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Dear Readers, Distinguished Friends,

It is Sándor Petőfi, the Hungarian poet, who declaimed,
"Here is the Autumn, once again enchanting,
It is always beautiful unto me again;
Lord knows why/
Do I love it? yes I do!"

Itt van az ősz, itt van újra,
S szép, mint mindig, énnekem.
Tudja isten, hogy mi okból
Szeretem? de szeretem.

The Autumn, like just an artist paints over the leaves with yellow, ochre, rust-coloured and brown. We see the bushes and trees laid out looking like a beautiful fairy tail carpet. I have just returned from Chisinau, the Moldavian capital, where we convened a Workshop on Women and SMEs. Following this event, I was taken to the enchanting Codru Forest, the current and former Government officials charged with SMEs, and I delighted in such a beautiful landscape. The restored Curchi monastery in Orhei District makes a profound impression and should not be missed.

At the end of September, the ERENET flag waved wind over the fascinating and glowing building in the pedestrian street Knez Mihailova which houses the Institute of Economic Sciences in Belgrade. It was here the 4th ERENET Annual Meeting was held with over fifty participants. We were honoured, by the presence of Tina Sommer, President of ESBA and Radovan Jelašić, Governor of the National Bank of Serbia. The participation of South-Eastern Europe in the work of ERENET is growing and we are proud that ERENET is contributing to strengthening mutual understanding and cooperation between the SEE countries.

The current global economic crises and recession have impacted deeply on people and entrepreneurs, especially SMEs. The effect of the crises differs among the nations but in some areas the situation is critical indeed. The rate of unemployment has been raised skywards. Commercial banks are still reluctant to acknowledge their role in causing the chaos. Many commercial banks are sending foreclosures against their debtors with loans in overseas currencies but as a result of high inflation and the result of losing their jobs are unable to repay loans at the present time. We are witness to the downside of capitalism in the new CEE EU countries. Hurray European Commission sitting in Brussels and doing nothing. Governments are challenging taking actions to preserve jobs and smooth the effect of the impoverishment. The Hungarian National Bank and others in CEE are only now waking up to prohibiting loans to purchase luxury cars without putting down a penny of an individual’s own earned money.

ERENET has been invited by the Small Business Development Centre at the Corvinus University of Budapest to undertake research in selected CEE countries on “The Reaction and available Protection mechanisms for Small Businesses against the Stress Factors caused by the International Financial and Economic crises”. On 18 November 2009, we shall also be discussing entrepreneurship policy in this time of crises at the Pre-Conference Forum in connection with the 23rd RENT Conference to be held in Budapest. The Pre-Conference Policy Forum is a joint event to be organized by the European Council of Small Business and Entrepreneurship – ECSB – and ERENET. Hereby, I kindly invite all ERENET Members and Friends to attend this interesting and challenging event. Participation is free of charge.

Dr. Antal Szabó
Scientific Director of ERENET

Photo by Dr. Antal Szabó ©
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Scientific Director of ERENET
UN ret. Regional Adviser
Budapest, Hungary
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2009 REPORT ON THE ACTIVITIES OF THE ERENET NETWORK

Dear Members of the ERENET Network, Dear Colleagues and Friends,

It is my great honour to welcome you at the fourth Annual Meeting of the ERENET. After having organized the 2nd one at the University of Kosice and the 3rd at the Corvinus University of Budapest, this is our first such kind of Meeting in South-Eastern Europe.

In connection with the last Annual Meeting, the Executive Board members of the European Small Business Alliance hold its Executive Board meeting in Budapest. This year ESBA decided to hold its Executive Board Meeting during the 6th European Day of Entrepreneurs to be held with a few days later in Croatia. I am a little bit disappointed that the ERENET Annual Meeting and EDE coincides in consequence of this lot of our ERENET members will travel to Zagreb instead of Belgrade.

However, I am happy to see so many participants from Serbia, so we could make our meeting more comfortable like a friendly party.

It is my great honour to welcome the Executive Board members of the European Small Business Alliance headed by Tina Sommer, President of the ESBA. This year Dejan Eric was a special guest of the Annual Meeting of the Federation of Small Businesses invited by Tina Sommer, in her capacity as Chairman for International Affairs of the FSB too. On behalf of ERENET I thank Tina for her invitation.

The Entrepreneurship Education and Research Network among the Universities of Central and Eastern Europe ERENET, consists of university academicians, government representatives, experts from business services providers and responsible entrepreneurs, aiming at contribution to the promotion of entrepreneurship at the university curricula, harmonisation and development of entrepreneurial education, evaluation and development of government’s SME national policies, promotion of communication and dissemination of best practices in SME promotion related issues. As you are aware, this network is an open-ended one, we are welcome anyone to member or observer status, who can fulfill the criteria.

The aims of the ERENET include the following:

(i) Creation of a network of professors, lecturers, scientists, experts from CEE to work together in order to create common Central European set of values,
(ii) Exchange of university curriculum, lecturers and later students,
(iii) Launching joint research projects
(iv) Organizing workshops, seminars on entrepreneurship
(v) Preparing joint Internet periodical.

MEMBERSHIP

It is my privilege to inform you that our ERENET Network becomes strong. As you are aware, in 2006 we had 36 Members from 16 countries. At the time of the 2nd ERENET Annual Meeting our Membership raised to 55 Members from 23 countries. In 2008, we had 90 Members. Today we have 123 Members – 34 countries – 26 countries from Europe, 2 North-American countries, Israel, 3 South-Caucasian transition economies, and 1-1 countries from Asia (Iran) and South-America (Venezuela). It is worth to mention, than majority of the ERENET Members are university professors, lecturers and experts from the seven founding CEE countries (6 from Croatia, 25 from Hungary, 8 from Poland, 13 from Romania, 12 from Serbia, 5 from Slovakia and 3 from Slovenia).

1 This paper was presented at the 4th ERENET Annual Meeting held on 25 September 2009 at the Institute of Economics Sciences in Belgrade.
While preparing the Annual Meeting we withdrew the membership of one Moldavian and one Ukrainian Members, who changed their carriers, but in spite of several correspondences they did not replied to the letter send by the Secretariat.

We welcome our new Members. It is a long list to mention everybody. You can find the CVs of our members on the ERENET web-site at http://www.erenet.org/members/members.htm and the attached Members of the ERENET as of 20 September 2009.

Following the 50th Jubilee Scientific Conference and Celebration of the Institute of Economic Sciences we achieved a significant organizational leap forward. On 15 December 2008, the ERENET Secretary informed its Members and possible Candidates, that the ERENET SECRETARY FOR SOUTH-EASTERN EUROPE opened at the Institute of Economic Sciences in Belgrade. This is a promising initiative indeed. IES has a brilliant history, a strong staff and good infrastructure. Its possibilities and opportunities are not exploited yet for the ERENET. We have to discuss this issue during our Meeting. However, I would like to thank Dejan Eric and his staff for all their efforts in promotion of the ERENET as well as in organizing this event.

The address of the ERENET Secretary for South-Eastern Europe is the following:
Institute of Economic Sciences
Ms. Vesna Pejovic, SEE Secretary
11000 Belgrade, Zmaj Jovina 12, Republic of Serbia
E-mail: office@ien.bg.ac.rs Web: http://www.ien.bg.ac.yu/index_en.html

It is my honour to inform you that the Small Business Development Centre at the Budapest Corvinus University serves as Headquarters for ERENET. We are grateful to Prof. Tamás Mézsáros, Rector of the University and Prof. Péter Szirmai, Head of the Small Business Development Centre, for providing us the facilities and the secretariat. On behalf of the ERENET Network I would like to thank for their support. It is also my privilege to thank Attila Pethoe, Associate professor Secretary of the ERENET, for us maintaining the secretariat work, and also for maintaining our the web-site,

MAIN ACTIVITIES SINCE THE 3rd ANNUAL MEETING

1. The 5th European Day of the Entrepreneur in Croatia „Croatian Gateway to Growth”
1-2 October 2008, Zagreb

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

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

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

There is an important task in increasing skill by developing and redefining the education. The Croatian Government has to improve its educational and training policies to make these more responsive to anticipated changes in the labour market.
2. Workshop on ENTREPRENEURSHIP in COMPARATIVE PERSPECTIVE
3 November 2008, London

The Workshop was organized by the UCL SSEES Centre for the Study of Economic and Social Change in Europe and ERENET at the UCL SSEES Building in London. The program of the Workshop see below:

SESSION I Chair: Simona Iammarino (University of Sussex)

10.00-10.40 Igor Filatotchev (Cass Business School)
Strategic Flexibility, Governance and Knowledge in Threshold Entrepreneurial Firms

10.40-11.20 Saul Estrin (LSE), Julia Korosteleva, Tomasz Mickiewicz (UCL)
Determinants of High-Growth Entrepreneurship in Comparative Perspective

11.20-12.00 Slavo Radosevic (UCL) and Maja Savic (Birkbeck)
Knowledge Intensive Entrepreneurship in Central and Eastern Europe.
Results of Firm Level Survey

SESSION II Chair: Natalia Isachenkova (Kingston University)

12.45-13.25 Friederike Welter (JIBS) and David Smallbone (Kingston University)
Entrepreneurship in Transition Economies

13.25-14.05 William Bartlett (University of Bristol) and Mirela Xeneti (Kingston University)
Entrepreneurship in the Western Balkans

14.05-15.00 Antal Szabo (Budapest), Tigran Sukiasyan (OSCE Yerevan), Ishkhan Karapetyan (SME Development National Centre of Armenia)
Entrepreneurship in the Southern Caucasus

Challenges of Economic Sciences in the 21st Century
4-5 December 2008, Belgrade

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

This event was milestone in the recent SEE economic development. Beside the celebration of the past 50 years it paved the way for further economic cooperation and regional development.

We very thankful to the Institute of Economic Sciences Management offering IES to become the Secretary for SEE. ERENET consider this region wider as just the Balkan countries, but it should be include all the countries after the disintegration of the former Yugoslavia, plus Albania, Bulgaria, Greece, Moldova, Romania and Turkey.

From the ERENET we highlight a very strong participation at this event delivering several lecturers and presentations, like:

Vincent Šoltés, Michal Šoltés: VARIOUS INNOVATING INSTRUMENTS OF FINANCIAL MARKETS RECOMMENDED IN CASE OF A FALL IN THE UNDERLYING ASSET PRICE

Antal Szabó: DEVELOPMENT OF ENTREPRENEURSHIP AND THE SME SECTORS IN SOUTHEASTERN EUROPE.
Mirjana Radović Marković: WOMEN AND INFORMAL ACTIVITIES IN TRANSITIONAL COUNTRIES AND SERBIA: OLD AND NEW VIEWS
Radmila Grozdanić , Milanka Vučić , Nataša Cvijović: WOMEN ENTREPRENEURSHIP IN SERBIA
Svetislav Paunović: ENTREPRENEURSHIP - DEVELOPMENTFACTOR IN TRANSITIONAL ECONOMIES
Peter Szirmai, Katalin Mihalkov Szakács, IN TUNE WITH BUSINESS
Mirjana Radović Marković, Snežana Lekić: DEVELOPMENT AND FEATURES OF FEMALE SELF-EMPLOYMENT IN BOSNIA AND HERZEGOVINA
Bojana Radovanović: MICROCREDIT – CURE FOR POVERTY, INCENTIVE FOR SELF-EMPLOYMENT: THE CASE OF SERBIA
Renáta Vokorokosová: MINIMUM WAGE AND AVERAGE WAGE IN SLOVAKIA

4. International Workshop on UNIVERSITY ENTREPRENEURIAL EDUCATION
20-22 May 2009, Tirgu Muresh

The International Workshop on University Entrepreneurial Education was organized under the patronage of the Romanian Academy, in partnership with professional and scientific associations such as: ERENET (Entrepreneurship Research and Education Network of Central European Universities), Corvinus University of Budapest, Hungary; University of Miskolc, Hungary; J.J. Strossmayer University, Osiek, Croatia; Technical University of Košice, Slovakia; Institute of Economic Sciences, Belgrade, Serbia; University of Strasbourg, France; Fachhochschule, Frankfurt am main, Germany and „Pro Iure” Foundation, Tîrgu Mureş, Romania.

During the Workshop a Roundtable – “Entrepreneurial Education”- was organized and chaired by the Scientific Director of ERENET. The aim of the roundtable is to create the curricula for a possible BSc and MSc programmes on Entrepreneurship for Petru Maior University.

