profits originating from successful operation of spzoz (this is a rare situation in Poland, nevertheless, it happens). Profits earned by spzoz must be spend by spzoz and cannot be transferred to the owner and then used for covering other public expenses/services like education, public transportation, etc. To say more, even if the owner of spzoz has public money and wants to spend it on purchasing additional amount of health services which are in shortage ( a classic example being planned operations such as cataract surgery or rip and knee replacement) – the local government cannot do this because the exclusive right to purchase health care services is granted to the National Health Fund. Needless to add, that it is not possible for a local government to transfer the public funds first to the to the National Health Fund and then to a given spzoz.

Third, the owner cannot decide upon the assets of a given spzoz. For example, the assets (or a part of it) cannot be sold in order to repay the debt.

All the above prove that the owners of spzoz are seriously limited in exercising their basic ownership rights. If basic ownership rights are not in place, there is impossible to proceed with entrepreneurial projects or ideas.

Private sector in general and entrepreneurship in particular require protection of property rights and effective execution of ownership rights. Where private sector operates and basic market mechanisms are used in the health care sector, one may observe better outcomes and more satisfied patients. This is quite simple. One may expect that these simple rules can be transferred to the public sector too.

## 6. CONCLUSIONS

The health care reforms undertaken so far and being introduced in Poland have not created favourable conditions for entrepreneurial activities and projects. Despite the fact, that public sector in the Polish health care sector remains considerable but inefficient, there are no attempts to open it for entrepreneurs. Quite the opposite: current changes are directed to secure public funding (but on not sufficient volume) thus to lower the pressure on restructuring of these units. As showed above, one cannot expect positive results of reforms in the public sector unless basic property rights are respected and rudimental conditions for entrepreneurial activities are built.

Some attempts to limit the scope of the private sector in the health system which can be observed in Poland nowadays rise growing concern in respect to the future of private health care providers in the system. Such a

policy of reluctance toward private sector and private providers can be perceived as strange taking into account the very positive outcomes of the private health care providers functioning in the Polish health care system.

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## UNITED NATIONS GLOBAL COMPACT MBA TEACHING TOOL-KIT

### ABSTRACT

The paper presents a detailed anti-corruption guidelines for curriculum change for business schools and academic institution dealing with management-related knowledge. A special Toolkit has been development which integrates ethical, moral and practical challenges which take place in marketplace. This method has been developed by a speicla Anticorruption Working Group.

The Toolkit can be downloaded from the following link: <http://www.unprme.org/resource-docs/ComprehensiveAntiCorruptionGuidelinesforCurriculumChange.pdf>

**Keywords:** anticorruption measures, responsible management education, UN Global Compact

**JEL classification:** G38, M14, M15

### FOREWORD <sup>19</sup>

The mission of the **Principles for Responsible Management Education (PRME)** initiative is to inspire and champion responsible management education, research and thought leadership globally. The PRME are inspired by internationally accepted values such as the principles of the United Nations Global Compact. They seek to establish a process of continuous improvement among institutions of management education in order to develop a new generation of business leaders capable of managing the complex challenges faced by business and society in the 21st. century.

While many initiatives have committed themselves to participation in responsible management, practical tools relevant to such practices, in particular at the academic level, are still emerging. To that effect, the PRME in collaboration with the UN Global Compact, have set up an academic Anti-corruption Working Group for a four-year project to integrate anti-corruption values into core curricula of leading business schools. The project aims at promoting ethical decision-making and anti-corruption competencies at the post-baccalaureate level by offering business schools and management-related academic institutions substantive anti-corruption guidelines for curriculum change with the aim of teaching students to take effective and ethical decisions that benefit both business and society.

In this direction, the Anticorruption Working Group has developed comprehensive anti-corruption guidelines for curriculum change for business schools and management-related academic institutions around the world. The guidelines integrated into a single “Toolkit” provide the tools to address the ethical, moral, and practical challenges students will face in the marketplace. The toolkit integrates different topics as modules which constitute the “menu” instructors can choose from for organizing stand-alone courses and/or course modules.

The toolkit provides guidance and step by step approaches on successful guidelines, methods, techniques, mechanisms and processes for effective changes in responsible management curricula. By drawing

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<sup>19</sup>The Forward is written by Jonas Haertle Head, PRME Secretariat UN Global Compact Office

lessons and experiences from several sources around the world, the Toolkit describes various methodologies and strategies. The toolkit relies on these elements:

- It is easy to use
- There is a process for ongoing updating
- It can be adapted for local use
- Modules can be adjusted to course subject matter and time constraints
- The course focuses in part on core topics that are essential for global discussion
- The subject matter is sufficiently concrete and practical to enlist collaboration with the private sector, and governmental and non-governmental organizations

## 1. THE PROBLEM

Concerns about high levels of corruption and a lack of public and private sector transparency and accountability continue to dominate both public and private sector agendas. These issues are seen as major contributors to the global financial crisis that we are experiencing, and the impact has been demonstrated by various high profile major company ethical failures.

At academic and practice levels, two global anti-corruption and transparency trends are emerging. First, management is gaining recognition as a profession that has generally accepted standards of admission and appropriate conduct. As this consensus develops, business practice will increasingly be governed by ethical principles to which practitioners are expected to adhere (see for example, the Harvard Business School MBA Oath). Second, there is a shift in the prevention, detection, and enforcement burdens from government to business enterprise brought about by the privatization of norm-making first promulgated by the United States Federal Sentencing Guidelines through governmental incentives. Variations of this approach are now pursued in such diverse jurisdictions as Australia, Italy, the United Kingdom, Switzerland, Canada, South Africa and Korea.<sup>20</sup>

Understanding of these trends is crucial for practitioners, as they will greatly influence business practices in the near future and will require managers to have an appropriate set of skills to ensure transparency and accountability. Including business ethics course material in the Undergraduate and Graduate management education curricula is a key step in ensuring an effective business response to this growing private enterprise compliance role. As an organized body of knowledge, this educational enhancement is of recent origin and to which experienced managers may have not been exposed, Executive Education students can supplement the Master's and Bachelor's business education that they received with timely, issue specific materials. Traditional liberal arts subjects such as economics and political science can be enriched with research and discussion that focuses on the many facets of corruption and efforts to curtail it. In sum, there is a need for teaching and research guidelines for this growing body of knowledge that includes suggested content, methodology and framework for administering it in the B-schools at different levels of Management and liberal arts education.

## 2. PRME'S SOLUTION

The mission of the Principles for Responsible Management Education (PRME) initiative is to inspire and champion responsible management education, research and thought leadership globally. The primary objective of the PRME working group on anti-corruption is to develop a toolkit for use by business schools to

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<sup>20</sup> See for example, Ronald E. Berenbeim and Jeffrey M. Kaplan, *The Convergence of Principle and Rule-Based Ethics Programs – an Emerging Global Trend?* The Conference Board, October 2007.



design or adapt anti-corruption modules, or to integrate anti-corruption content with existing curricula, with specific reference to MBA programs.

A free-standing course is vital to the successful integration of anti-corruption topics into the management curriculum. Fifteen to twenty years ago, when business ethics was emerging as a credible discipline and one to which students should be exposed, the initial method (where it could be found) was to discuss the ethical dimensions of issues that arose in existing subjects.

These treatments were superficial because they lacked the anchor of a disciplined approach to the ethical issues that arise in the performance of traditional functions. For example, an accounting professor when asked if he taught ethics in any of his courses replied: “I like to kind of bring up issues, but I don’t have an ethics component *per se* in the course. And I don’t think that it would be appropriate in an MBA core course. [1]. “Kind of bring[ing] up ethics issues” suggests that the classroom conversation was limited to issue identification and superficial analysis. For example, is it ok or not to bribe? (1) OK because it is the standard way of doing business in the country. Out of respect for local custom and the need not to put the company at a competitive disadvantage, it is justified; (2) Wrong. Bribery is wrong. There is no opportunity in this exchange for a rigorous analysis of a well defined problem.