The Program of the Workshop see below:

„Best practices in entrepreneurial education in Central and Eastern Europe”

Educating Bachelors of Entrepreneurship – student perception of the impact of education on key competences, skills and attitudes and employability
Sanja PFEIFER, J.J. Strossmayer University , Osijek, Croatia

Entrepreneurship from Kindergarten to University in Germany
Hans-Jürgen WEISSBACH, University of Applied Sciences Institute for Entrepreneurship, Frankfurt am Main, Germany

Teaching Small Business Finance - Experiences From Corvinus University of Budapest
FILEP Judit, Corvinus University, Budapest, Hungary

System of entrepreneurship skills training: methods and ways
Vincent SOLTES, Manuela RAISOVA and Katarina FABIANOVA, Technical University of Košice, Slovakia

Entrepreneurial University – innovative approach to learning and/or significant changes in the way universities operate
Svetislav PAUNOVIC, BBA - Faculty for Banking, Insurance and Finance, Beograd, Serbia

„Best practices in entrepreneurial education in Romania”
Entrepreneurial skills and labour market
Valentina VASILE, Institute of National Economy, Romanian Academy, Bucharest, Romania

New challenges of the relationship between entrepreneurial universities and competitive advantages
Gheorghe ZAMAN, Romanian Academy, Bucharest, Romania

Romania general overview on entrepreneurship education
SZABÓ Zsuzsanna Katalin, „Petru Maior” University, Tg. Mureș, Romania
Liviu MARIAN, „Petru Maior” University, Tg. Mureș, Romania

Evaluation of the franchise business
Gabriela Cecilia STĂNCIULESCU, Faculty of Commerce Academy of Economic Studies, Bucharest, Romania

General overview on business contracts
Lucian CHIRIAC, „Petru Maior” University, Tg. Mureș, Romania

„Best practices in entrepreneurial education in Romania”

Ethical Dimension of Entrepreneurial Education
Maria-Ana GEORGESCU, „Petru Maior” University, Tg. Mureș, Romania
Emilia HERMAN, „Petru Maior” University, Tg. Mureș, Romania

Main characteristics of Romanian and Italian Entrepreneur
Daniela ŞtefĂnescu, „Petru Maior” University, Tg. Mureș, Romania
Lia Codrina Conţiu, „Petru Maior” University, Tg. Mureș, Romania

Challenges in the entrepreneurship education
Liviu CIUCAN-RUSU, „Petru Maior” University, Tg. Mureș, Romania

Identity management teaching practices for new ventures
Liviu CIUCAN-RUSU, „Petru Maior” University, Tg. Mureș, Romania

Content and Language Integrated Learning (CLIL) within Long Life Learning Programmes on Entrepreneurship
Daniela DĂLĂLĂU, „Petru Maior” University, Tg. Mureș, Romania

The main papers presented at the Conference were published in the ERENET PROFILE No. 15 as of July 2009.

5.

INTERNATIONAL SCIENTIFIC CONFERENCE ON ENTREPRENEURSHIP AND GROWTH OF FAMILY FIRMS
Department of European Studies and Department of Entrepreneurship and Innovation
Cracow University of Economics and ERENET
June 4-5, 2009
Krakow, Poland (CUE campus)

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

**Conference Topics:**

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

**Outcome of the Conference:**

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

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

It was agreed that in the addition to publishing academic papers by the CUE, the ERENET PROFILE will publish 12 papers in 2009 and 2010. The conference proceedings were divided into three volumes – two monographic books and proceedings published in ERENET PROFILE. The monographs include:


Following the Conference ERENET gained new Members from Bulgaria, Hungary and Poland.

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6. **Project on**

"THE ROLE OF BELIEF AND FAITH IN DOING BUSINESS"
Research done by the international community
March – November 2008

Recently, I came across Managing as if Faith Mattered by Helen J. Alford O.P and Michael Naughton examining Christian social principles in the modern business organisation. This is a book which challenges both those who think that the Christian religion has nothing to say on modern business, and those that think that without faith you are not able to fulfill your calling in life. Turning to relevant ERENET events, we organized a workshop on entrepreneurial education in Targu Muresh (Transylvania) where Mircea Aurel Nita, Senior Lecturer from the National School of Political and Administrative Studies in Bucharest spoke about the impact of spiritualism in society and business life in North-Katmandu (Nepal).

Despite the fact that there are no fundamental differences in developing business between entrepreneurs holding different belief systems, outcomes are always determined by an individual’s personal thinking and value system. The ERENET Scientific Director in consultation with several our members from different countries has been started to investigate and understand these differences.

As ERENET is concerned, our intention is not to make a dialogue between various religions, but rather a debate between businessmen from different faiths and beliefs. We need to have a more profound appreciation of the interrelationship between business and culture. With this special issue ERENET will investigate the possibility of bringing together the authors of the papers to hold a more comprehensive dialogue cross-cultural, cross-religious and cross-entrepreneurial dialogue in this field. It is an issue that would benefit from greater in depth analysis.

As a result of our research we compile a special issue of the ERENET Periodical No.12 as of November 2009 highlighting some of the feature of the Christian, Muslim, Hindu, Jewish and Buddhist faith. This is a unique publication. I express my gratitude to my colleague Katalin Szakács for editing this periodical and thank Prof. Dr. Péter Szirmai, Director of the SBDE of the CUB for providing financial assistance for making a hard copy too.

At time being the ERENET Secretariat is investigating the possibility of finding sponsor(s) to organize a Workshop on Belief and Faith in Doing Business in the next future.

ERENET PROFILE

It is my great honour to inform you, that our Internet periodical ERENET PROFIL is a great success story. One of our strategies was to launch an Internet-based periodical ERENET PROFIL. The aim and purpose of the periodical is to enhance local and regional understanding of the possibilities offered by small and medium enterprise. It is equally directed to encouraging cooperation among experts who are concerned with entrepreneurship, small and medium enterprise research and the necessary education and training required to encourage economic development across Europe.

For the 3rd ERENET Annual Meeting we issued a special publication highlighting the first ten issue of ERENET PROFILE. So far we published 15 periodicals. We have sufficient materials for the next two issues as well. All our papers, contributions, and news you could find at our web-site at http://www.erenet.org

As you aware, the ERENET PROFILE has been received an international recognition through obtaining an ISSN code 1789-624X.

As far as the statistics is concerned, we regularly look at the following web-site https://webstat.gginternet.com:6443/erenet.org/. In 2008, we received over 120,000 hits, in average 10,000 hits per months and over 30 hits per day.
PROJECTS INITIATED BY ERENET AND CARRIED OUT IN NETWORK WITH OTHER UNIVERSITIES

1. **STRENGTHENING THE EDUCATIONAL AND SCIENTIFIC COLLABORATION AMONG FACULTIES OF ECONOMICS WITHIN V4 AND COUNTRIES OF SOUTH EASTERN EUROPE**


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

   Project aims at joining educational institutions of Economics for establishing mutual educational and scientific network of teachers and researchers from corresponding V4 countries and neighbouring countries. This project reaches the priority “Sharing V4 know-how with neighbouring regions”. A network established within this project will coordinate the mobility of Faculties’ project personnel; prepare workshops on best practices in educational area within Investment, Banking and Business oriented study programmes. Moreover it will cope with presentation of new teaching methods and know-how within distance and e-learning educational approaches. V4 practical abilities and skills in project targeting areas will be further on spread out to neighbouring regions via workshops and conferences with expert participation from praxis, leading industries and educational institutions besides the Visegrad Countries. Hence the Visual collaboration (videoconferences) between V4 and neighbouring countries will accelerate the exchange of research results, comments and ideas for starting further common project collaboration in near future.

   **Consortium Members are:**

   - **Technical University of Kosice, Faculty of Economics** (Coordinator) Slovakia
     coordinator: Associate Prof. Renáta Vokorokosová, PhD. Web page: [http://www.eken.tuke.sk](http://www.eken.tuke.sk)
   - **University of Economics in Bratislava, Faculty of National Economy** (Partner) Slovakia, Local coordinator: Associate Prof. Eva Horváthová, PhD. Web page: [http://nuf.euba.sk/](http://nuf.euba.sk/)
   - **Silesian University in Opava, School of Business Administration in Karviná** (Partner) Czech Republic, Local coordinator: Associate Prof. Marian Lebiedzik, PhD. Web page: [http://opf.slu.cz/](http://opf.slu.cz/)
   - **Czestochowa University of Technology, Faculty of Management** (Partner) Poland, Local coordinator: prof. PCz. dr. hab. inż. Janusz Grabara, Web page: [http://www.pcz.pl](http://www.pcz.pl)
   - **University of Miskolc, Faculty of Economics** (Partner) Hungary
     Local coordinator: Associate Prof. Sándor Karajz, Web page: [http://www.uni-miskolc.hu](http://www.uni-miskolc.hu)
   - **College of Social and Administrative Affairs**, Havírov (Partner), Czech Republic
     Local coordinator: Prof. PhDr. RNDr. Stanislav Polouček, CSs., Web page: [http://www.vsss.cz](http://www.vsss.cz)
   - **Union University of Belgrade, Belgrade Banking Academy** (Partner), Serbia
     Local coordinator: Prof. Dejan Eric, Web page: [http://www.ien.bg.ac.yu/bba](http://www.ien.bg.ac.yu/bba)
   - **University of Pardubice, Faculty of Economics and Administration** (Partner), Czech Republic
     Local coordinator: Associate Prof. Ilona Obršílová, CSc.

2. **EUROPEAN ENTREPRENEURSHIP EDUCATION PROJECT number 134096-LLP-1-RO-ERASMUS-ECOM**

   The Project aims at elaborating and implementing an optional module on entrepreneurial education for Bachelor and Master students in Engineering, IT, Physics, Chemistry and Biology.

   The project intends to develop 6 specialized modules including the course on “English for Business”.

   **Consortium members are:**

   - **Petru Maior University of Tirgu Mures** (Coordinator) Romania
   - **Fachhochschule Frankfurt am Main** (Partner), Germany
   - **IUT Louis Pasteur – Stassbourg** (Partner), France
COOPERATION WITH OTHER NETWORKS

International organizations and initiatives have been discovered ERENET. Discussions have been started in order to create synergy among few initiatives in CEE.

1. **European Small Business Alliance (ESBA)**

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

   ESBA is a non-party political group which cares for entrepreneurs and the self-employed and represents them through targeted advocacy and profiling activities. ESBA also works towards the development of strong, independent advocacy and benefits groups in all EU countries. ESBA is welcomed the Entrepreneurship and Research and Education Network of Central European Universities (ERENET) as a new Pan-European Member.

   ESBA and ERENET agreed to exchange information and send to each other all relevant information. We highly appreciate the issue of the ESBA Bulletin with ESBA views on EU news and views on entrepreneurship.

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

   Tina Sommer, Chairman of European and International Affairs of the Federation of Small Businesses (UK) invited ERENET to participate in the FSB Annual Meeting held on 13-15 March 2008 in London.

   Due to lack of financing, the ERENET Secretary could not participate at the ESBA Executive Board Meetings. However, the two secretaries frequently change information.

2. **Permanent International Secretary of the organization of the Black Sea Economic Cooperation and the Turkish Representative of the Konrad Adenauer Foundation.**

   **BSEC Workshop on Development of Youth Entrepreneurship and SMEs**

   **1-3 April 2009, Istanbul**

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

   In the line with the abovementioned, the Workshop on “Development of Youth Entrepreneurship and Start-Ups” was held in Istanbul, the Republic of Turkey, on 1-3 April 2009. It was jointly organized by the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS) and the Representation of the Konrad-Adenauer-Stiftung (Foundation) (KAS) for Turkey, in cooperation with the Turkish Foundation for Small and Medium Business (TOSYÖV).

   In spite of the fact, that ERENET was not among the co-organizers of this event, it provided a significant contribution to the success of the workshop. On the second day of the Workshop, Mr. Dieter IBIELSKI, Presidential Counselor of the Union of Small and Medium Sized Enterprises (UMU), Germany; Prof. Dr. Hans-Jürgen WEISSBACH, University of Applied Sciences Department of Economy and Law
Institute for Entrepreneurship, Germany; Dr. Antal SZABO, Scientific Director of ERENET; and Assoc. Prof. Dilek ÇETİNDAMAR, Sabancı University/Director of the Turkish Industrialists’ and Businessmen’s Association (TÜSİAD)-Sabancı Competitiveness Forum addressed the Workshop as lead speakers. In addition the Scientific Director of ERENET moderated the discussions by the national experts, and drafted the conclusions and recommendation for the final proceedings.

3. **International Small Business Congress - ISBC 2008 Congress**
   **4-6 November 2008, Belfast, N. Ireland**

The 35th ISBC Congress was held under the motto “An Entrepreneurial Odyssey – from local heroes to global champions”. This event was one of the most important SME-related events in 2008 in world-wide, a meeting point of nearly 900 experts from over 60 countries.

Our network made an important contribution to this Congress. In principle we run the Session 3C **Promoting SMEs in Emerging & Transition Economies** as following:

**Session Chair:**
Dr Antal Szabó, former Regional Adviser, UNECE; now Scientific Director, ERENET, Budapest
Corvinus University, Hungary

Prof Xavier Figarella, Director of the Centre for Entrepreneurial Initiatives, Universidad Metropolitana, Venezuela

**Topic: Academic Strategies to Improve the Competitive Profile of SME**

Prof. Zsuzsanna Szabó
Romania

*The Impact of Entrepreneurship Education on Economic Growth in Romania*

Mr Ishkan Karapetyan, Head of the SME Development National Center &

Mr Tigran Sukiasyan, National Economic and Environmental Officer of the OSCE Office in Yerevan, Armenia

**Topic: Capacity building for entrepreneurship support in Armenia**

Prof Dr. Sci Tihomir Lukovic, Head of chair, Economic faculty "Nautical tourism", University of Dubrovnik, Croatia

**Topic: Analysis of Entrepreneurship in Economies of Transition versus Developed Countries**

PARTICIPATION IN INTERNATIONAL EVENTS

Since the date of the 3rd ERENET Annual Meeting, the Scientific Director of the ERENET was invited and participated in the following international events:

1. The ERENET Scientific Director was invited by the European Commission to participate and moderate one of the Workshop of the Athens 2008 Biennial Conference on “Entrepreneurship with a human face” held on 8-9 September 2008.

2. On 13 November 2008, the ERENET Scientific Director delivered a lecture on “Comparative analysis of the SME-sectors in the V4-countries” at the International Forum organized by the UNDP Cseréhát Program Office, Regional Development Holding and Europrosperitas 2010 Foundation in Miskolc.

3. In mid June 2009, the Scientific Director participated in the Closing ceremony in the Occasion of the Graduating Students of the Economic Faculty of the Technical University of Kosice.

Budapest – Belgrade, 25.09.2009
ENTREPRENEURIAL UNIVERSITY – INNOVATIVE APPROACH TO LEARNING AND/OR SIGNIFICANT CHANGES IN THE WAY UNIVERSITIES OPERATE

Abstract

This paper elaborates the challenges of entrepreneurship education as one of the key elements for business success. Having in mind that entrepreneurship is a highly creative and innovative process, it appears that traditional educational techniques have not undergone significant changes and that educational processes still stress out values and approaches, which are not supportive to entrepreneurial spirit and culture. Traditional programmes educate «about entrepreneurship» rather than «for entrepreneurship», providing knowledge and information about key elements of entrepreneurship, but fail to create and improve abilities and skills to implement entrepreneurial behaviour in the real business environment. All participants in the entrepreneurship education process are expected to shift from traditional methods of teaching to methods of learning which support entrepreneurial creativity and intuition. It demands not only innovative approach to learning but also significant changes in the way universities operate. Universities are expected to be entrepreneurial. Teachers and students should turn themselves into entrepreneurs, while the interaction of the universities with the community should follow entrepreneurship patterns.

1. The role of entrepreneurship education and relevant EU policies

The importance of entrepreneurship education derives from the essence of entrepreneurship as a key developmental resource, pro-active way of thinking that puts innovations in the middle of its interests. Ever increasing dynamics of technological changes, globalisation and the increase of competitiveness and constant change of know-how, first of all among information technologies, brings tremendous challenges to entrepreneurs who are leaders of the new millennium. Entrepreneurship is crucially important for processes of market positioning and preservation of competitive positions under the conditions of unpredictable environment.

Many authors treat the issue of entrepreneurship as something mysterious, as flair, inspiration, a touch of ingenuity, or a form of art. In that context, a “great person” comes to the world with inborn talents and inclinations for entrepreneurial behaviour. On the other hand, there are authors who claim that entrepreneurship can be learned and applied in everyday business activities in an organised way, putting emphasis on practical aspects and routine fulfilment of entrepreneurial duties. The most creative elements of entrepreneurial behaviour are always the most prominent, and innovations are understood in a wider context (technical, economic, social). Entrepreneurship is treated as a very rare resource (thus a very expensive one) which should be invested into. Entrepreneurial managers are in demand (and not those who behave by routine), who initiate new projects and take over risks for the success of the whole business endeavour. The main feature of the modern manager is an entrepreneurial spirit. Within that context, it is very important to create appropriate organisational culture which supports entrepreneurship and innovative climate at all organisational levels of the company.

Entrepreneurship has been recognised as a basic skill in the process of permanent (life-long) learning. This is the reason why entrepreneurship education has been promoted and practically implemented in educational system of the EU countries at all levels of both formal (from primary to university education) and informal education. The EU Expert group defines entrepreneurship education not only as a process of preparation, education and trainings for creating business, but in a wider context as a process of developing

entrepreneurial way of thinking, entrepreneurial skills and certain personal characteristics and qualities which do not directly refer to creation of business.

Entrepreneurship is treated as a way of thinking which can be applied in everyday life in almost all fields of life and work. The aims of such education, which has been realised at different levels, entail the following: raising awareness among the participants of the educational process on the importance of taking over responsibilities for their own lives, abandoning the “getting a job” and accepting “create your own job” philosophy, developing and promoting entrepreneurial qualities (creativity, identification of business challenges and opportunities in the environment, pro-active orientation, responsibility for results achieved) which are applicable in all fields of work as well as accepting changes as a way of life.

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

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

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

2. Notes on entrepreneurial education in Serbia

To which extent can educational system in Serbia respond to the challenges of time and turbulent environment? Is it producing human resources, intellectual capital (entrepreneurs) who are able to solve existing economic and social problems? What should be done (changed) in order to make educational system more effective and efficient in carrying out its main mission?

The programmes of entrepreneurship have not been integrated in the system of elementary and secondary education in Serbia. Experiences of university education of managers and entrepreneurship are very modes and relatively new. There are a small number of private and state-owned faculties (mainly studies in economics, business or management) which treat this issue and offer their students opportunity to learn more about entrepreneurship. At a few faculties entrepreneurship is studied as a separate subject, while at majority of the faculties some segments of entrepreneurship have been studied within other subjects. Having in mind that almost all faculties undergo the process of curriculum innovation and development of new syllabi, it should be expected that the entrepreneurship will be given more importance in the curriculum of university institutions in Serbia in the future. It is very important to reveal specially this subject to students of engineering faculties, who by definition present the innovative nucleus which is not sufficiently market and entrepreneurship orientated.

Educational process uses traditional methods and techniques in a great deal. There is some kind of combination of lectures, case study approach and individual (team) business projects. In the process of education, entrepreneurship is mainly (partly or in whole) controlled process (learning on someone else’s good and bad examples – how to do something well and /or avoid someone’s mistakes). Apart from the fact that significant steps have been taken in terms of avoiding “memorisation” of information, on the one hand, and development of logical reasoning on the other, it can generally be concluded that education for

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3 http://europa.eu.int/comm/enterprise/entrepreneurship
4 http://europa.eu.int/comm/enterprise/entrepreneurship/support_measures/training_education/
entrepreneurship offers sufficient knowledge and information on key elements of entrepreneurship, but it does not contribute to improvement of abilities and skills of entrepreneurial behaviour in a real business environment. What we have in reality is “education about entrepreneurship” rather then “education for entrepreneurship”.

3. Model of “entrepreneurial university”

A comprehensive analysis of the development and improvement of the entrepreneurship education at university level is in fact multidimensional. It is absolutely clear that the development requires much more than good curriculum, and in that context external factors that transform the role of the university are of special importance. The basis for understanding and further development of education for entrepreneurship at the university can be found in the interaction of universities (academies), business entities and state institutions which is known as “Triple Helix”. As a metaphor borrowed from biotechnology, which illustrates the three major forces in society (academic, business and state), this concept is based on spiral (versus to traditional linear) model of innovations that creates multiple relationships among institutions (public sector, private sector and academic sector) in various stages of the process of knowledge capitalisation. In this model the three sides in the process initiate and form mutual institutions so as to improve the exchange of knowledge and resources and strengthen innovativeness and competitiveness. The concept of “classic” university gives way to the model of the university which does not take knowledge in absolute sense, but puts it within a context of innovative learning and interaction with external partners. This concept brings university in a close contact with the environment.

Having in mind that entrepreneurship, as creative and innovative process, deals with hardly predictable situations (due to changes in business environment), following issue arises: What is an appropriate model of education for entrepreneurship and what environment it requires so as to be effectively implemented?

In order to understand the new model of “entrepreneurial” university it is good to have an insight into a well known concept of innovative university launched in the USA. The example of Stanford is the most important, revolutionary one. After the World War II, the model demonstrated how strengthening of the relationships with the market brought about stable growth and development. The concept of entrepreneurial (entrepreneurship-orientated) university has been introduced at European universities in a great deal, but the discussion on its implementation raised numerous issues. The difference between the American and the European way of thinking originates from cross-cultural and economic diversities. American universities are more oriented towards private funding, endowments, R&D contracts which significantly participate in the income and influence their internal organisation, structure, processes and corporate culture. European universities are dominantly funded by the states’ funds, which affects their internal organisation which is not enough market-orientated. Constant and close contact with the market is a “must” for the American universities, while for European universities market orientation is not crucial for economic sustainability.

Developments in numerous European countries in the last few years have shown that significant efforts are required to transform the university from the passive into active participant in the social processes. Danish government launched in 1995 an idea that society should change from being dominated by a “culture of employee-ship” (which was characteristic of educational system in 1970s and 80s) into a “culture of self-employment and entrepreneurship”. Within that context the university was recognized as the institution which is closely connected with the environment and whose research and development potentials and results have to contribute to economic growth and development.

The issue of adequate concept of the entrepreneurial education is connected with the issue of the role of the university in a future dynamic and innovations-orientated development of society. The new model of “entrepreneurial” university, which is based on re-defined concept of education at all levels, is required. A predominant form of education based on teaching should be enlarged to scientific and research projects and full valorisation of knowledge through processes of commercialisation and capitalisation. In other words, in the process of evolution of the role of the university a step forward has to be made towards transforming the

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university from being the creator and preserver of knowledge to becoming the key element in the process of spreading and capitalisation of knowledge.

Massachusetts Institute of Technology (MIT) has produced numerous entrepreneurs among its faculty and alumni. The 4000 of firms that MIT graduates founded accounted for at least 1.1 million jobs worldwide and generated $232 billion in revenues. If MIT-related companies were a nation, it would be the 24th largest economy in the world. MIT has transformed economy of Massachusetts—a changing it from the economy which was based on low-profit industries to the economy based on high technologies. Processes of entrepreneurial education on MIT are focused on providing quality and quantity of information, knowledge and skills for launching business enterprises, providing support in the process of recognising business opportunities and defining new projects, developing capacities for qualitative assessment of concrete business projects, improving knowledge and skills in the process of identification of business problems and finding solutions for such problems. However, what differentiates this institution from the others is the fact that programmes for entrepreneurship education are improved and enriched with the following contents and activities:

- Developing various models of university-industry relations
- Extension of academic consultation into the formation of new firms. It means generating concrete projects—enterprises, business incubator centres, innovation centres, science parks within universities.
- In collaboration with Harvard Business School, MIT invented the venture capital firm and filled a gap in the “innovative environment” in the region by providing business advice and seed capital to academics who might not otherwise have taken steps to found the firm.

In the Danish magazine Mandag Morgen (December, 2003), a thesis was launched that the Danish university should copy the MIT model. The director of the MIT Entrepreneurship centre, Kenneth Morse, said that visionary ideas and pragmatic approach to innovations and entrepreneurship are the result of the spirit that prevails at MIT and added that the inventing brilliant new technology will not do if it is merely locked up in the “ivory tower” of the institution. The job is not done until the innovation has been transformed into global product and sales (profit).

In that context, Trachtenberg developed the concept of “new” entrepreneurial university as:

1. An institution that generates money,
2. An institution where it is legitimate to refer to students as “customers”,
3. An institution where teachers and the administrators will be rather alike and often educated at the same universities
4. An institution that find a way to live in close contact with the outside world that we are supposed to teach our students about.

Having understood these attitudes, it is clear that American universities should be analysed according to business principles, where students are clients and consumers of certain services, and profit generation is a legitimate and favourable activity. Trachtenberg points out that education is a serious business and that it is crucially important for the economy. Because of that it is very important to listen to the consumers and hear what they really need. The concept of “entrepreneurial” university focuses university which sees its environment as a market in which it behaves in an appropriate way. Applying “bottom-up” approach, it is necessary to constantly treat the issue of where the chances for further development are, how university can survive and how to find sources of financing for the activities of the university on the market? Entrepreneurial university is the antithesis of the university as “ivory tower”. University of the future means evolution of the “ivory tower” to entrepreneurial paradigm.

At European universities which are mainly funded from public budget, more prominent are the attitudes that development and improvement of entrepreneurial education and entrepreneurial behaviour can

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9 Trachtenberg S.J.: The New Entrepreneurship University. speech to the AAUA; 1999. (see: http://www.gwu.edu)
be achieved only within a transformed university. The entrepreneurial university demands not only innovative approaches to learning but also fundamental change in how these institutions operate\textsuperscript{11}.

The European entrepreneurial university can mean three things\textsuperscript{12}:
1. The university itself, as an organisation, becomes entrepreneurial;
2. The members of the university – faculty, students, employees – are turning themselves into entrepreneurs;
3. The interaction of the university with the community, the structural coupling between university and region, follows entrepreneurial patterns.

Trying to elaborate the process of transformation of the “ivory tower” into an entrepreneurial university, Clark puts emphasis on the five steps of this process\textsuperscript{13}. The first entails empowerment of management at all levels as well as strengthening of managerial skills to be able to be faster, more flexible and more focused when reacting to challenges which refer to increasing and changing needs. The second step entails introduction of more flexible structures for both “peripheral functions” as well as for academic departments, having in mind crucial importance of establishing intensive relationships and communication with external subjects in terms of projects, technology transfer and patent rights. The next step refers to providing financial sustainability of the university so as not to be dependent on one source of financing. The fourth step refers to establishing of strong entrepreneurial culture at universities, while the fifth step refers to accepting certain values of entrepreneurial culture from all participants in the educational process.

How can a concrete result of the educational process be identified at an “entrepreneurial” university? Success and concrete results of the process of entrepreneurial education could be measured by objectively verifiable indicators. Some of them refer to the following:
1. Number of business ideas (projects) generated during the process of studying
2. Quantity and quality of generated new businesses (enterprises) after the completion of the process of studying
3. Number of university based spin-offs
4. Venture capital enterprises established by universities
5. Recognizing of students, as future associates, by the business environment
6. Degree of engagement of university fellows in realisation of the current business projects at the university.

In that context it is necessary to point out that there is a feedback between the success of some projects (which means the success of individual/team) and the power (capacity) of the programme and institution which is engaged in education for entrepreneurship. All that gives an additional impulse and contribution towards improving image of the educational institution as a recognised “producer” of entrepreneurs and entrepreneurial managers who are capable to change the world and by their creative behaviour contribute to its progress. Education for entrepreneurship is not only a lecturing activity. Education for entrepreneurship incorporates concrete project activities which should lead to capitalisation of knowledge. In order to carry out programmes of entrepreneurship education, universities need lecturers/teachers/trainers/consultants/partners/ with high-quality theoretical and practical knowledge, who have modern approach and experience in management, entrepreneurship and other disciplines. The fundamental thesis is that educators /teachers/trainers have to be “entrepreneurs” themselves and to apply entrepreneurial methods and techniques in these processes. It is very important to stimulate students to be active participants. Creating a relaxing atmosphere in which all participants feel free to participate creatively, conditions are made for a certain transfer of “know-how” in finding business solutions and offering practical assistance in the process of identification of new market opportunities for business start-ups.