Integrating anti-corruption topics into the management education curriculum requires focused discussion on subject matter and method:

**Subject matter** – much of business education focuses on functional problems and issues (e.g., finance, marketing, administration) and not on topical areas (corruption). Thus, there is a twofold challenge in integrating anti-corruption subject matter into the management education curriculum: (1) It belongs to no one area of functional expertise and corruption’s multiple causes necessitates an interdisciplinary treatment; and (2) As corruption resistance, prevention, and detection is not the province of a single function, there is a challenge in making the case that it is a free-standing discipline that is entitled to its own faculty and resources.

Yet in the global business arena with 24 hour media scrutiny, unethical behavior can affect the key elements of business success – profitability, productivity and brand. As such, an appropriate course in the recognition, analysis and resolution of ethical issues is a vital part of the business curriculum and within that area of study, corruption in all its forms is a necessary subject of conversation.

**Method** – Utilization of the case method is an essential strategy in business education because it teaches students to identify with verbal precision moral issues in situations that are common to them and in so doing to develop rules that are derived from analytic methods. Optimal case study discussion scenarios focus on actual incidents. Like any difficult decision, these scenarios require the student to deal with problems where critical facts are missing or ambiguous and in which irrelevant elements (so called *red herrings*) confuse and divert the discussion. The best scenarios enable students to identify relevant facts, make reasonable assumptions about information that is lacking (as is the case with all decisions) and (importantly, in this instance) to articulate moral responses to ethical dilemmas.

Articulation is only the first step. Given the dynamic nature of knowledge evolution in this area, curricula is needed that links research to ‘context specific’ situations that are based on the experiences of target audiences. There is an active conversation within the business education community regarding the best ways to provide the student with methods for operationalizing the ethical choices that they have made. As one business ethicist observed about business students and ethical problems: “Instead of asking *what would you do?* Ethical case discussions should ask the question ‘What if I were going to act on my values: What would I do and say? To whom? How? In what sequence?’” [2]

For reasons underscored by this comment, the curriculum also needs to explore the degree to which an ethical temperament is innate and whether and what environmental factors can be used to enhance it. Further, it suggests that the decision-making command structure requires detailed attention. The notion that the tension between two different facilities produces decision- making outcomes is the subject of much comment. One example of how this process works compares decision outcomes to the effort needed by a rider to direct an elephant from an intuitively chosen path. As this example illustrates, optimal conditions for

ethical choice depend on the interplay of three factors: (1) rider (decision maker); (2) elephant (institution); and (3) path (business objectives). [3] Another similar approach known as **prospect theory** postulates that decision-making is a shared function between System 1 (fast, automatic, intuitive) and System 2 (slow, deliberate, analytical).

### 3. RESOURCES AND INSTITUTIONAL CAPABILITIES

The PRME Working Group on Anti-Corruption was created at the end of 2008 by a group of business schools committed to integrated issues raised by the UN Global Compact Tenth Anti-Corruption Principle into the business curriculum. Today, within the broader framework of PRME, the group involves over 30 academic institutions and its work is divided among core discipline subgroups (economics, ethics, law, management, behavior, politics) to develop a ten module management education curriculum that relies on the core disciplines for: (1) core concept readings; (2) case studies; (3) primary source documents; and (4) scenarios for class discussion. Each of the modules also includes suggested study questions for classroom discussion. Instructors worldwide will select readings and questions from these recommended texts and questions. The curriculum is designed to be flexible. Instructors can select elements from the resources identified and integrate them into their own courses. In a crossover section at the end of the toolkit, teaching methods suggestions are offered that can be utilized in a variety of different cultural environments and classroom settings.

### 4. DELIVERABLES

**The Curriculum/Toolkit** utilizes a mix of core concept readings (e.g., Linda N. Edwards & Franklin Edwards, *Economic Theories of Regulation: Normative vs. Positive*), detailed case discussion (e.g., *Weighing the Trade-Offs in the Goldman Settlement*), primary sources and documents (Transparency International (2008), *Business Principles for Countering Bribery: Small and Medium Enterprise, (SME Edition)*) and scenarios devised for class discussion which rely on Socratic and Case Method teaching to discuss core concepts, methods and problems. Each of the ten study modules includes a long list of these resources to allow faculty of different countries to design a course that is appropriately suited to the necessities of his/her students.

1. **Core Concepts:** The recognition and framing of ethics dilemmas and social responsibility and their importance in strategic decision making.
2. **Economics, Market Failure and Professional Dilemmas:** Economics and market failure in its various forms and how it is manifested in corruption.
3. **Legislation, Control by Law, Agency and Fiduciary Duty:** What is a fiduciary obligation? To whom is the agent/fiduciary obligated and for what? Many of the agency issues to which corruption gives rise flow logically from improper gifts, side deals and conflicts of interest. [4]
4. **Why Corruption, Behavioral Science:** The module addresses the question: What does Behavioral Science teach us about how to design a performance incentive system that encourages integrity as well as productivity? Can Behavioral Science research be used to develop a consultant client relationship system that reduces corrupt practices?
5. **Gifts, Side Deals and Conflicts of Interest:** Legislation and cases to understand gifts, side deals, and conflicts of interest and the lying and obfuscation that is often used to conceal them.
6. **International Standards and Supply Chain Issues:** Frameworks and analytic methods for discussing the problems that companies face in the need to respect moral standards across borders, local customs (e.g., giving and receiving gifts) and bribery. Are there optimal supply chain management measures for resisting these kinds of corrupt practices?
7. **Managing Anti-Corruption Issues:** Designing, implementing, and overseeing corporate ethics and compliance systems in response to local and global compliance regimes.
8. **Functional Department and Collective Action Roles in Combating Corruption:** The Functional

departments examined include human resources, marketing, accounting and finance.

9. **Truth and Disclosure, Whistleblowing and Loyalty:** These topics raise issues of timing and context as to what point and under what circumstances is it permissible for an agent or employee to blow the whistle on corruption. What procedures do companies need for this process? What kinds of protection are required for the whistleblower and for the safeguarding of information?
10. **The Developing Global Anticorruption Compliance Regime:** Topics include (a) global public policy principles and how are they promoted/enforced (e.g., UN Global Compact's 10th Principle and UN Convention against Corruption (UNCAC); OECD Anti-Corruption Principles); and (b) links between corruption and forms of state failure such as deprivation of human rights and environmental degradation.<sup>21</sup>

**Implementation:** The implementation of a global curriculum confronts program content and staffing challenges:

**Content** – Although the course utilizes the earlier described five introductory core topics for a worldwide curriculum with limited variation, faculty will need regional and – in the case of Executive Education – industry or even company specific content. Participating institutions may also combine elements from the different topics to design classes and courses that meet their own distinctive requirements. They are encouraged to promote this adaptation by utilizing local networks of private (MNCs, SMEs), public, academic, NGOs, and Global sector institutions such as the Global Compact Local Networks to develop a timely, focused curriculum for each region. Each of these groups needs to determine its own priorities and present them to plenary sessions for resolution on curriculum integration. Discussions are also needed with high risk industry associations some of whom have their own initiatives (e.g., pharmaceuticals, defense, extraction, forest products) for dealing with corruption issues.

## 5. THE CRITICAL SUPPORT NEEDED FROM BUSINESS INSTITUTIONS, GLOBAL, NON-GOVERNMENTAL AND LOCAL GOVERNMENTAL ORGANIZATIONS

These parties can lend vital support in encouraging academic institutions to use the PRME curriculum, sharing case studies and concerns with the PRME leadership, providing guest speakers in PRME classrooms and meetings, offering internships to promising students, and sponsoring conferences that focus on critical corruption issues.

## 6. HOW TO USE THE TOOLKIT?

The basic idea of this Toolkit is to present a buffet of ideas and resources on how you can take education on anti-corruption to the next level. We present both, up-to-date content in a comprehensive way as well as support for the delivery in the classroom. You as faculty can choose those elements deemed most useful in revising your curriculum. The list of content, the provided search function and compiled index will help you complement your course with additional topics or alternatively design a new stand-alone course. The up-to-date overview of content can serve as a point of orientation what topics currently characterize the international anti-corruption debate. All of the corresponding chapters outline why they are important, what learning goals and questions could be defined, what literature, cases and dilemmas for practicing exist.

We also added a section on learning methodologies to reflect if any of the presented ideas could enhance the learning experience in your class or institution. Not all ideas would work in all settings or

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<sup>21</sup> For an "algorithm" to help multinational managers make tradeoffs between conflicting norms in home and host countries, see Thomas Donaldson, *The Ethics of International Business*, Oxford University Press (1991), for a contrasting view, see Minh Chau, *Decriminalization of Corporate Bribery – The Supply Side*, 2008 [students.wharton.upenn.edu/~mih/.../Decriminalizing%20Bribery.pdf](http://students.wharton.upenn.edu/~mih/.../Decriminalizing%20Bribery.pdf)

represent true innovations. Their aim is merely to inspire and encourage further progress when delivering modules. Course participants surely note the additional efforts as well as the professionally compiled course design. Faculty members at top institutions spend, as a rule of thumb, about three hours on the preparation of every hour taught. Furthermore, we added a FAQ as well as index section for your convenient search for concepts. We hope to help you make these preparations more efficient and effective with this Toolkit.

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## PHOTOS FROM THE BVK V4 EYES CONFERENCE



Levente Magyar Under-Secretary



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## FROM A TRASH BIN TO A STARTUP

### ABSTRACT

**The paper presents the way and methods how a middle-aged women decided to set up a company and start a business. The Author believes that Poland is one of the countries with the lowest level of citizens in self-government consultations. She intends to strengthen the civil capital and the civil role of individuals in the public sphere. Nowadays through the excess of freedom provided by the Internet and globalization, there are significant disruptions in the lines of private and public benefits that destabilize social capital.**

**The Author is developing a project called DEMOSPLAY introducing new solutions in decision making. Her aims are to build civil capital based on the social potentio of the social media. She is in the process of developing a grant application within the Operational Program Poland Digital 2014-2020.**

**Keywords:** democratic crises, civil role of individuals in the society, social participation in democracy, DEMOSPLAY, Operational Program Poland Digital 2014-2020

**JEL Classification:** H12, H40, O30

When a colleague from the Mazovia ICT Cluster asked me to take part in the V4 EYES startup contest in Budapest, I did not hesitate for a moment. Although the contest was foreseen for young entrepreneurs, I am young in heart and experience as an entrepreneur. The term "young" does not refer only to age! Participating in this contest seemed to be a great opportunity to use crowd wisdom and get expert opinions from different fields and countries.

How did it all begin? How does a middle-aged woman, professionally fulfilled, decides to set up a company and incorporate her ideas into life? First of all, I should thank my dog, by walking her I noticed the lack of trash bins in my immediate neighborhood. Getting some of these containers seemed to me a very simple matter. However, the reality turned out to be different. Sent from one institution to another, I decided to involve other dog owners from my estate. Here, unfortunately, I did not succeed. Some did not have time, others were not interested, yet others presumed failure did not want to waste their time and energy. I spent some time on the Internet and it turned out that Poland is one of the countries with the lowest involvement of citizens in self-government consultations. For decades in many countries with stable and well-established democracy, despite the protection of the individual's rights as an individual being, the participation of citizens in the decision-making processes that this law allows is reduced. The process of deconstruction of social capital, in the context of participation in the public sphere, can be called the democratic crisis. This crisis must be addressed in the context of declining civil capital and the collapse of the civic role of the individual. In Poland, the democratic deficit is worrying. According to the 2012 Economist Intelligence Unit (EIU), Poland was included in the group of faulty democracies and has one of the lowest levels of participation in Europe. Poland, according to research, is a country with a low political culture, characterized by unequal social participation.

On the basis of the relevant reports of Freedom House and the Economist Intelligence Unit (EIU) (A. Kozłowski, relevance of democratic metrology, in:] Dilemmas of Contemporary Democracy, edited by S.

Wróbel, Toruń 2011.) can be concluded about the progressive democracies in Poland. What is the current crisis? The Freedom House study <sup>22</sup> is based on two basic factors - the granting of citizenship status to the members of society by allowing and using participation. The democratic crisis can be considered by two groups of dangers of the danger of withdrawing this status and the domination or crisis of the individual as a citizen. The current crisis relates in particular to the second group of threats, namely the collapse of the role of the individual as a citizen, and consequently the crisis of the public sphere. The quality of society's life in the democratic system depends to a large extent on the role that society plays in co-operation and deciding about itself. The legitimacy of decisions concerning this society should take place through the participation of this society in public affairs. One of the basic determinants of democratization is therefore public participation, and any action that affects the quality of participation also affects the quality of life in society.

From 2005 onwards significant changes in the index of social participation in democracy and public affairs have been noted in Poland (A. Olech, P. Sobiesiak - Peszko, Public Participation of Poles, Institute of Public Affairs, Warsaw 2013). The Polish Democrat level has reached a point last year when the EUI - the Economist Intelligence Unit (<http://www.eiu.com/>) has classified the political system of the Republic of Poland into a group of faulty democracies. Low participation in public affairs was a factor in the assessment of the Polish system. This is because lack of participation means the loss of basic civil rights and freedoms by disrupting self-determination. It is therefore speaking about the democratization crisis in the context of the collapse of social capital caused by depoliticisation of the social scene - the disappearance of politics. The current crisis is not hidden in the absence, but rather the overwhelming freedom to take or not thousands of actions and decisions. This is the crisis of the central idea of democracy, ie citizenship - citizens do not take public action because of the overwhelming potential of other choices. Globalization and mass media, in particular the Internet, are largely influenced by excesses of freedom.

In this way, the public dimension of social capital is also deconstructed. In particular, "the bottom-up manifestations of self-organization of people and civic engagement", according to Putnam, constitute a source of social capital. (K. Sierocińska, Social Capital, Defining, Measurement and Types, Warsaw University School of Economics, 1 / LXVIII). So when individuals with similar civic virtues meet, there is an added common quality that benefits all members of the community. Social capital is their common good, and the benefits derived from it can be private or public. Nowadays through the excess of freedom provided by the Internet and globalization, there are significant disruptions in the lines of private and public benefits that destabilize social capital.

The effects of the disorder are:

- Lack of involvement and influence on political decision-making
- Inequalities and social fragmentation
- Misunderstanding and social dissatisfaction
- Lack of confidence in the effectiveness of their involvement, which is the basis for undermining any citizen's influence on the decision-making process
- Alienation and socio-political atomization
- -Search for other pools of activity and social self-realization min. Active in social media - Another drop in engagement and influence on decision-making processes

These disturbance effects represent a closed circuit model. Lack of engagement influences further negative social behavior resulting in even lower engagement. The purpose of the DEMOSPLAY project is to break this closed circuit by introducing new solutions. Internet and globalization are the focus of social activity, in the mantle of diverse activities. This process takes speed and meaning, it seems that it cannot be undone or stopped. This is why you have to ask yourself how it generates interest and participation in other

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<sup>22</sup> See at <http://www.freedomhouse.org/>

social fields. This is a key question for the new model of civic engagement, based on the conversion of activities that focus on unbelief and alienation in other social fields into the public domain of Internet.