\textsuperscript{12} Ropke J.: The Entrepreneurial University: Innovation, academic knowledge creation and regional development in a global economy; Phillips University Marburg, 1998. (see www.wiwi.unimarburg.de)
4. Summary

Entrepreneurial education in the time of turbulent changes in the environment requires a significant step forward in terms of abandoning traditional methods of teaching and accepting methods that support entrepreneurial spirit, creativity and intuition. This approach, apart from the application of innovative methods in educational process, requires fundamental changes in the way universities are functioning. University is expected to be entrepreneurial, students and teachers are expected to transform into entrepreneurs, while the interaction of the university and broader community should follow entrepreneurial models and patterns.

Entrepreneurial university would no longer be an institution so much supported by other participants in the society through endowments or budget appropriations. It would grow into an institution which supports others with its activities and contributes to the development of society and its wellbeing. Capitalisation of knowledge should enable transformation of the university into an institution of primary social importance. Having in mind complexity of these processes, the need towards permanent improvement of capacities of all participants in the education for entrepreneurship should be pointed out which has to provide opportunities for educational processes to be better defined and efficiently realised. Such approach should encourage greater dynamics in terms of initialising new successful entrepreneurial business activities.

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THE IMPACT OF THE GLOBAL FINANCIAL CRISIS ON SMALL AND MEDIUM ENTERPRISES IN RUSSIA

Undoubtedly, small and medium enterprises (SMEs) are the main sector of the economy and their development assists to solving not only social problems but also indicate the economic growth.

Over the past few years has been a significant growth of the Russian economy. Since the year 2004 up to 2008 the actual growth of Russia’s GDP was 24% (in prices of the year 2007). SME’s also make a contribution to this growth. The average estimated contribution of SME’s to GDP is of 17.5%. The growth of the overall amount of SMEs in Russia from the year 2004 to year 2007 contributed 20%. The estimated by official statistics growth of SME’s in Russia is about 15% compared to year 2007 (more than 1.2 million SMEs).

Nevertheless the Global financial crisis seriously affected the Russian economy.

Beginning from November 2008 to February 2009 a recession in the economic system of Russia took place. From the beginning of the year 2009 the GDP of Russia reduced by 8%. The reduction of the GDP in the 1st quarter of 2009 was 7%. The prices for oil and other raw materials reduction seriously affected the Russian economy. From the second part of the year 2008 oil prices declined up to 70%, on metals – up to 45%. Declined the outer demand on traditional Russia-exported goods. Combined with the prices reduction this led to the further reduction of Russian export by 35% (from June to December 2008).
Pay-chains breakdown - about 39% of Russian SME’s face difficulties with financial counteracting with stakeholders.

The Federal Government provides administrative and financial support to the SMEs.

Firstly, beginning from July 2009 the registration of a small business is made simple. A businessman only has to inform the government that he or she is staring a new business without getting all sorts of permissions.

Secondly, administrative control of SME’s activity in Russia is done once in 3 years. Nonsystematic governmental control of SME’s is done only with permission of the prosecutor.

Also, the minimum quote of SME’s goods and services in public purchases is 20%. This measure provides SMEs with extra EURO 20 bn. public purchases. Russian regional governments are given the right to reduce the income tax from 15% to 5%. The federal government introduced special real estate funds for SMEs. These funds provide SME’s with discount and long-term rental rates. This is about administrative support.

The measures of financial support provided by the federal government to SME’s are the following:

1. Funds are provided for regional governments annual since 2005 year
2. Discounted financing ratio 1 to 4. This means that for 1 EURO from the regional budget 4 Euros from the federal budget are subsidised
3. Priority subsidizing to crisis-suffered regions
4. SMEs loans refinancing by “Vnesheconombank” – EURO 660 bn.

Government also realize some special measures of support for the youth entrepreneurship and start-ups: grants for start-ups, education programs for start-ups and youth entrepreneurship, business incubators for start-ups and youth entrepreneurship support measures.

Grants for Start-ups are given to just registered small entrepreneurship working for less than 1 year, on a gratuitous and irrevocable basis at a rate of EURO 7,000 for one support addressee, on the terms of participation financing of target expenses on registration of firm, the expenses connected with the beginning of enterprise activity, and after passage by the applicant of short-term training and in the presence of the business project. Priority group of addressees of support – the unemployed, youth, invalids.

Education programs for start-ups and youth entrepreneurship includes granting of certificates for a businessman to choose educational institution and a training direction, granting of grants for indemnification of the expenses connected with payment of training within the limits of the Presidential program of preparation of administrative shots, granting of educational services to young men on the basis of higher educational institutions for the purpose of stimulation of creation by young men of new small enterprises - Schools of youth business.

Business incubators for start-ups provide such services as the working places for beginning entrepreneurs (for the time period not exceeding three years) beneficial terms on attractive terms (in the first year of rent – 40% from the rent rate, the second year – 60%, the third year – 90-100%); free educational service in complex; such consulting service as consulting in taxation, book keeping, a legal protection and development of the enterprise, business planning, improvement of professional skills and training; access to information databases. Now in Russia are created 112 business incubators, from them 59 already operate; as a whole it is 140 thousand sq. meters of the equipped areas on which it is possible to place 7,700 workplaces.

The Youth Entrepreneur is person aged till 30 years, legal bodies, heads and proprietors aged till 30 years. The main youth entrepreneurship support measures are popularization of business among youths, the organization of television programs (competitions, talk shows, and author’s programs), publications in newspapers and magazines on the subjects of youth business, creation and support of information portals in the Internet, programs of training for students in business environment, support of summer business schools for youth, the organization and carrying out of exhibitions of youth projects, selection and financing of the most perspective business projects.
For supporting SMEs has been adopted a special “Anti-crisis SME Support Package”. The overall government spending on “Anti-crisis SME Support Package” comprises EURO 300 million. And there are 4 ways of its spending:

- Grants for start-up enterprises. Grants are provided on a give-away basis. This year there are plan to distribute over 15 thousand grants to SME’s.
- Micro financing development, which concerns developing noncommercial financial institutes that will further provide SME’s with short-term loans up to EURO 25,000.
- Regional guarantee funds developing program. Providing banks with guarantee of loan return in case of lack of assets form SME.
- Subsidizing SMEs interest rates in loans payments. This is our main short-term measure. It helps to stabilize business activity in case of interest rate growth.

And in conclusion, the table 1, which describes the main goals of the SME Support Program managed by the Federal Government.

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<th>In Short-term Perspective</th>
<th>In Middle and Long-term Perspective</th>
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<tr>
<td>Saving the existing workplaces provided by SMEs</td>
<td>Contribution of SME’s to GDP (Gross Domestic Product) – 40%</td>
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<tr>
<td>500 thousand new workplaces created by SMEs</td>
<td>People working on SME’s – 50%</td>
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<tr>
<td>Founding start-ups</td>
<td>of the overall economic workforce</td>
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<td></td>
<td>90% of all the enterprises – SME’s</td>
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The left column describes short-term goals: saving the existing workplaces at SMEs, founding over 500 thousand new workplaces opened by SMEs and founding new start-ups. The right column include a middle and long-term goals, which are mean reaching such indicators as SME’s to Gross Domestic Product – 40%, all the enterprises – 90%, and contribution of people working on SME’s to the overall economic workforce – 50%.
THE NEXT GENERATION IN YOUR BUSINESS: A SUCCESSION “GEIGER COUNTER”

Keywords: Family businesses, entrepreneurship, succession

Introduction
Eighty percent of the world’s businesses are owned by families, including one-third of the S&P 500 companies. According to Hilburt-Davis and Green, reports in Business Week and The Wall Street Journal that family enterprises provide 78% of the jobs in the United States. Business succession planning is important because successful transition in these firms can have a major impact on the families who own them, their employees, and on the larger economy, nationally and internationally.

Business succession is the transfer of assets, capital, contacts, power, skills, and authority from one generation of ownership to the next. Family business succession planning has the dual goals of preserving the business and the family. The family enterprise is a major financial and social asset. In the United States, family firms last, on average, 24 years; only 30% transition successfully to the second generation.

Multiple Priorities

Succession planning in family business is complicated. There are multiple interested parties. The founder/owner usually has a strong attachment to the business, its products and services, as well as its employees, customers and suppliers. Despite family members’ connection and material benefit from the family enterprise, some family members may have other interests and organizations that vie for their attention, affection, and commitment. In addition, owners and other stakeholders may have divergent priorities and different desired outcomes. Cultural, religious and value differences color perspectives and expectations. Having multiple professional advisors, lawyers, accountants, organizational and relational advisors, as a formal or disconnected multidisciplinary team, adds another layer of complexity to the challenges of the succession process.

Communication

In my experience, every family and business has many functional and some dysfunctional communication patterns. When families and businesses, as a norm, use effective communication for addressing significant challenges, they are able to employ strategies and tactics that adequately resolve their important challenges. They identify and share their common and differing needs openly, listening and understanding alternative perspectives in a friendly, respectful manner which allows the interested parties to find acceptable accommodations. In these situations, they use their multidisciplinary advisors well.

When family business stakeholders have poor skills for communicating, the necessary dialogues are inadequate or do not take place. They engage in indirect communication, blame others and do not take responsibility for themselves or for the consequences of their behaviors. Achieving productive, problem-solving outcomes becomes difficult. In some situations the family business advisory professionals may mirror and replicate the tensions and all parties have difficulties moving the succession process forward.

Emotional factors

Succession planning intensifies family conflicts and awakens dormant unresolved issues. For the older generation, succession involves confronting the aging process, loss of control and mortality. In the

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14 David M. Paradise, Ph.D., is founder and president of the Family Business Resource Center, Newton Centre, MA, a firm that specializes in consultation that facilitates family and business development: Strong Families Make Strong Businesses (http://www.paradisefamilybusiness.com).
United States aging means loss of power, virility and respect. The younger generation’s wish to establish its own identity, power and control comes into conflict with their parents’ need to retain control and dignity. The younger generation may be experienced by their parents as overly risky if they want to modernize and grow the business at a time when their parents need security and have become increasingly risk averse. This can lead to charged conflicts about the use of financial resources in the next stages in the family enterprise.

Founders/owners need to balance conflicting needs in the succession process. They hope to protect their legacy and business mission, preserve family relationships and ensure their financial security. They face the potentially explosive task of choosing and grooming a successor. This process becomes complicated when multiple heirs vie for control of the business. If there is conflict among potential heirs, the succession process may become stalled. Gender, temperament, and perceptions as to what talents are needed for the future of the enterprise can ignite struggles.

The succession process frequently triggers old, unresolved family issues such as respect, trust, competence, leadership and sibling rivalry. These conflicts may stir up feelings about personal worth and questions about who is valued and who feels under-appreciated and unloved. Subjective perspectives on the family history also may result in stalling the succession process. When these family history tensions are present, they may be expressed in a variety of painful fears, differing risk tolerances, and conflicts about loyalty to family of origin versus loyalty to family of creation and individual needs and goals versus group and corporate needs and goals. For example, an older sibling may display a sense of entitlement toward parents, siblings, and/or cousins, expecting he/she will be the designated successor. In families where there have been untimely losses due to death or divorce, ghosts become part of the succession process and cannot be ignored.

A frequent complicating factor in succession planning is birth order. For example, often the first born expects to be the chosen successor. She/He may feel responsible for the parents and their legacy. However it is also possible that the first born may feel entitled to assume the mantle of leadership even when there is a more qualified later born candidate. The familial conflicts that arise in such situations are predictable.

In my experience in the United States, which may not reflect circumstances in other countries, when family businesses confront tensions in the succession process and call in a relational/communication specialist, they have encountered significant impediments. The intensity of the emotional conflict has become unmanageable and they cannot move forward without the assistance of an outside facilitator skilled in mediating generational and intergenerational conflicts. As professional advisors, we need to appreciate the significance of the emotional impediments to succession planning.

Emotional obstacles to succession planning are common and predictable but often resolvable. Family business succession planning, therefore, requires a “Geiger Counter” approach, a process for detecting and measuring hot spots or “radioactive elements” and identifying previously undetected or under-appreciated factors. The succession process is guided by identifying salient elements which are essential for understanding impediments and then using the “Geiger Counter” approach to resolve them carefully and effectively.

Developing a workable succession plan - Elements of a “Geiger Counter” approach

1. Engaging in a reflective process
   The founder and the key decision-makers must start a reflective process where various possible choices are explored carefully. There are three options: finding a successor in the family, hiring a professional manager or sale to an outside entity. When the decision is made to attempt to transfer the family business to a family member, the various constituencies that support and/or impede the process need to be included because, overtly or covertly, they will influence the process. The wish to groom a relative as the successor entails many specific challenges for all parties.

2. Grooming a successor – Early
   The most important facet of electing to groom a family member for the succession plan is deciding who the next leader might be and spending ample time, preferably years, grooming the designated successor. Encouraging and facilitating extended outside work experience before joining the family enterprise is often useful.

   Many businesses rely too much on the founder’s persona. Successful succession planning must include a thoughtful evaluation of the leadership qualities and skills the next leader should possess.
Identifying qualified candidates based on specific criteria is indispensable. An extensive in-house training program that is worthwhile and relevant is important to insure that the new leader has the necessary skill and credibility to lead. Outside coaching or mentoring often is needed to augment efforts and address specific needs for the successor and for other parties involved in the succession process.

3. Identifying shared and Non-shared goals

Identifying shared and non-shared goals is a central to moving the succession process forward. Expect obstacles. For example, the older generation may be reluctant to give up control. Because the aging process itself entails the loss of power, strength, and, in some cultures, authority, the older generation may experience the transition of power as a loss of virility. For its part, the younger generation may feel that there is emotional resistance to passing the torch and may express frustration and annoyance with the pace of change, doubting that succession will be real, meaningful and complete. They may experience disappointment, suspicion and cynicism toward the older generation.