### Why the Internet?

The DEMOSPLAY, in broad terms, aims to build civil capital based on the social potential of social media - by increasing public participation at the expense of the private sphere. The construction of social capital should take place in conditions where social ties and relationships develop. Referring to Putnam's definition, he states that civic participation is manifested by self-organization and relationship-building (Putnam RD (2008), *Lonesome Bowling: The Fall and Revival of Communities in the United States*, p. ). It can be said that the internet, and especially the fan communities, which have a 97% share of the social movement, are the highest civilian communities. The choice of the Internet as an important tool for shaping social relationships, in order to build social capital, is therefore fully justified.

Due to the definition of purpose, as a public service activity, the project should also incorporate current state policies and be compatible with administrative tasks. A clear justification of the adequacy of the project in the context of the current government policy is illustrated in the Program of Integrated Information Technology of the State and the Operational Program Poland Digital 2014-2020 (<http://www.mir.gov.pl>).

### DEMOSPLAY - and what's next?

I am in the middle of the road, I collect data, I meet with the public administration (Rubik's cube helps me persuade undecided officials), talk to the research institutions. I started writing a grant application within the Operational Program Poland Digital 2014-2020. Thanks to this treatment my idea will gain more value in future negotiations with potential investors. I sincerely believe that DEMOSPLAY will change not the whole world but at least my neighborhood. Please keep your fingers crossed for me.

- ▶ **Remark of the Editor:** Ewa Rekosz is the Polish Winner of the V4 EYES – Emerging Young Entrepreneurs – international startups contest organized by the Budapest Enterprise Agency. The finals of the international competition took place on 30 August 2017 in Budapest. At the final, the international jury selected the best four entrepreneurs (one per each country) as winners. The international startup conference and exhibition – as the last phase of the project - took place in Budapest on 31 August 2017.

DEMOSPLAY pitch see at <https://www.youtube.com/watch?v=rPjyEJWkNC0>.



**Attila Petheő**, Founder Member of the ERENET received **the Award of « the Teacher of the Year 2017 »** for his popularity among the students at the Budapest Corvinus University

Source: [http://portal.uni-corvinus.hu/?id=31637&tx\\_ttnews\[tt\\_news\]=30179&L=1](http://portal.uni-corvinus.hu/?id=31637&tx_ttnews[tt_news]=30179&L=1)

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**AGRICULTURAL LAND PROTECTION – THE CASE OF SLOVAKIA****ABSTRACT**

**This paper analyses the existing legislation governing the protection of agricultural land in Slovakia focusing on the protection of agricultural land through contributions as an economic instrument of protection of agricultural land. It assess the situation of the decrease of acreage of agricultural land at a time when the legislature did not use contributions for the protection of agricultural land against its usage for other than agricultural purpose and at a time when the contributions were re-used as an economic tool through which the usage of agricultural land for other than agricultural purposes is prevented.**

**Keywords:** agricultural land, agricultural land protection, contributions - economic instrument

**JEL Classification:** Q15, R14

**1. INTRODUCTION**

According to the United Nations the land is a limited and irreplaceable natural resource with increasing substantial demands placed on it [1]. As a result of increasingly heavy pressure on land resources (e.g. housing, transport infrastructure, energy production, agriculture, and nature protection), agricultural production declines, the quantity and quality of land deteriorates, and there is increasing competition for access to land [2]. The competition for land resources creates serious risks of geopolitical imbalances both worldwide and in the EU. The EU will thus be even more dependent in future on its land resources – which include some of the most fertile soils in the world – and on their sustainable use .

Agricultural land represent one most vulnerable type of land resource. In the EU, more than 1,000 km<sup>2</sup> are subject to withdrawal every year for housing, industry, roads or recreational purposes. About half of this surface is actually 'sealed'. The availability of infrastructure varies considerably between regions, but in aggregate, every ten years we pave over a surface area equivalent to Cyprus [4].

Slovak law has paid particular attention to the protection of agricultural land for many decades as a result of the fact that the Slovak Republic has relatively little land of not the best quality on average, taking into account the population and the demands to ensure its nutrition [5].

A total size of land resources of the SR as of January 1, 2016 is 4,903,459 ha of land, of which 2,389,616 ha is agricultural land [6]. In the course of one calendar year in connection with changes of a permanent nature and specifying the measuring assessment we recorded a loss of 7425 ha of agricultural land [6]. A surface area of agricultural land is continuously shrinking. Over the last decade there was a decrease of 41,067 ha of agricultural land in Slovakia [6, 7].



Apart from the biological conservation of land the law as well as economic tools play an important role in the agricultural land protection. At present, there are these valid and commonly used economic instruments of the protection of agricultural land: charges for the removal and unauthorized withdrawal of agricultural land, taxes and land prices, subsidies and incentives leading to land protection but also the penalties for offenses in the field of land protection.

## 2. AIMS AND MATERIALS

The aim of this paper is to analyse the current legislation protecting agricultural land in Slovakia focusing on the protection of agricultural land through contributions as an economic instrument of protection of agricultural land. It assesses the situation of the decrease of acreage of agricultural land at a time when the legislature did not use contributions for the protection of agricultural land against its usage for other than agricultural purpose and at a time when the contributions were re-used as an economic tool through which the usage of agricultural land for other than agricultural purposes is prevented. The paper was worked out on the bases of materials collected in the frame of SULANET and ECAP EU project focused on legal tools of land protection (how legal tools effected land protection).

## 3. DISCUSSION AND RESULTS

The Slovak Republic is a country with a relatively small area of agricultural land, with a below-average area of agricultural land per 1 inhabitant. Currently, the per capita accounts for 0.44 ha of agricultural and 0.26 ha of arable land. In the world the ratio is 0.80 ha of agricultural and 0.27 ha of arable land [8].

There are various approaches to soil protection. Many of them have good scientific bases and are well managed in practice. They differ only in the efforts to point out that something is being done in this area. However, the truth is that we have moved only a little closer to the ideal state, in which the threats to soil are stopped or at least reduced to a professionally and socially acceptable level. This may be caused by what a well-known Russian diplomat, poet, and playwright, A. S. Griboyedov (1795-1829) called “gore ot uma” (woe from wit), or maybe

Džatko and his work entitled “Stvoriteľ ské dielo, človek a udržateľný rozvoj stvorenia” (Work of the Creator, Man and the Sustainable Development of the Created) was right when he said that “a man cannot understand the system he did not create, and therefore he must destroy and rebuild it at first to understand the limits within which it can be used”.

The impulse for a new approach to the land protection was the Government Resolution no. 1141 [9], adopted on December 6, 2001, entitled "Principles of State Land Policy of the Slovak Republic" that directed to protection of the soil as a natural heritage of Slovakia. The resolution defined the soil as the top layer of eroded surface of the earth's crust containing water, air and living organisms. It defined individual functions of soil – organic functions (biomass production, filtration, neutralization and metabolism of substances in nature and maintenance of the ecological and genetic potential of living organisms) and functions associated with human activities (a part of the space base for socio-economic activities, supply of raw materials, cultural and natural heritage of the country).

Compared to the previous legal regulation, the resolution has a greater focus on organic function of soil. Stability of the soil organic matter also significantly depends on the natural resistance of the organic matter to decomposition which crucially depends on its internal structure, which was quite fittingly presented by Baldock and Skjemstad [10]. The resolution also points out negative effects of the intensification of agriculture in previous period, in particular soil compaction, the use of large and heavy agricultural machinery and economically motivated agricultural approaches (deficit in the use of organic fertilisers, rare cultivation of deep rooting plants). Several fundamental works have been published in order to clarify those problems. In the past, they were evaluated mainly in relation to crop yield. Emphasis was laid on the influence of heavy mechanisms that can affect soil to a depth of 30 cm and sometimes even deeper, i.e. to 50 cm or more [11].

Therefore the resolution stressed the importance of the proper use of the land respecting the principles and criteria of sustainable development communicating the protection of the quality and quantity of

land. It reminds us that the land protection is carried out in the context of the protection of environmental components and the objective is to stabilize the area and volume of top quality land and prevent its unreasonable withdrawal. It is due an irreversible and immediate soil loss over time scales of hundreds of years and an increasing phenomenon in the current soil development [12]. The Ministry of Agriculture of the SR and local state administration bodies carried out the government management of land protection. The resolution highlighted the role of monitoring and a comprehensive information system on the status, characteristics and development of the land quality. This permanent and government supported creation of knowledge about land was also carried out as an obligation to contribute to the creation and updating of international documents on land. The resolution also focused on the international integration in which it is crucial to implement the principles applied in the European Union and other international principles and rules designed for protection and proper land usage. By this resolution the state land policy was declared clearly defining the principles and priorities of state related to land as an essential and non-renewable natural resource and a national wealth and heritage of future generations. By accepting the Principles of State Land Policy of the Slovak Republic the Government fulfilled the objective to implement initiatives to protect the land resonating world-wide but especially coming from the European Union.

As a response to the above mentioned resolution of the Government, the Law no. 220/2004 Coll. [13] was the adopted. The concept of agricultural land resources has been replaced by agricultural land. The law emphasized the protection of the environmental functions of agricultural land, ensuring the sustainable management and use, as it was declared in the Principles of State Land Policy. It defined basic legal concepts, specifying the agricultural land as the production potential land registered in the land register such as arable land, hop fields, vineyards, orchards, gardens and grasslands; the law also defined the concept of a credit soil-ecological units (CSEU-in Slovakia referred to as BPEJ) as the classification and identification figure for the quality and value of production-ecological potential of agricultural land in the soil habitat. The law established the obligation of each owner or user of agricultural land to protect agricultural land from degradation, erosion, compaction and hazardous materials. It defined the principles of sustainable usage of agricultural land, its management and protection and legally regulated the changes of types of land. In accordance with this legislation an authority for protection of agricultural land issues a decision to change the type of agricultural land to non-agricultural land, agricultural land or afforestation of agricultural land. At the same time the principles protecting agricultural land were introduced in the case when the land is used for non-agricultural purposes. Agricultural land could only be used for constructions and other non-agricultural purposes when necessary and in a reasonable scope. It was only possible to withdraw agricultural land permanently or temporarily, or use agricultural land for non-agricultural purposes for the period of one year including the restoration of land to the original condition. A permanent withdrawal of agricultural land was defined by the law as a permanent change of use of agricultural land with a permanent change of the land type in the land register. A temporary withdrawal was understood as a temporary change in the method of use of agricultural land for up to ten years that is reclaimed into original state. The authorities of the agricultural land protection were the Ministry of Agriculture (central body for the protection of agricultural land), Regional Land Office (a coordinator of cooperation with soil services) and District Land Office (made decisions in particular on the withdrawal of agricultural land, imposed fines and cooperated with soil services). These authorities carried out professional supervision in cooperation with the newly established soil services, obligated by law to implement surveillance and monitoring of agricultural land, keep an information database and process proposals for measures and expert opinions in accordance with the law. It was possible to impose fines for offenses in the field of protection of agricultural land. The amount of the fine was determined based mainly on the seriousness, manner and duration of the offense and the scope and extent of the damage or threat of the damage caused. A fine was imposed by the authority for the protection of agricultural land and the income from the fines constituted a revenue of the state budget. Each of the legislation which used the institute of contributions for the withdrawal of agricultural land at the same time also ordered a number of exceptions from the obligation to pay contributions. The exceptions related to approximately 70% of all agricultural land withdrawals [14] and thus, considered by the law makers, the contributions became unsystematic and undemocratic, leading to their abolition at the time. On one hand, the law abolished the contributions, on the other hand, it toughened the rules related to the agricultural land keeping. The categories and limit values were fixed relating to erosion, compaction, quality of soil organic matter, liming of agricultural land, the limit values

for risk substances in agricultural land, by which we understand the value of maximum permitted levels of hazardous substances and the level of contamination. The fines were left as the only economic instrument for the protection of agricultural land against its withdrawal and usage for other than agricultural purposes. Adopting this approach the legislature expected a positive impact on the owners and users of agricultural land. A reduction of the state budget income from missing payments for withdrawal of agricultural land should have been partially offset by increased contributions and taxes from business activities on the occupied land.

It turned out that the abolition of contributions for the withdrawal of agricultural land for other than agricultural purposes did not produce the effect that the legislature expected at the time of adoption of the Law no. 220/2004 Coll., when the contributions were abolished and so five years after an amendment to the Law. 220/2004 Coll., was approved, namely the Law no. 219/2008 Coll. [15], with the effect from January 1, 2009. This amendment re-introduced the contributions but only for the withdrawal of agricultural land classified under the code CSEU to categories 1-4. Through the institute of contributions for the withdrawal of agricultural land as a system economic instrument of the protection of the best quality agricultural land the conditions for the withdrawal of agricultural land for non-agricultural constructions and other plans became more strict. Another positive impact of paying contributions was an increased revenue of the government and thus securing the financing activities of the Ministry of Agriculture of the Slovak Republic in the form of balance between the revenue and the expenditure of the budget of the Ministry of Agriculture of the Slovak Republic in the course of the financial year. By introducing of the contributions for the withdrawals the legislator planned to achieve three society-wide objectives, namely to safeguard and stabilize the area of the best quality agricultural land in Slovakia, guiding and if needed making investors of buildings to target to sites in Slovakia outside the Bratislava and Trnava region, the land of inferior quality (CSEU category 5-9) and less important for agricultural primary production, which will lower their contributions, and also to limit their land requirements for the necessary extent of the withdrawal and finally securing funds for the implementation of certain provisions of the law, such as activities related to the arrangement of the registration of agricultural land in the land registry with the actual situation in the field and on the creation of an information system on soils. The contributions for permanent or temporary withdrawal of agricultural land was to be paid by the one who proposed its use for other than agricultural purposes. In case of a permanent withdrawal it was a permanent change in the method of use of agricultural land with a permanent change in the land register and in case of a temporary withdrawal it was a temporary change in the method of use of agricultural land for a maximum of ten years. The land had to be reclaimed into the original condition. The obligation to pay contributions concerned also those who withdrew agricultural land without the decision of the authority for the protection of agricultural land. If the contribution was not paid on time, there was an obligation to pay a penalty for every commenced day of the delay amounting to 0.5% of the unpaid amount. Contributions as well as penalties were the revenue of the state budget. The law did not specify the amount of the contribution, however, in this regard the Slovak Government Regulation no. 376/2008 Coll. was adopted [16] establishing the amount of contribution and the method of payment. The amendment re-determined questions relating to the exemption from contributions for the withdrawal of agricultural land, but only if there was suitable land available in the cadastral territory classified under the CSEU code in category in 6-9.