Therefore, a careful exploration of both shared goals and non-shared goals is imperative. All stakeholders who might influence the transition and who will be affected by the resulting decisions and actions are interviewed, in one-on-one and in small group sessions with a neutral facilitator. We explore and identify each stakeholder’s goals and needs to understand and clarify shared goals and non-shared goals and needs.

One of the most difficult non-shared issues is the sweat equity factor. Usually some participants feel they have created value for the company through their active participation in the enterprise. Their contributions need to be recognized in a careful, thoughtful manner. Because sweat equity is often a source of controversy, in addressing sweat equity the facilitator seeks to re-enforce bonds of trust and mutual respect among all the parties, while acknowledging their differing realities.

As we turn to these non-shared goals, in a safe, respectful environment, we often use some of our political capital, that is the good will and trust we have earned. In exploring and understanding the non-shared goals, some participants may engage in oblique and disingenuous communication. Issues that have particular meanings to them may not be immediately apparent to the facilitator and to some of the participants. Failing to comprehend the significance of these beliefs, feelings, experiences and values, may have the consequence of reinforcing continued hurt feelings and resentments. Ultimately it hinders the possibility to experience forgiveness and accept disappointment. Identifying such non-shared perspectives, on the other hand, may result in easing the pains and enabling the parties to search for a successful resolution.

As we facilitate the succession process, we model reasonable communication skills. We clarify boundaries between individuals and between the family and business systems. In the course of the consulting process, we also seek to enhance levels of trust and mutual respect. We know that each person may have his own truth or reality. Therefore we educate the participants to understand that there are multiple truths. Ultimately the family business stakeholders need to choose a course of action which may not totally satisfy each goal and need of every interested party. However we suggest that they agree on this operating standard: Will the outcome be good enough? If the outcome is good enough, it is therefore acceptable. We strive to succeed in resolving the family business succession issues with a good enough outcome.

In our process, we also include key professional advisors, as we search for a successful conclusion. Our “Geiger Counter” approach is equally relevant in our communications with these advisors. Understanding their needs and goals is necessary. Identifying the deal breakers is essential to a successful outcome.

Until the good enough alignment of the family business systems’ needs is achieved, with forgiveness for past differences and hurts, we continue facilitating the succession process. Then we can schedule a ceremony where the parties put the past impediments behind them. The succession process is not satisfactorily completed until we have this ceremonial event.

In our practice we see an additional benefit to the succession planning process. In clarifying shared and non-shared goals the business side of the family business gains strength. The business is energized to establish good working principles around which owners and managers clarify expectations and behaviors for success. As Marciniak observes, the family business succession process thus serves as a unifying experience that helps build organizational value and family wealth through the synchronization of the ownership and operations sides of the family enterprise.
4. **Revisiting the successor issue**

If no one shows the appropriate interest, leadership qualities and commitment, all stakeholders will again need to explore whether the choice to recruit a successor/leader from outside the business or to sell the family business is the preferred option. Stakeholders will then be expected to support this course of action.

**Conclusion**

In summary, succession does not just happen. It requires careful planning. All stakeholders in the family business and advising systems need to become part of the team, planning together so the succession process develops smoothly and effectively. Inclusion of various professionals, lawyers, accountants, bankers, valuation experts, and relational advisors, may be necessary, especially in family businesses where emotional factors impede effective, problem-solving communication. The goal is to understand each stakeholder’s position and to come to a successful resolution that works well enough for the interested parties over the long haul and that preserves both the business asset and the family relationships.

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ENTREPRENEURSHIP: IMPLICATIONS AND LESSONS FROM SMALL FAMILY BUSINESSES IN MAURITIUS

Part I.

Abstract

Family firms contribute widely to economic growth and activities in countries worldwide, especially in developing countries and they play a significant role in the process of entrepreneurship. While extensive research has been carried out in the field of entrepreneurship and small and medium enterprises (SMEs), research on family businesses is scarce and almost non-existent in Mauritius. Policy makers in Mauritius have for more than a decade been encouraging more and more people to embrace entrepreneurship as a career with a view to reduce unemployment, alleviate poverty and contribute to the economic growth of the island. Public Policy instruments have been put in place to support entrepreneurship in general but family business owners received no special attention although they represent the backbone of entrepreneurial ventures in Mauritius. This study seeks to gain an understanding on various aspects, such as conflicts, strategic and succession planning in small family businesses as these parameters have been acknowledged to be the main areas of failure in family businesses. A semi-structured questionnaire has been personally administered to a convenience sample of thirty family business owners operating in different sectors of activities. The main findings of the study are that these businesses make valuable contributions to the family and their businesses such as creating a bond among family members and providing financial safety. Conflicts also exist to varying degrees depending on the areas involved. The study also reveals that the small family businesses do not attach much importance to strategic and succession planning. This study contributes to the scant literature on the role played by family business owners in the entrepreneurial field in Mauritius and also attempts to help policy makers and other stakeholders with valuable information to provide appropriate support to enable family businesses to survive, grow and prosper for the benefit of the entrepreneurs and the country.

Keywords: Family businesses, entrepreneurship, conflict, strategic planning, succession, Mauritius

Introduction

It is acknowledged that entrepreneurs depend to a large extent on their families when considering setting up a business. Further, the importance of both entrepreneurship and the family business to the economy are accepted. (Dunn and Liang, 2001) Families are vital and provide encouraging environments for entrepreneurial behaviour. Entrepreneurship research has revealed that family support and the presence of self-employed parents are important influences in creating a venture and business ownership (Shapero and Sokol, 1982). Entrepreneurship is recognized as a key factor which contributes to a firm’s success and is the start and heart of most family businesses and the phenomenon of an entrepreneurial family fosters, subsidises, and enhances the efforts of its members who engage in entrepreneurship (Bellet et. al, 1994). In most countries around the globe the majority of businesses comprise of small and medium enterprises (SMEs) and many of which are family businesses. Family-owned businesses may well be the oldest form of business organisation and are recognised as contributing significantly to the world economy (Small Business Encyclopaedia, 2002). For instance, in the USA, 90 percent of all businesses are family owned or controlled. (Bowman-Upton, 1991) The same pattern is seen in Great Britain, where it is reported that family owned-
business, especially in the SME sector comprise the great majority of business enterprises. (Leach, 1994; Cromie et al., 1995) In support of their views, the results of a survey carried out by Barclays Bank (2002) revealed that out of every five businesses in Britain with an annual turnover of less than £5 million are owned and managed by family members. The importance of this sector has also been confirmed for various other countries, such as, Australia (Reed, 1989), South Africa, (Venter et al., 2003), Thailand, (Wannachotphawet et al., 2003), Ireland (Birdthistle, 2006) and in many other parts of the world. As such, there is no official statistics available to confirm the percentage of family firms in Mauritius, a small island; the majority of businesses on the island are family-owned. It can thus be said that irrespective of a country’s degree of development and size, family-owned firms are of great importance to their respective countries.

However, family-businesses have many difficulties, some of which are unknown to non-family members (AICPA 2009), obstructing their development. Amongst the problems are: management and planning (Corbetta& Montemerlo, 1998), succession (Burke, 2003) and conflicts among family members in the business. Due to these reasons it has been estimated the life-cycle of family businesses are of less than one generation and that worldwide, only 30% of family businesses survive to the second generation, while fewer than 14% make it beyond the third generation. (Bjuggren & Sund, 2001; Matthews, Moore & Fialko, 1999; Venter et al., 2003)

Considering the importance of entrepreneurship and in particular the role of family businesses in an economy it is clear that these managerial difficulties should be understood and addressed to enable these ventures to flourish. This study therefore aims to explore family businesses on issues of conflict, strategic and succession planning are:

- to identify the sources of conflicts in small family businesses and how these are managed
- to identify the advantages and contributions of small family businesses
- to identify the importance that owners of small family businesses attach to strategic planning
- to find out how succession is planned in the family business.

As there is no international standard definition of firm size, our study will consider family firms in Mauritius employing up to fifty employees. It has to be pointed out that the majority of enterprises in Mauritius are micro or small.

### Literature review

According to Kauffman (2002), “the two most important categories of businesses to consider when discussing entrepreneurship are small businesses and micro-enterprises.” Many of these small enterprises are family businesses. In some countries the economic and political environment may have an impact on the development of family businesses. There are various reasons for the formation of family businesses (Bowman-Upton, 1991). For instance, in India, the origin of family businesses coincided with the evolution of entrepreneurial firm during the industrial revolution. (Dash, 2003) It is also acknowledged that entrepreneurs depend a lot on their families when considering of setting up a business. As Ward (1987) says “A family business owner's greatest resource is his or her family. Its members provide the company with employees, ideas, new blood; they also give the owner good reason to work hard and achieve success.” At this point it is worthwhile considering some of the definitions of entrepreneurship, SMEs and family businesses as identified in the literature.

For more than two centuries, the terms "entrepreneurship" and “entrepreneur” have resisted precise definition (Herbert & Link, 1988). Carton et al., (1998) state that entrepreneurship is the pursuit of a discontinuous opportunity involving the creation of an organization (or sub-organization) with the expectation of value creation to the participants. The entrepreneur is the individual (or team) that identifies the opportunity, gathers the necessary resources, and is ultimately responsible for the performance of the organization. Often, an enterprise starts on the basis of an idea of a person and continues as a small business. Some of them succeed in becoming large enterprises. However, the majority of enterprises remain small; some because they cannot grow and others because they do not want to grow. Those who prefer to remain small often operate in niche markets and the advantage lies in being small. Nonetheless the importance of small businesses is quite evident. Small and medium-sized enterprises (SMEs) are important agents of development throughout the world. Ponthieu and Insley (1996) state “Small businesses constitute 97% of all businesses in the United States and employ more than 58% of the labour force” (p.35). In South Africa, 85% of businesses
are categorised as SMEs (Strategic Trends 1995/96). In fact, in a number of OECD countries, SMEs comprise 95% of all businesses (OECD, 2000). In Mauritius, the number of SMEs is also high but due to a many of them operating in the informal sector, it is quite difficult to know the exact figures.

The most common form of small business structure is the family business, (Birdthistle, 2006) that employs millions and alongside generates a sizable amount of the world's wealth (Bailly et al., 2008). Although there is no generally accepted definition of a family business due to a lack of conceptual clarity (Birdthistle, 2006) many scholars agree that a family-owned business is any business in which two or more family members are involved. Several other definitions have been provided on the family business literature. For example, Rosenblatt et al., (1985) define a family business as a company which is still managed by the founder's family after continuous succession from one generation to the next. Further, they believe that a family business is where the majority of ownership lies within a single family. To Churchill and Hatten (1987), a family business is defined as a founder-operated business where it is expected that the legacy of the business will be passed on from an elder family member to a younger member. As Handler (1989) observed, while there may still not be any consensus on a precise definition of what a family business is, there are nonetheless some dimensions that are common in the variety of definitions proposed.

A family business can thus be defined as one where the family has a major say in the present and future operations of the business, where decisions are taken by the family members and these members are in control of the business. The composition of the family business varies widely. Family businesses may include “husbands and wives, parents and children, extended families, and multiple generations playing the roles of stockholders, board members, working partners, advisors, and employees” (http://www.referenceforbusiness.com).

Benefits and contributions of family businesses

The advantages of entrepreneurship are numerous, both to the economy and to the individual and some of the advantages have already been mentioned in the earlier part of this section. Family business owners, besides enjoying the benefits of entrepreneurship also enjoy some advantages which non-family business owners do not enjoy. These types of businesses contribute to a large extent in holding together the families involved as they share common goals, show strong commitment, loyalty and provide stability (Institute of family business, 2009)

As most members of the small family businesses have a stake in the business, stability and continuity will be among the main features. And the long-term interest of the family members in the business will often provide a feeling of natural loyalty, (Dash, 2003) where strong personal bonds enable all family members to stick together, especially during hard times and show the determination needed for the success of the business. This type of business also offers the participating family members greater independence and control of their fate than a most traditional career path (Rojdev, 2007) She further cites that small family businesses contribute in providing the ultimate career and financial safety net to one’s children and grandchildren and great grandchildren, create a heritage for the family and serve as a medium for perpetuating a family's history, traditions, pride, and core values and benefits. Sticking together in good and bad times is also an advantage to family businesses compared with non-family businesses. (Bolte, 2007) It can be expected that the employees (who are the members of the family) will not desert the organisation if it is going through a bad phase but instead work hard to make the business pull through. Other benefits identified in the literature are: establishing a strong bond with the family member/s of the business which can hold the family together around common interests, challenges, opportunities, milestones, relationships. Dash (2003) states freedom and flexibility in concentrating on long-term objectives as exclusive to a family business as both stockholders and managers have mutual understanding and trust. Further, he mentions that during transition and succession periods the founder looks for trustworthy people who would often turn to spouse and children. The image and social reputation of the family business helps in establishing trust and credibility in the market and community (Dash, 2003) and serves as a powerful testimonial to the success and potency of a family (Rojdev, 2007).

The foregoing discussions highlight the benefits and contributions of the family business. However, the benefits mentioned above may not apply to all family businesses or members. Often, the children of the family business owners enter the family business not by choice but because it is the wish of their parents to
carry forward the heritage. In this case, some family members will not be totally committed and the risk of problems and conflicts arising may be high. There are also issues of the generation gap which may crop up where goals differ. This may arise because of different levels of education, vision, values, amongst other factors. The next section reviews the problems that arise in family businesses.

Sources of problems in family businesses

Worldwide, the failure rate in family businesses is high and this is well documented (Lansberg, 1998; Chin and Chan, 2004; Kets de Vries, 1993). As an example, Hugo, (1996) reveals that in South Africa, only one in four family businesses survive into the second generation, while only one in ten makes it to the third generation. As already mentioned, family business owners have some advantages that non-family businesses do not have. This is also applicable to the problems family businesses face as some of these are unique to them and because of these problems the rate of failure in family businesses is quite high. (Wannachotphawet et al., 2003). Many authors argue that the main problem preventing small family businesses from having a much longer life cycle are the difficulties of appropriate management within the family businesses (Thornton, 2002; Corbetta & Montemerlo, 1998; Flemming, 1997; Margretta, 1998).