Another important amendment to the Law no. 220/2004 Coll. was the Law no. 57/2013 Coll. [17], with effect from April 1, 2013. The reason for the adoption of the amendment was to adjust the direction and extent of the institute of the contribution for the withdrawal of the highest quality agricultural land in the appropriate cadastral area. The amendment was based on the need to protect the highest quality agricultural land by the institute of contributions in the cadastral area proportionally on the whole territory of the Slovak Republic by individual protection of certain specific CSEU codes in individual cadastral areas. The solution was an updated table of quality groups (CSEU codes) assigning a contribution for the withdrawal of agricultural land according to the quality of €/m<sup>2</sup> for each cadastral area within the territory of the SR. The contributions therefore had to be paid same like in the current legislation for each piece of agricultural land in Slovakia for all credit classes. A considerable extent of exceptions from the payment of the contributions for the withdrawal was abolished by the amendment because they accounted approximately 70% of all agricultural land withdrawals. A modification of the scope of exceptions was established by the Government Regulation of the Slovak Republic no. 58/2013 Coll. [18]. The regulation provided in addition to exemption from the

contributions and the basic rate of the payment for the withdrawal of agricultural land and unauthorized agricultural land withdrawal, the list of the highest quality agricultural land in the cadastral territory according to the CSEU codes, the amount of contribution payment, the method of contribution payment and the contribution maturity. One of the exceptions to the payment of contributions for the agricultural land withdrawal was the case when a planning permission was issued, as a significant investment in the amount of at least one billion euros of the investment costs creating at least 2,000 new jobs during its implementation. According to the opinion of the European Commission the existence and application of the exemption from the contribution payment is an unlawful State aid and distorts competition. The legislature accepted objections of the European Commission and adopted an amendment to the Government Regulation no. 58/2013 Coll., namely the Regulation No. 363/2016 Coll. amending the Slovak Republic Government Regulation no. 58/2013 Coll. [19], leaving out the given provision of the law. Contributions for the agricultural land withdrawal were only incidental revenues and it was not possible to directly affect their amount by the instruments of the ministry. The main objective of the introduction of the statute of the contributions for the agricultural land withdrawal was the protection of the finest agricultural land in Slovakia and not the fulfilment of the state budget revenues. The contributions had especially a protective and guidance character. Moreover, during the economic and financial crisis, investment activities of most potential investors in our country were reduced and the performance of these revenues significantly stagnated. In those circumstances the performance of the income from the agricultural land withdrawal was risky and the Ministry of Agriculture and Rural Development of the Slovak Republic in this period several times attempted to reduce respectively abolish the budgeting of this income, but due to the economic crisis and its society-wide impact this was not unacceptable by the Slovak Ministry of Finance. Regional Land Offices and District Land Offices in accordance with the Law no.220/2004 Coll. on the protection and use of agricultural land and the Government Regulation no. 376/2008 regulating the amount and method of the payment of contributions for the withdrawal of agricultural land reached in 2010 revenues from contributions for the withdrawal of agricultural land in the amount of 1,126,671.97 € which is 99.23%, i.e. 561,158.37 € more in comparison with 2009 [20]. The revenue from contributions for the withdrawal of agricultural land, which in 2011 were budgeted in the budget revenue of the Office of the Ministry of Agriculture and Rural Development of the Slovak Republic has been implemented in accordance with the Law no. 220/2004 Coll. on the protection and use of agricultural land and the Government Regulation no. 376/2008 regulating the amount and method of the payment of contributions for the withdrawal of agricultural land by Regional Land Offices and District Land Offices. Based on the decisions issued in 2011 these authorities reached the revenue from contributions for the withdrawal of agricultural land in the amount of 980,527.79 €, a decrease of 12.97%, i.e. 146,144.18 € less compared to the previous year 2010 [21]. The revenue from contributions for the withdrawal of agricultural land are indeed regular income, but at the same time they are unstable in their amount as evidenced by the amount of income from the contributions of Regional Land Offices and District Land Offices in 2012 in the amount of 2 889,920.03 € which is compared to 2011 an increase of 194.73%, i.e.

1,909,392.24 € [22]. In 2013, district land offices reached an income of 1,035,046.79 € and therefore compared with the previous year it decreased by 64.18%, i.e. 1,854,873.24 € [23]. For a period of five years from the reintroduction of contributions for the withdrawal of agricultural land, i.e. from 2009 through 2013 the real income from the contributions reached the amount of 6,597,680.18 €. At present it is impossible to precisely quantify the amount of these revenues because these are influenced by various factors such as the number of applicants for the withdrawal of agricultural land, range and quality of soil, which will be withdrawn. Therefore, the reasonable estimate is mainly based on the actual implementation of these revenues in previous years. In the draft of the budget for 2014 and 2015, these revenues were budgeted in the Ministry of Agriculture and Rural Development of the Slovak Republic for both years in the amount of 504,130 €. The draft budget, however, in those years counted on the budgetary unmatched savings, which represented an increase in revenue from contributions for the withdrawal of agricultural land due to the cancellation of a significant number of exceptions from the duty to pay the contributions by 1 million € compared to the amount of the revenues budgeted in the draft budget [24, 25].

### 3.1 Shrinkage of agricultural land in Slovakia

The development of the structure of land resources in recent decades in Slovakia is characterized by a significant loss of agricultural land in connection with the intensive construction activities and reducing the importance of farming to the total gross domestic product.

Since 1950 there has been a decrease of more than 380,000 ha of agricultural land. The reason for this phenomenon is the preference of technical and economic benefits of agricultural land withdrawal for capital construction activities [25].

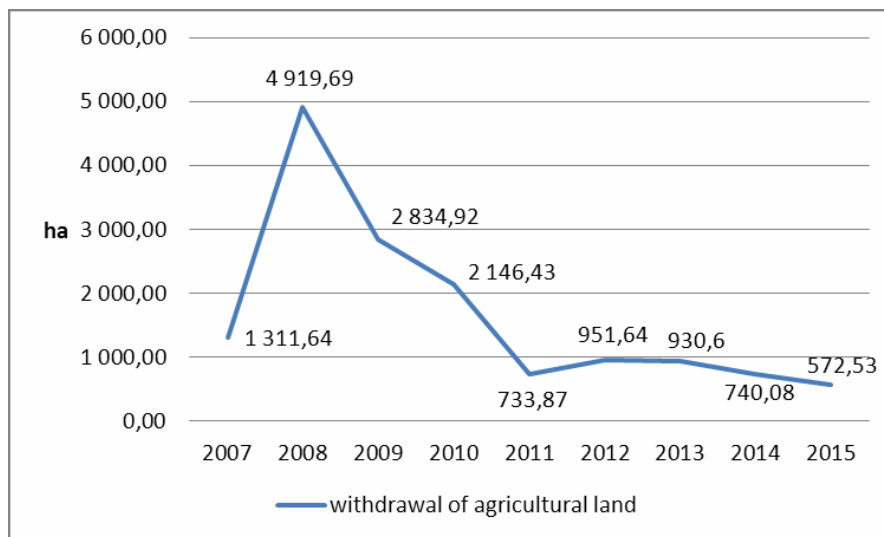


Figure 1

The area of agricultural land withdrawal in the period 2007-2015 (ha)

As demonstrated in Figure 1 the biggest agricultural land withdrawal in Slovakia was registered in 2008. This year was exceptional because it was the last year when the contributions for the agricultural land withdrawal were not paid. For the period of nine years, i.e. from 2007 to 2015 a total of 15,141.40 ha of agricultural land was withdrawn.

In 2008, the most of agricultural land, i.e. 25% was withdrawn in the quality group 6, representing 1,152.49 ha. On the other hand, the least of agricultural land, i.e. 4% of the total was withdrawn in the quality group 1, representing 188.94 ha. In the quality groups 1-4, 1,611.38 ha was withdrawn and in the quality groups 5-9, 3,038.04 ha of agricultural land was withdrawn.