Strategic planning is cited as being important to the success of businesses in general. Some authors suggest that strategic planning is vital and may be more crucial to family businesses than to non-family businesses because very often the family members invest the majority of their assets in the business. Unfortunately, many of the family business owners do not place importance to strategic planning as evidenced by the Nation’s Business report (1998) where it was found that only 31 percent of family firms in the US had a written strategic plan. Ward (1988) adds that a lack of strategic planning contributes to the high failure rate of family businesses. Moreover, as these firms tend to keep everything in the family, there is a tight control over many managerial functions and these responsibilities are in the majority of cases handed to close family members, many of whom do not have the required expertise. Thus, there are inadequate business management skills, such as, marketing, human resource, accounting, and so on (Wannachotphawet et al., 2003). To Poutziouris (2003), it is without surprise that family businesses which fail to strategically address evolving growth barriers on the financial, managerial, technological and marketing sides put at risks their businesses.

The management problem could stem from the conflicts arising amongst family members forming part of the family business. For instance, there may be individual differences in the father-son relationships, sibling rivalry, and other relatives, (Leach and Bogod, 1999), lack of trust, or varied and ambiguous definition of business (Wannachotphawet et al., 2003; Carlock and Ward, 2000). Conflicts of this nature are cited as not only unique problems of the family business but are also the most serious causes of conflict in this type of business (Bolman and Deal, 1997). Conflicts and problems also arise in the process of succession of the business from one generation to the next. Several impediments are revealed in the literature to explain these problems which include, the fear that status will diminish in the family and business (Sonnenfels & Spence, 1989), the strong emotional bond between the founder and the business (Levinson, 1971) and non acceptance of mortality (Lansberg, 1988). When these problems or conflicts are not addressed or managed, the chances of survival for the family businesses to go beyond one generation are jeopardised.

Managing conflicts in family businesses

If a positive outcome for both business and the family is desired then, “the business and the family must learn to manage conflict in ways that will maintain family relationships, accommodate many issues, and respond to all the interests in the business and the family” (Sorenson, p 326). The nature of the conflict should first be identified and understood before adopting any strategy for conflict management within the family business and this can be achieved by communication (Harris et al., 2003).

The literature on conflict management is extensive (Thompson, 1990; Wall and Callister, 1995). In their model of conflict management strategies, Thomas and Kilmann (1974) propose some dimensions which include: collaboration, compromise and accommodation. Sorenson (1999), explains that collaboration attempts to satisfy the concerns of all the parties involved whereas those who adopt compromise as a solution one each party involved has to give in to one another to reach an acceptable has involves each party giving in
to the other to find an acceptable resolution. Those members adopting accommodation as a conflict management strategy in their family businesses show high concern for other members and low concern for themselves (Cosier and Ruble, 1981). Accommodation can start pacifying existing differences and show readiness to get along. Seymour, (1993) agrees that by showing concern and supporting others involved in the conflict, should contribute to good relationships and cohesiveness. In a family business, if all parties accommodate, conflicts can usually be resolved. Covey (1989) further adds that a win-win solution should be found to make all concerned satisfied and suggests that this win-win strategy encourages the family business members to work in the same direction and achieve the same goals and objectives.

In the next section, the authors provide a background of Mauritius and the entrepreneurial activities in the country.

**Brief history of Mauritius and the development entrepreneurial activities**

Mauritius is located in the Indian Ocean. It is a small island of about 1,865 sq km with a population of just over 1.2 million and is at a distance of some 800 km off the east coast of Madagascar. Mauritius has been in the past a French and British colony successively. Slaves were brought in from Africa to work on the island and after the abolition of slavery; indentured labourers were brought in from India to work mainly in sugar cane plantations and in farming. When Mauritius gained its independence in 1968, the British settlers sold or in a few cases gifted some the sugarcane fields to the labourers prior to their departure from the island. Today, the descendents of the indentured labourers have inherited these plots of land, which are still cultivated with sugar cane and other crops that are sold to sugar mills and vegetable sellers respectively. Mauritius is thus a multicultural country where Mauritians from various ethnic backgrounds (Indian, African, Chinese and Anglo/French origins) cohabit harmoniously for centuries.

Entrepreneurial activities in Mauritius might have well started when the French and the British settlers colonised the island, some two hundred years back (Gungaphul and Boolaky, 2003) but it was rather in an informal way. To gain additional income to support their families, the labourers were cultivating even the smallest plot of land and sold their vegetables to others. Some of the lands which were inherited have been used and in many cases are still being used also for farming and the outputs are used for personal consumption or for selling in markets or to hotels and restaurants. Chinese immigrants who set up retail businesses during those days owned most corner shops in the country and presently several of these corner shops have been transformed into mini, super or hypermarkets (Boolaky and Gungaphul, 2001). Entrepreneurial activities started informally by people from various ethnic origins on the island and most of these businesses are today family businesses where both the nuclear and often the extended families are involved. However, theses entrepreneurial activities are no more restricted to agriculture, farming or retailing but have extended to textile, tourism, ICT, and in other manufacturing and services.

Mauritius has now diversified from a mono-crop economy to an industrializing economy to face challenges from competition and globalisation. The government is providing strong support for expansion and development of SMEs and nowadays micro enterprises with a view to tackle unemployment and other economic and social problems. A few thousand people have caught this bandwagon and are starting up their own businesses taking advantage of facilities offered to them. In his 2007/2008 budget speech, the Minister of Finance of Mauritius stated “This trend confirms our conviction that the SME sector can be an effective vehicle for longer term job creation, for broadening the circle of opportunities, for poverty reduction and for lifting the economic, financial and social status of the unemployed and the working poor.” While there is no clear statistics (partly due to the fact that many small enterprises operate in the informal sector) to confirm the percentage of firms, which make up the SME sector in Mauritius, the latest Central Statistics Office (CSO) report (2008) indicates an increase in the number of small businesses during period 2002 to 2007. There was an estimated 91,980 small businesses in 2007 compared to 74,930 in 2002, representing an increase of 23%. This small business sector also showed a drastic increase in employment, namely 19% (175900 to 208800) during the same period. Today it is taking astronomical dimension with the schemes for microenterprises, thus proving that the SMEs have already overtaken large establishments in job creation.

Most of the entrepreneurial activities have started as small family businesses. Many are still operating as family businesses and are past their first or second generations. Unfortunately, with the absence of statistics, it is not known how many family businesses exist, what is the rate of failure or success, what problems they
face, etc. It has to be pointed out that the specificity of Mauritius in the context of family businesses is that the island is small and people know each other quite well. Word of mouth is highly predominant and rumours omnipresent. As family businesses in Mauritius are often the family’s identity in the community, they are prepared to sacrifice much for the success of their business otherwise failure would be considered shameful and this is something not easy for Mauritians in general irrespective of ethnic groups because of their pride and integrity.

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Photos by Dr. Antal Szabó ©
FAMILY BUSINESS SURVEY 2008

Abstract

This paper includes the results of the empiric research made by the Masaryk university in 2007 concerning the "Competitiveness of companies". Consequently the research was enlarged on the family business. Research mainly concerned on the group of stakeholders as suppliers, consumers and employees. Results from this research were compared with these gained from the research made in Western Europe and USA. Some findings concerning the behavior of family business were the same, but there are also findings which differ from findings from foreign research. This paper also tries to get the interpretation of different findings, and search the causes of these differences.

Key words: family business, competitiveness, ownership, suppliers, consumers, employees

Introduction

Family business may be designated as the cornerstone of national economies. Before the World Wars we can say that family business had very strong position in Czech Republic. As far as the diversification of the industry is concerned we can mention especially textile industry, shoemaking trade, brewing industry, glass industry and many others. All these types of industry were held by families. After the World War II everything changed. In 1948 the communism era began and all of the private property was nationalized including the big family business. In the 1989, Velvet revolution started new era of democracy. The main goal of economic policy was transfer from nationalized property into the private property. The transformation process was realized by the voucher privatization. The big nationalized companies went to the public in the form of private property. Even if many politicians talk about termination of transformation process, it has been perceptible until today. A large number of enterprises still face to many problems connected with the privatization.

By the end of the last century, at the early 90s many of small and medium businesses appeared. The most of family firms followed the business that was created by its ancestors before the communism period. Such beginnings were very hard especially for the family business. Practically no investment had been made in this machinery over the previous fifty years. The family firms were also heavily in debt and their original production programs were often scattered through many other state enterprises, with little chance of recovery. Also, the prevailing economic and political conditions were volatile as a result of economic transformation that had been taking place.

Such conditions formed family business completely different from the family business in other European countries. The main problem in Czech Republic is the legal framework of family business which could be useful but still does not exist. Family business is included as small and medium business with no closer specification. Whatever consultant firms are still not interested in the family business. It brings many problems to owners of the family firms.

Methodology

In last two years the Masaryk University made a research concerning the competitiveness of Czech companies. Research was concerned on the basic sample of 432 companies. There were 91 companies in the basic sample that was characterized as the family business. As the main definition of family business was taken the definition by Sten, (2007, p. 172): “There needs to be at least two family members involved in order to classify the business as family involvement.” The basic sample of companies was set up from the companies with these characteristics:
The results presented in this research are the result of the primary analysis. After the primary analysis were found scores of differences between family and non-family business. The results of this primary analysis are compared with the results of the research made in the family business in Europe and USA. For the primary analysis was used the SPSS program and the main differences were identified by the cross tables.

**Results**

The results are divided into the categories internal factors of competitiveness, external factor of competitiveness, and relationship with stakeholders.

**Internal factor of competitiveness**
The main differences between family and non-family business within the Czech Republic were found in these categories: financial efficiency, the innovation of production, consumers care, and level of qualification of employees. Similar results can be found in the research made in the Europe and also in the USA. Family business is focus especially on the product range and product design. Family business is also more then non-family business focused on the consumers care. Interesting result is also the lower qualification level of employees within family business. This can be caused by the high social responsibilities which are in the family business, what was proved by the American business survey in 2007.

**Financial efficiency**
The majority of the family business had better financial indicators then the non-family business. Within the financial indicators were monitored the return of assets and the rate of grow of assets.

**Graph 1: Financial efficiency**

![Financial efficiency graph](image)

Source: Processed by author

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The majority of family business is in the region of south Moravia and the region of Zlín. These two regions are characterized by the scores of family business which were established before world wars. In the region of south Moravia there are also the scores of vinicultures, which are owned especially within the family. The region of Zlín is the domain of the great factories producing shoes, like Baťa.

There is no different between the legal form of business between family and non-family business. The prevalent legal form for both is the limited company. 56% of family and also non-family business is limited companies. Only 44% are public companies.

The main branch of family business is within the building industry. For non-family business is the main branch the engine manufacturing. The second most frequent branch for family business is the textile industry and also plastic manufacturing. The second most frequent branch for the non-family business is the metal construction manufacturing. This diversification is done by the characteristic of the manufacturing and also by the history of industry in Czech Republic. Before the World wars, there were scores of textile factories owned by the families so the tradition last till today.

Internal factors of competitiveness were observed the innovation of production, consumers care, qualification level of employees, flexibilities, and the labor costs, and other costs. The main differences presented in this article were found in the innovations activity of firms, then in care of consumers and the level of qualification of employees. Other mentioned characteristics were nearly the same so there is no reason to mention them. The reason of these findings can be the size of the Czech market which is quite small, so competitiveness must be followed. It seems that family business try to differ from the non-family business especially by the skills that can be influenced mainly by people not only by the costs.

Innovation

The results show that family businesses are more focused on innovation than non-family business. Family businesses also manifest their innovative activity manifested in different ways. Koráb and Hanzelková and Mihalisko (2008, p.62) states that one of the strengths of family business is a special knowledge of technology and know-how. The same results can be found in the research made in the Europe and also in the USA. Family business is focus especially on the product range and product design. We can assume that the innovation of the product can be very simple but effective, so it does not need to be expensive.

Graph 2: Innovation

Source: Processed by author

[Graph showing innovation levels for family and non-family businesses]

Josua and Pavel Kohn textile factory, Tugendhat family – owners of scores of textile companies, Otta Kun textile factory, Teuber textile company, and so on.

TYEE, L. N., Family to family, Family business study, Seattle university: Oregon, 2007
Care of consumer

Over 60% of family businesses identified the care of the customers as higher than non-family firms. The average care of the customers identified only 29.5% of family firms compared to non-family firms that identified as the average customer support at 38.21%. These findings correspond with the results of PricewaterhouseCoopers, (2007) and Strážovská, (2002, p.32). This result states that the consumers are one of the most important stakeholders for family business owners, so they seek to maximize their satisfaction. This can be the substantial competitive advantage.

Graph 3: Care of consumers

Level of employee’s qualification

The results suggest that family businesses evaluate the qualifications of their employees as an average in 64.04%. Higher or lower skills of the staff are only a minority of surveyed family businesses. For non-family business the difference in the level of skills is not so striking. Most of non-family business has identified the skills of their employees as the average (47.15%). Higher qualifications of family businesses compared to non-family businesses, however, noted in 42.65% responses.

Graph 4: Level of employee’s qualification
Score of family business employ their workers for the other reasons mainly from solidarity. The employees are sometimes the other family members who have problems with unemployment like women after the maternity leave, handicapped persons, and seniors and so on. (Odehnalová, 2007, p. 146, Koráb and Hanelková and Mihalisko, 2008, p.63)

Pricewaterhouse Coopers, (2007) states that family business compensates the deficit in qualification level of employees by the higher employees benefits spent on the education, social benefits and so on. The similar results were found also in Czech Republic.