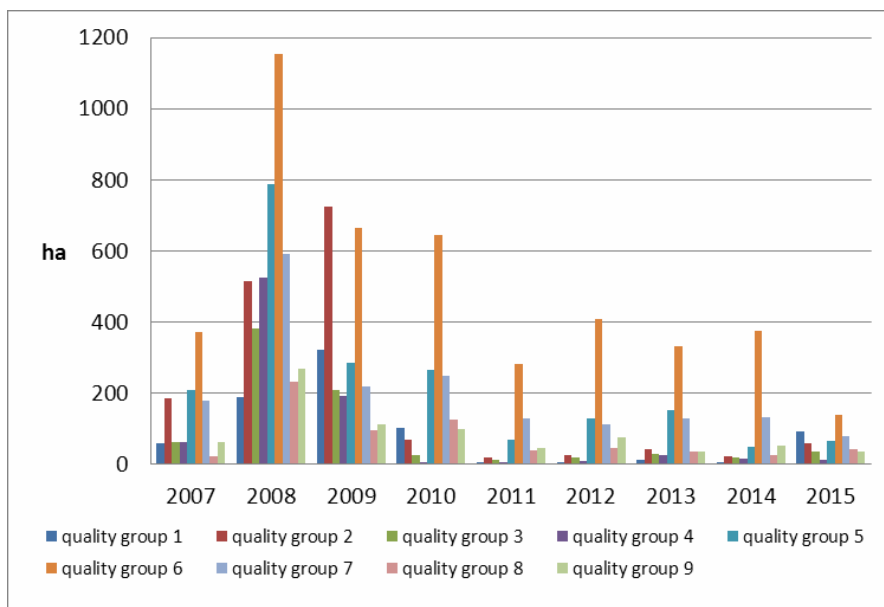


Figure 2

The area of agricultural land withdrawal in the period 2007-2015 (ha) according to CSEU

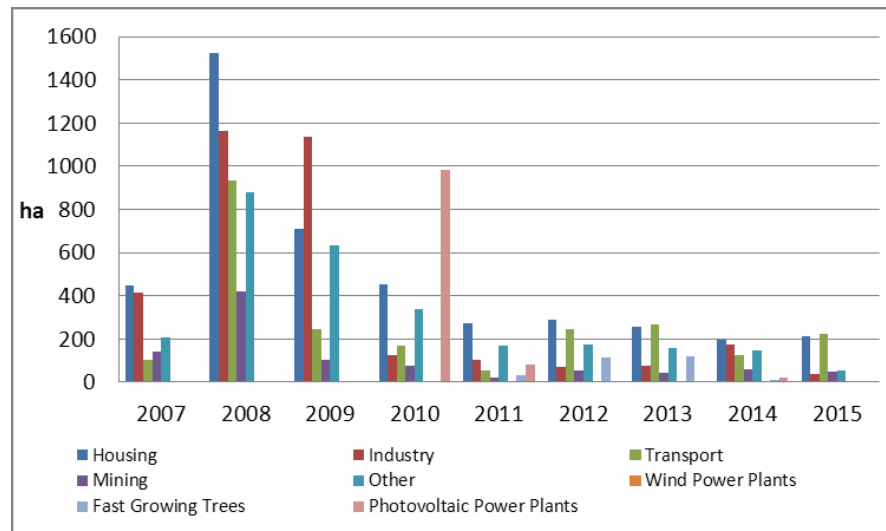


Figure 3

The area of agricultural land withdrawal in the period 2007-2015 (ha) according to purpose

The results show that only 28.80% of agricultural land was withdrawn for housing purposes, followed by industry 21.82% and transportation 15.62%. Interestingly, the agricultural land withdrawal for the purpose of setting up solar power plants in the years 2007-2015 represented 1,097.39 hectares, while the highest amount of withdrawals was recorded in 2010, representing 89.79% of the total area of the withdrawn area. The reason why the highest amount of withdrawals was recorded in 2010 was the fact that the state began providing subsidies for photovoltaic power plants in this year. In this case, an economic instrument did not play any decisive role in protecting agricultural land.

## • CONCLUSIONS

Agricultural land in Slovakia is mainly privately owned, but it is also a natural resource which should be of mutual interest. For this reason, the land needs to be protected for future generations. Fundamental legal changes have been made in the field of protection of agricultural land in recent years. Based on the Law no. 220/2004 Coll. on the protection and use of agricultural land contributions for the withdrawal of agricultural land for construction activities and other non- agricultural usage were abolished. Research results have shown that this change in legislation was not positive, since it has not provided sufficient protection of the top quality agricultural land. Currently, the most agricultural land is being withdrawn for the purpose of housing, followed by industry and transportation. Having studied the period of the application of the law, which abolished the contributions as an economic instrument for the protection of agricultural land and the reintroduction period of the contributions it can be stated that higher loss of agricultural land occurred at a time when the contributions as an economic tool for the protection of agricultural land were not used. We believe that one way of protecting agricultural land against the degradation through its withdrawal for other than agricultural purposes is the full use of economic instruments. These include, in addition to the

contributions, taxes, fees and charges. They apply in two main groups of payments, payments for environmental pollution and payments for the use of natural resources.

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## NEWS

### V4 – EMERGING YOUNG ENTREPRENEURS PROJECT

#### Emerging Young EntrepreneurS (EYES) – Developing Entrepreneurial Spirit in the V4 countries

The main aim of the EYES is the promotion of the V4 co-operation opportunities by exchanging of good practices and experiences in developing emerging young entrepreneurs in the V4 countries with the help of innovative business development models (3D platform included). The idea is to implement a complex out of the box education method which could be multiplied in all V4 countries and beyond. Stakeholders and civil society will contribute as well in order to reach a critical mass of youth.

The EYES is a complex out of the box education method which aims to disseminate an effective tool to educate and train emerging entrepreneurs in the transformative business approach in innovation and entrepreneurship (Business Model Canvas) particularly in the emerging sustainable economic sectors such as ICT, green economy, creative industry with a special focus on start-ups. The main activity will be based on an international business idea competition and a 3D platform. Participants of the competition will be young entrepreneurs selected and delegated by the project partners. Start-ups win this opportunity after successful participation on national pre-selection competitions.

The competition final and international conference will be the event where stakeholders can change experiences and good practices in connection innovative employment and economy boosting methods like out-of-the-box approaches of entrepreneurship education.

#### PROJECT PARTNERS:

##### Applicant:

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Rákóczi út 18, 1072 Budapest, Hungary  
www.bvk.hu

##### Partners:

- **Stowarzyszenie Rozwoju Społeczno-Gospodarczego “Wiedza” (Mazowiecki Klaster ICT)**  
Association of Economic and Social Development “Wiedza” (Mazovia Cluster ICT)  
Zelazna 67 flat 18, 00-871 Warsaw, Poland  
www.klasterict.pl
- **Ceska zemědělská univerzita v Praze, Point One**  
Czech University of Life Sciences Prague, Point One  
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- **Slovenská Technická univerzita v Bratislave**  
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Vazovova 5, 80243 Bratislava, Slovakia  
www.stuba.sk/

Source: <http://visegradfund.org/about/>





## V4 EYES

### EMERGING YOUNG ENTREPRENEURS INTERNATIONAL STARTUP CONFERENCE

The “V4 EYES – Emerging Young EntrepreneursS” international startup conference organized by the Budapest Enterprise Agency will take place at the Bálna Budapest center on 31 August 2017. The conference hosted speakers, roundtable discussions and startup presentations. Moreover the winners of the V4 EYES startup competition were awarded.