**External factors of competitiveness**

Analysis of the external factors of competitiveness did not prove any fundamental differences. This is done by the fact that the company environment is the same for the family and non-family business. The domestic market is small, so the conditions for the family and non-family business are the same.

**Stakeholders**

Other field of study was dedicated to the stakeholders. The main differences in the relationship with stakeholders are in the relationship with state. Family business marked the state as an important stakeholder. The difference between family and non-family business in the answers on this question was nearly 8%.

**Graph 5: The important of the stakeholder - state**

Source: Processed by author

A little bit higher importance has the group of employees and customers for family business. The difference between family and non-family business was 2% in favor of family business.

**Graph 6: Importance of stakeholder - customers**

Source: Processed by author
Graph 7: Importance of stakeholder - employees

Same results present also Strážovská (2002, p. 32), who writes that family business is characterized by the positive relationship with stakeholders. Importance of employees is proved also by the research made by the PricewaterhouseCoopers (2007). This factor is one of the fundamental for competitiveness of family business.

Lower importance for family business has the relationship with the suppliers and creditors. This can be caused by the fact that the family business has better financial results so the family companies have not the problems with liabilities, so these stakeholders are not so important for them.

Owners

Another part of the research was dedicated to the individual group of stakeholders. The first group was “Owners”.

Graph 8: Structure of the owner

Most of the family companies are held by the several of big owners. The main difference between family and non-family business is in the structure of one owner. Scores of family companies were established as the company of one owner. As other members of family started to work in the business the owners structure changed to the several big owners. This type of business can be classed as the companies in the start–up phase. If the members of family stay in the business for enough time, they became the alternate owners. The type of companies with one owner is most extended. Other business was established as the family
companies. This type of business is owned by the several big owners. Results were in the category of question concerned on the tangible property indicates no fundamental results between family and non-family business. Big differences are in the field of the software equipment. Family business is not equipped with the software application as is the non-family business. In all categories (MRP, CRM, SCM) of software modules were found reserves.

**Employees**

The other group of stakeholders was “Employees”. Most of observed companies were in the category with 100-250 employees. Most of family business employs the less number of employees than non-family business.

**Graph 8: Number of employees**

![Number of employees](image)

*Source: Processed by author*

This can be caused by the fact that family companies are more conservative than non-family business (Doncles and Frohlich 1991, p. 149). In family firms we can also find the higher percentage of women. Same results are presented by the research made in USA. American business survey (2007) proved that 24% of family business is controlled by the woman. Within the past decade there has been an almost five-fold increase in the number of women leaders in family business since 1997 in USA\(^\text{18}\). This fact can cause the higher social responsibility in family business. This behavior can be also expressed by the higher ethical standards\(^\text{19}\). Family companies also spent much money on social benefits than non-family business. In family business we can find higher percentage of employees with university degrees. This characterizes family business. The PricewaterhouseCoopers (2007) research indicates that the priority investment is in human resources.

**Customers**

Another part of survey was dedicated to the group of “Customers” as stakeholders. The most common strategy within the family business is the differentiation strategy.

**Graph 9: Company strategy**

![Company strategy](image)

*Source: Processed by author*

Family business is focused on the specific products with the possibility of higher prices in the combination with wide range of products and wide range of customers. Non-family business is orientated on the differentiation focus strategy. That means that non-family business is focused on


the specific products with the possibility of higher prices in the combination with the narrow product range and narrow customer range. The results from PricewaterhouseCoopers (2007) indicate that important factor of competitiveness is the ability of family business to supply customers demand by the wide product range. This is connected with the innovation activity of family business.

Suppliers

The last part of survey was dedicated to the “Suppliers”. In this category there was observed the factors which influence the choice of suppliers. The results indicate that family business places the emphasis on the price of supplies than non-family business. Other characteristics like particularity of supplies or quality of supplies are nearly the same.

Graph 10: Price of supplies

Source: Processed by author

Conclusion

The above results show that even in the Czech Republic can be found different characteristic of family and non-family businesses. The primary analysis of family business in Czech Republic opens up the possibility of further research in this area, and in the future can help family businesses deal with the dangers of market environment and not to lose competitive advantage over non – family enterprises. The main problems which concerns family businesses are: quite complex taxation, insufficient incentives, problem with bank loans, problem with strategic and succession planning and many others.

It can be assumed that more research on family businesses would certainly bring a range of evidence applicable in the context of non family businesses. At present, the family business in the Czech Republic is included in the classic non family business. In addition, the lack of sufficient literature or legal framework concerning family business which could allow family businesses to better cope with the current situation.

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CONTRIBUTION OF FAMILY ENTERPRISES  
TO THE SPATIAL DEVELOPMENT IN THE NORTH HUNGARIAN REGION

1. GOAL OF THE RESEARCH

Our basic goal of research is to identify how small and medium sized, especially family based, enterprises are able to contribute to the competitiveness of regions. For this general question we expect answer from the empirical research survey carried out in the North Hungarian Region. The theoretical background of this research were previously made by different authors either in Hungary or abroad (Buzás-Lengyel-Kállay 2003, Chikán-Czakó-Zolrayné 2002, G. Fekete 2004, Horváth 2001, Kállay 2002, Kocziszky 2004, Krugman 1994, Lengyel 2000, 2003, Losoncz 2003, Mazur 2006, Porter 1998, 2002c), we only refer to them in this paper. The survey is also based on research activities started some fifteen years ago at the Institute of Organization and Management in Budapest Tech (Kadocsa 2004, Tibor 1998c.

This particular research was started in 2006, a part of the results were published earlier. Evaluation of all the data has already been finished, further overall results and conclusions will be published soon in articles and as a part of the author’s PhD dissertation.

The survey is based on the questionnaire worked out by Professor Michael Porter and his colleagues at Harvard University and the U.S. Council of Competitiveness (Porter 2001). We adopted the above mentioned questionnaire and added own questions concerning the relations between enterprises and other bodies in the region with a special view on the contribution of the firms to the competitiveness and spatial development in the region. Boschma (2004) says that it is meaningful to talk about regional competitiveness when the region affects the performances of local firms to a considerable degree. This is especially true when the competitiveness of a region depends on intangible, non- tradable assets based on a knowledge and competence base embedded in a particular institutional setting that are reproduced and modified through the actions and repeated interactions of actors. In our case, mostly for historical reasons, the competitiveness of the region was rather dependent on tangible assets. It is especially interesting to explore if we can find any changes in this field and on the other hand we have to examine the contribution of the firms to the competitiveness of the region.

The addresses of firms were earned from the comprehensive list of Dun & Bradstreet Hungary. This list was filtered according to Hungarian SME’s law. This way we had all the names and addresses of small and medium sized enterprises in the North Hungarian Region. The total number of them is 2443, out of which we sent out questionnaire for 1015 mostly by e-mail and a smaller amount by post. We got 103 pieces of valuable questionnaires. In our list the proportion of family based firms exceeded 58 per cent while 53.4% of the valuable answers were given by them.

The structure of the questionnaire gave us the opportunity to examine SMEs through their innovation potential and this way we are coming closer to their contribution to the competitiveness of the region. The survey is structured around the following areas: the business environment, collaborative business networks in the region, economic beliefs and attitudes, accessibility of services in the region and in smaller regions. We defined innovation, following Porter’s approach, in a broad sense. Innovation is the transformation of knowledge into new products, processes, and services. Innovation involves more than just science and technology. Improvements in marketing, distribution, and service can also be considered innovations (Porter 2001).

2. EVALUATION OF ANSWERS

2.1. Business environment

The business environment can be understood in terms of four critical areas which can be affected by government through its policies:
• community infrastructure;
• local demand conditions;
• rules and incentives governing investment and competition;
• related and supporting industries.

In the first block of questions we were curious about the availability of infrastructure assets in the region. We asked people to evaluate our statements on seven grade scale according to the intensity of their agreement or disagreement. The cost of doing business (cost of real estate, wages and salaries, utilities etc) in comparison with other regions was estimated lower by only half of the people. To our surprise all the grades appeared, although it is considered to be one of the most backward regions in Hungary. The most frequently given mark for the overall quality of transportation (roads, air transport, railroads and ports) was two. Specialized facilities for research (science laboratories, university research institutions and technical laboratories) were considered as very limited. Almost one third gave mark one! The same proportion of answers stated that institutions in the region that perform basic research does not transfer knowledge to regional firms. In contrary to the above, but not surprisingly, the communications infrastructure, including internet access, satisfies the business needs of the companies at a high level. Most of the firms complained about the scarcity of qualified scientists and engineers in the region. The available pool of skilled workers in the region was considered heterogeneously. The average grade is a bit over three. The overall quality of the elementary and secondary school education got an average of four, but the advanced educational programs (for example vocational schools, colleges and universities) were said to provide regional business with relatively low quality workers. The regional access to risk capital (venture funds and private equity investments) seems to be really difficult. We suspect that for a part of the firms it is simply out of question. We did not find significant differences between the approaches of family and non-family firms. Only available pool of skilled workers was estimated considerably higher by family firms. The average difference was 0.43.

2.2. Quality of life

The quality of life and cost of living were examined from the point of view of their contribution to easy recruitment and retention of employees. As almost all the seven marks were mentioned in the same proportion, we can not come to definite consequences.

2.3. Local demand conditions

Local demand conditions refer to the presence or emergence of sophisticated and demanding local customers who press firms to improve and provide insights into existing and future needs. One fourth of companies considered their regional customers for their products and services very sophisticated and demanding. On the other hand the same amount of answers evaluated customers as undemanding. We got more or less the same result for the question if regional customers have special need that impact the firm’s product offering. Approximately from 40% of regional customers come relatively frequent feedback which reveals the need for new features or enhanced performance. There were only slight differences between answers of family and non-family enterprises. The difference in means did not exceed 0.09 in any case.

2.4. Rules and incentives governing investment and competition

The investment climate and policies towards competition set the context within which firm strategy and rivalry develop. The climate for investment refers to labour market policies affecting the incentives for workforce development, the structure of the tax system, intellectual property rules, and their enforcement. In the opinion of the majority of those who gave answers state and regional regulations affecting business are inappropriate and hinder their firm’s ability to succeed. More than the half of companies regard state and regional environmental standards and safety regulations quite strict. Investment in R&D is considered to be neutral from the view point of state and local taxes by most of the firms, but considerable part of companies stated state and local taxes as discouraging for the investment in R&D.

The support of state and local government for the investment in R&D (funding business incubators, creating consortia etc.) got 1 and 2 marks in nearly half of the cases. Perhaps the government's overall responsiveness and ability to work with the needs of business got the hardest critics. The most frequent grade is two, and four is the maximum! The number of regional competitors is estimated to be high by
approximately 55%, this proportion is above 63% in case of family firms, and a bit less than 45% feels competition to be intense.

2.5. Related and supporting industries

Related and supporting industries refer to the local access to internationally competitive suppliers of materials, components, machinery, and services. It also involves local access to industries sharing technology, channels and customers.

Only very few of the firms said that specialized suppliers of their business’s materials, machinery, and services are mostly not available inside the region. Roughly the same group of firms stated that regional special suppliers’ quality is rather law and more or less this group considers infrequent regional supplier’s assist with new product and process development. Family firms were less critical, most probably because mostly foreign companies complained about suppliers’ quality and significantly the proportion of foreign non-family firms is higher among those who answered our questions. Two thirds of companies share the opinion that businesses in the region hide information from other firms even when there is not competitive reason to do so.

2.6. Clusters

A cluster is a geographic concentration of related companies and institutions in a particular industry field. A cluster also usually includes specialized suppliers, universities, trade associations, government institutions and other organizations that provide training, education, information, research and or technical support. Questions concerning clusters caused problems for the firms and for us to process data of answers. In most of the cases there are no clusters at all in the industry or service area of the firms, or if there is, it is at the starting point of its life cycle. This is why the most frequent mark for the relationship between firms and organizations in their cluster is one. The situation is almost the same in case of changing information inside the cluster and the willingness to accept new members into cluster activities. Although, as we have mentioned above, the average grade was very low, most of family firms did not even know what cluster is.

What’s more only five per cent of the firms has geographic preferences for their business partners. Very low number of the companies stated that firms in the cluster perceive new buyer trends more rapidly than their competitors who do not operate within a cluster. For the question, finally, considering all the significant factors, including government, industry and social factors, how good a location is your region as a place to innovate in your business, half of the firms gave mark one or two. Non-family firms were significantly more critical.

2.7. Overall evaluation of business environment

As a summary the last question in the first section of the questionnaire was as follows: Taking into account all the elements of the business environment that you have considered so far, which five currently have the greatest positive impact on your business's success? Which factors do you consider to be greatest future threats to your business if not addressed? Out of the five positive and negative factors we asked to give the ones which have the greatest impact.