**The date of the event:** 31 August 2017, 10.00 – 18:00

**The venue of the event:** Bálna Budapest, 1093 Budapest, Fővám square 11-12.

**Patrons of the conference:** Péter Szijjártó, Minister of Foreign Affairs and Trade, István Tarlós, Mayor of Budapest



**Familie photo of the V4 EYES Closing Conference**

Photo© by Dr. Antal Szabó

## GPA DIRECTOR AWARDED CONSULTANT OF THE YEAR

On 22 November 2017, GPA Director Patrick Gibbels was awarded 'Consultant of the Year 2017' at the European Public Affairs Awards ([EuroPAwards](https://europawards.eu/) see at <https://europawards.eu/>), at the prestigious Brussels' Le Plaza Hotel and Theater, hosted by Politico's Managing Editor, Florian Eder.

The awards were organised by Government Knowledge, the UK Public Relations and Communications Association (PRCA) and Zetter's Political Services, with support from the European Centre for Public Affairs, (ECPA) the European Public Affairs Consultancies' Association (EPACA), the Society of European Affairs Professionals (SEAP) and the International Communications Consultancy Organisation (ICCO).

Judges, 55 in total, were drawn from across the public affairs scene and headed by six senior judges who are tasked with deciding the winner of the outstanding contribution award. The six are Michael Burrell, Lionel Zetter, Christophe Lecureuil (ECPA Executive Director), Karl Isaksson (EPACA Chairman), Rui Faria da Cunha (SEAP Director General) and Francis Ingham (PRCA Executive Director).



Burrell said that the judges were impressed by the quality and variety of this year's entries, noting that many included impressive deployment of social media techniques in support of direct lobbying activities.

**Patrick Gibbels said: "I am extremely pleased and grateful to have been given this award. The competition was fierce and I was already extremely honored to share the shortlist with some of the most reputable and well established consultants in Brussels. Winning the award is a great recognition of our work hard over the past year. I want to thank my team for their hard work and my family for their support".**

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Source: <https://mail.google.com/mail/u/0/?shva=1#inbox/15fe817df4eb23a4>

## INSTITUTIONAL PROFILE



- **BUDAPEST ENTERPRISE AGENCY**

**Budapest Enterprise Agency (BEA) is the only organization founded by the Budapest City Council back in 1993 for the development and promotion of the micro, small and medium enterprises of the Hungarian capital. Our mission is to contribute to the development and expansion of viable, new and existing entrepreneurs based on the market needs, thus contributing to the creation and preservation of workplaces in Budapest and to the facilitation of the economic growth of the Capital.**

The tasks of the BEA are defined by the Budapest Strategy of Facilitating the Economic Growth and Job Creation (2015-2021) accepted by the Budapest City Council in 2015. The principles of its operation are in line with the actions proposed in the Small Business Act and Entrepreneurship 2020 Action Plan.

The two pillars of the activity of the Agency are **innovative SME development** and **non-profit microfinancing**. BEA is one of the few European SME development organizations that provide both low-amount (below EUR 32,000) financial services for micro entrepreneurs and non-financial, business development services to SMEs. Women and young entrepreneurs are emphasized target groups of the services of the BEA.

By its **non-profit microfinancial services** the Agency enhances the access to finance of micro enterprises – especially for those which stand outside of the interest of commercial banks due to their size, to the low sum of the credit or to other causes. Budapest Enterprise Agency not only grants microcredits in the national, metropolitan and divisional microfinancing programs but helps the micro entrepreneurs with business plan and credit standing development consultancy and mentoring.

The Agency supplies innovative SME development services both for **micro, small and medium enterprises** and **SME developer organizations and institutes**.

In the **BEA Smart programme** – winner of the national competition of the European Enterprise Promotion Awards 2016 – designed for new and existing enterprises BEA established an entrepreneurial competence centre network with free services for the entrepreneurs. It organises events (conferences, workshops, lectures, networking events etc.) both at the seat of the Agency and at outplacated BEA Smart Points, presents entrepreneurial success stories and role models, builds a community, provides consulting and mentoring services. Regularly organizes startup and other entrepreneurial competitions with international presenting opportunities for the winners.

In the **Startup Budapest** programme the Agency presents the Budapest startup ecosystem at a regional, national and international level. Welcomes the delegations, startup managers and investors interested and organizes professional programs for them. Ensures networking and presenting opportunities for outstanding Budapest startups at internationally recognized events, festivals, conferences of the twin-cities of the Hungarian capital. Cooperates with the Hungarian embassies, consulate generals and consulates in the twin-cities and keeps contact with the municipalities and organizations associated with the municipalities thus enhancing the economical connections with the twin-cities of Budapest.

Within its **economic development activity** participates in the SME development activities of Budapest and its districts, in elaborating policies and creating an SME-friendlier business environment. In its Budapest SME Development Forums processes topics related to the growth of the economy of Budapest and presents entrepreneurial good practices both for the entrepreneurs and the SME developers. It has a

national and international network having in the focus of the cooperation the organizations supporting SMEs, the authorities dealing with SMEs, the representatives of international markets and the partners in the economic development of Budapest, especially the organizations of the neighbouring and V4 countries.

The rate of employment in Budapest amounted to 72.4 % in June 2016, which is 6 % higher than the national average and nearly equally higher than the EU average. The unemployment rate comes to 4.5 %, declining 1 % in one year. The rate of employment increased significantly – reaching 824 thousand people – and unemployment decreased. Twenty-four per cent of enterprises operate in Budapest, of which 41 % are corporate enterprises and 14 % are self-employed enterprises. These figures reveal the relevance of Budapest in Europe and in Hungary, and the importance and responsibility of the work carried out by the Budapest Enterprise Agency.

Budapest has been ranked the most attractive city in Eastern Europe in 2014-15 from the point of view of **foreign direct investment** by fDi Magazine, an investment supplement of the Financial Times group. The magazine ranked 468 European cities and regions in five categories, such as economic potential, cost-effectiveness, infrastructure and business friendliness.

*EDCi – European Digital City Index 2015* says: „**Hungarian startups** have grown rapidly in recent years. In 2010, there were a total of around 50 tech startups in the whole country, which has exploded to over 300 at the time of writing. Budapest, the ‘Pearl of the Danube’, is the epicentre for this activity. Prezi was founded here in 2009 and has undoubtedly served as an inspiring model for digital entrepreneurship in the city. The number of private and public initiative supporting startups has also increased in the past few years. Access to capital is still an issue for startups in the city – though this has been improved by the appearance of VC funds supported by the EU’s JEREMIE program. Additionally, the Hungarian government is actively supporting the growth of the startup ecosystem by channelling funding from other EU grants. The European Institute of Innovation and Technology (EIT) is also headquartered in Budapest. Many of the indicators show that Budapest is on the right path towards developing an ecosystem where entrepreneurs, venture capitalists and other contributing actors can work together to spawn successful new companies.”

### **Why Budapest?**

- Emerging ecosystem of incubators, accelerators and co-working spaces
- Top 5 in cost of living
- Travel links to other European cities above average
- Digitally well-connected city with fast internet
- Welcoming startup
- Lots of well educated specialists in any field – Hungary is well known in the region for its high level of education. Business, technology and medicine are studies where our universities and colleges excel especially.

Very easy and free to start and cheap to maintain a one-person company

**Please do not hesitate to contact us if you wish to get to know the Budapest startup ecosystem and its significant players, to meet Hungarian startups or if you have any other questions concerning SME-development.**

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**Source:** <http://bvk.hu/budapest-enterprise-agency/>





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