<table>
<thead>
<tr>
<th>Positive impact</th>
<th>Future threat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of doing business (real estate, wages and utilities)</td>
<td>1</td>
</tr>
<tr>
<td>Quality of transportation</td>
<td>2</td>
</tr>
<tr>
<td>Specialized facilities for research</td>
<td>3</td>
</tr>
<tr>
<td>Qualified scientists and engineers</td>
<td>4</td>
</tr>
<tr>
<td>Transfer of knowledge from research institutions</td>
<td>5</td>
</tr>
<tr>
<td>Communications infrastructure</td>
<td>6</td>
</tr>
<tr>
<td>Available pool of skilled workforce</td>
<td>7</td>
</tr>
<tr>
<td>Quality of K-12 education</td>
<td>8</td>
</tr>
<tr>
<td>Sourcing of employees from advanced educational programs</td>
<td>9</td>
</tr>
<tr>
<td>Access to capital</td>
<td>10</td>
</tr>
<tr>
<td>-------------------</td>
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<tr>
<td>Demanding regional customers that provide feedback</td>
<td>11</td>
</tr>
<tr>
<td>Specialized needs of regional customers</td>
<td>12</td>
</tr>
<tr>
<td>State/local regulations for production processes and products/services</td>
<td>13</td>
</tr>
<tr>
<td>State and regional environmental/safety regulations</td>
<td>14</td>
</tr>
<tr>
<td>State and regional tax and incentives for investment in R&amp;D</td>
<td>15</td>
</tr>
<tr>
<td>Predictability of government policies</td>
<td>16</td>
</tr>
<tr>
<td>Government’s overall responsiveness to the needs of business</td>
<td>17</td>
</tr>
<tr>
<td>Level of competition in your industry</td>
<td>18</td>
</tr>
<tr>
<td>Quality and in-region location of your suppliers</td>
<td>19</td>
</tr>
<tr>
<td>Assistance from regional suppliers for new product and process development</td>
<td>20</td>
</tr>
<tr>
<td>Relationships between firms and organizations in your cluster</td>
<td>21</td>
</tr>
<tr>
<td>Participation with regional institutions in R&amp;D efforts</td>
<td>22</td>
</tr>
</tbody>
</table>

Around 60% of the entrepreneurs are afraid of the raising cost if doing business, although only four per cent considered it as the major threat. 45% of the firms anxious about the predictability of government policies and for half of them it is the most important threat. Available pool of skilled workforce is a potential problem for almost half of the enterprises, but only eight per cent puts it on the first place. Access to capital is one of the threats for 40%, but very few of them considers it as the most serious threat for the future. Beyond the above mentioned factors, state and regional environmental/safety regulations got considerable amount of votes, approximately 30%. As far as the positive impacts are concerned, more then half of the enterprises did not mention any as the most important one! That is why we did not find any positive factor with more then 10%. Communications infrastructure and demanding regional customers that provide feedback gave positive experience for equally 40% of the entrepreneurs. Approximately 30% of the companies appreciate the quality of in-region suppliers and the quality of transportation.

It is interesting that level of competition is considered by 20-20% of the firms as positive impact and future threat. For family firms competition is much less desirable, only 12.7% of them considered it as positive impact for their future.

2.8. Regional connections

One of the crucial aims of our research was to explore the regional and international connections of the SMEs located in the North Hungarian Region. First we examined the division of their income by different territorial levels. Less than forty percent of them has export activity, while the proportion of those who acquire more then 50% of their income from abroad is only a bit more then ten percent. Every fifth of the firms realizes the majority of its income from local sales. Family firms are much more active locally, 41.5% of them gets the majority of its income from local sources. 57.7% of the companies does not have sales on subregional level at all. None of the firms reported subregional sales with more than 30% ratio. Fifteen percent of the SMEs, twenty-seven percent of family enterprises, did not have any sales on county level. 7% of the enterprises got the majority of their income from this level. As far as the strength of the regional connections are concerned, 69.3% firms reported income from the region. This figure is much lower for the family firms, 52.3% is active on regional level. On the other hand, just like in case of the counties, a very small group of companies gets the majority of its income from the region. Approximately one third of the SMEs does not have any sales in Budapest. 90% of them earns less than 25% of their income from the capital city.
Only half of the small and medium sized companies in the North Hungarian Region has business connections in other Hungarian regions. As we have already mentioned before, roughly 40% of these companies are involved in exports. The representation of family firms is much weaker, 22.4% has any kind of exports. Only ten percent of all SMEs earn its living basically from this source. Most probably there is some kind of invisible, indirect export, very often regional producers do not even know that their components are built in a product exported by somebody else. As far as the territorial structure of the exports is concerned, it dominantly goes to EU member countries, but every fourth of the enterprises has exports to non EU members. Overseas exports are exceptional and the volume of it is very low, especially in case of family enterprises.

An important indicator of territorial connections between firms is the origin of inputs used for products and services. 42% of the North Hungarian SMEs does not use any local input. Family firms much more base their activities on local inputs, 68.9% reported usage of local inputs. Usage of inputs from imports can be found at half of the companies. In comparison with other territorial levels, the proportion of the firms using basically imported inputs is much higher. Almost half of the importing firms get more than 50% of their inputs from abroad. Naturally we wanted to also know where did our firms find their new partners in the last few years. A bit less then 30% of the SMEs succeeded in getting new partnerships abroad. Family firms seem to be significantly less active in acquiring partnerships from abroad. Only 17.8% reported successful new partnership. In case of those who were able to find new international partners, the importance of these new connections is significantly bigger then in any other territorial levels. More then the half of new partnerships has at least sixty percent weight in the given enterprise’s new connections. For our question if they had any cooperation with other companies in product development and in putting products on different markets, 15% of the SMEs reported local cooperation of both types. On regional level product development is stronger, 14.1% of the firms are involved. Budapest has outstanding role in both cases. 38.4% of Northern Hungarian SMEs cooperated in product development in the capital city, while 26.9% in introduction of new products to markets. As far as cooperation with international partners are concerned, a bit more then five percent cooperates in product development and slightly more then 10% in product introduction to markets.

Experts with different professional background widely accept the notion that participation in networks contributes to the stability of enterprises. That is why we asked SMEs in the North Hungarian Region if they participate in networks. 46.3% of all and only 31.4% of family firms said, yes. Out of those who participate, more then the half has connections in more territorial levels. Participation in Budapest based networks is dominant, but cooperation with networks in other Hungarian regions is also important. Accession to international networks is not relevant. Only a few percentage of the firms participate in these networks. We can hardly find family enterprises in international networks. We measured the intensity and importance of participation in networks by the income earned from sales to network partners. With a few exceptions this ratio is above 20%. One third of the participants earns more then 80% of their income from networks. The average 48.3% shows the dependence of SMEs on network activities.

Around twenty percent of the SMEs took part in tenders financed from EU budget. Those who got from these resources earned an average of 3.36% of their annual income. Out of ten applicants six was successful. Finally we wanted to see what kind of help do SMEs require from central, regional and local governments to improve their market position. We offered 18 possible answers. Out of them three has outstanding importance for the firms. The most powerful requirement is long term, predictable government rules. Similarly almost all of the enterprises would like to see reduced rate of old age pension and health care contributions. Reduced taxes based on research and development costs would also be appreciated by entrepreneurs.

For other possible measures, mainly for those which would cause direct government intervention into market relations e.g. subventions, protectionist steps against foreign firms etc., the demand is very limited from the companies side. Organizing clusters by governments is at the bottom of the list. All in all SMEs seem to require a stable behaviour and ruling i.e. assurance of the general framework of market activities in the long term and any other tool is considered to be of secondary importance.

3. CONCLUSIONS

As we stated above, regional connections between North Hungarian SMEs are quite week. Basically their sales depend on other regions and Budapest. Their usage of inputs is also dependent on other sources
outside the region. The most important possible forms of their cooperation, taking part in regional networks
or clusters are not characteristic, they are at the beginning of this route. Most of them are not aware of the
importance of these kind of connections.

At the end we can come back again to Boschma’s statement: „It is meaningful to talk about regional
competitiveness when the region affects the performances of local firms to a considerable degree.” In case of
North Hungarian Region, based on the opinion of the local SMEs, we can say that the region’s affect on
firms, especially on family based enterprises, is not considerable, that is why regional competitiveness is weak
and the affect of firms on the region and this way on the spatial development is also not strong enough.
Following the above mentioned statement: „This is especially true when the competitiveness of a region
depends on intangible, non-tradable assets based on a knowledge and competence base embedded in a
particular institutional setting that are reproduced and modified through the actions and repeated interactions
of actors. Stability depends basically on exports.” Although elements of knowledge and competence based
activities can be detected in the North Hungarian Region, it remained traditional Fordian region based on
tangible assets and much have to be done to change this situation.

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CONGENITAL VALUE-CONFLICTS OF FAMILY BUSINESSES – THEORETICAL BACKGROUND

Introduction

We use the concepts ‘family’ and ‘family business’ with such naturalism here in Europe, like they were some perpetual results or consequences of human nature. Though, the family-model of our age has gone through sweeping changes in the last millennia of history.

Introducing the history of evolution of today’s European family-model is not the task of this presentation. In order to get enough information in this theme you should read the Greek folklore. In this culture commons of some men and women have changed into the ‘family of monogamy’, which means the common of one man (the husband) and one woman (the wife). In this type of families husbands are proud if a god or demi-god visits their wives, and women also like when female or male slaves entertain their partners.

The collecting-fishing-hunting way of life and the feudal society, being in the making, necessitated different types of family-models. The feudal family functioned as a producer unit, and the system of the family ensured the patrimony of land-property. This some-centenarian family-model has gone through changes during the modern industrial society. Family-sociological surveys certified both in Western and Eastern-Europe that families from producer units changed into consumer units.

The system, in which economy organized itself around families, appeared in the ancient Greek society. The family-business called “villa-economy” or “oikos” in Greece was examined by Max Weber. It consisted of 50-60 members who lived together in one detached house or villa. These distant relations produce everything they need, and they do not manufacture more surplus than needed for bartering.

This kind of producer-family – converged by production – was typical in the feudal European, mainly in the Christian societies. In these families people already knew the weird of the descendant at the time of birth: heredity or work. Such decisions were made when a child was born, which could not be corrected later on. In a later part of my presentation I will tell you further information about the development of socialist consumer-family.

During the analyse we have to put off that wide-spread approach that supports the one of mechanic materialism or mechanic spiritualism. According to these approaches we should wrongly believe that families and businesses are two extreme, accompanying concepts. For example we cannot say that solidarity and profit preclude the possibility of each other. Just the opposite happens in practice. A thing that is useful under a certain level in one context can be damaging over it in another context. (For example almost the most important value of a family is love: the love of a mother towards her children or the love of a wife towards her husband. But a sixty-year-old mother who loves his forty-year-old son in a staunch way is detrimental for him.)

The support of the family, friends and fools is very important and useful when we talk about entrepreneurs (Vecsenyi, 2002). But in connection with financing their role is not so important, since they usually come on like employees, consumers, customers, or further beneficial relations. In fact these kinds of family ties can be nuisance, too.

Value category-pairs

Analysing family businesses we meet many opposing concepts. But as I have already told you, in case of dialectic approach the categories do not preclude the possibility of each other but they support each other. The life and the development of a family mean the transition between these opposing categories. In order to be successful entrepreneurs and to run a successful business it is indispensable that we had a solid family background.
We have to know that there are many values that are opposing in a family and in an entrepreneurship. These values and characteristics are the following:

*Chart 1: Value-category pairs*

<table>
<thead>
<tr>
<th>BUSINESS (ENTREPRENEURSHIP)</th>
<th>FAMILY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producer unit</td>
<td>Consumer unit</td>
</tr>
<tr>
<td>No free lunch</td>
<td>Only free lunch</td>
</tr>
<tr>
<td>Main value: profit</td>
<td>Main value: love (togetherness)</td>
</tr>
<tr>
<td>Organizational hierarchy</td>
<td>Congenital hierarchy</td>
</tr>
<tr>
<td>Organizational culture</td>
<td>Ethical culture</td>
</tr>
<tr>
<td>Consumer-orientated roles</td>
<td>Partner-orientated roles</td>
</tr>
<tr>
<td>Relations on contracts</td>
<td>Relations on confidence</td>
</tr>
<tr>
<td>Succession: by profession and contracts</td>
<td>Succession: by congenital privilege</td>
</tr>
<tr>
<td>Stress on tasks</td>
<td>Stress on the relations between the members of the family</td>
</tr>
</tbody>
</table>

These categories have to be in harmony with each other. It means that we have to learn how to keep up the balance. The balance itself does not mean definitely a kind of fix central position, but it means a continuously moving system that aims at optimal level

These processes are the same in case of a family. From time to time the members of a family can reach the state of balance, but usually they are not in that. The harmony of the categories is determined by the certain family and their business. As an example of extremities I can mention an autocrat head of a family who directs his relatives with a strong task-orientation in the background, and there are other families full of love, in which everything is forgiven for everybody. In this case the focus is on interpersonal relations instead of the tasks.

*Producer unit – Consumer unit*

A detached presentation could be kept on the relation between producer and consumer units. Within this theme I have to tell you that many of the entrepreneurships do not know about their intrinsic contradiction: thank to the feudalist roots men earn the money, but women look after that in a traditional Hungarian family. However, it is not the same in case of business.

Greater investments like buying a house or a car rarely happen in a family, so the average sum of money that members have to think of is about EURO 50-100 a month. In case of an entrepreneurship some thousand-Euro items appear like investments or loans, and the owners have to make decisions about them. So we may say that the first meeting of the owner of a family business and the ‘capital’ is a special developmental period or a kind of shock for the entrepreneur. In case of a family business these differences of the categories can cause conflicts, first since the roles of members are different at a producer and a consumer unit, secondly

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20 Holding up as a model Marx’s example on the market price we may state that the price of a product is determined by the price of the labour, needed to reproduce that. At the same time we can hardly find any product, priced according to this method. The concrete prices are sometimes lower and sometimes higher in deed (Marx, 1894).
since the uniqueness of a family and an entrepreneurship may jumble, furthermore the concepts have different meanings within and outside of a family.

**No free lunch – Only free lunch**

As I have already mentioned in the Introduction, the producer-families were changed by consumer ones in the modern societies of socialism in the 1970s. The common shopping meant the relation among the members, since they had to consume and plan together, or in other words they had to hold together their assets (houses, cars, and so on).

However, peripheral elements like helping each other appeared in this system, too. Thank to it the members came into business contact with each other, but they usually did not pay for this service (cousinship opposes wherewithal).

In case of a company everything has financial value, nothing can be undersold, and the actors of business life have to make economic decisions. In case of a family these values loose their senses, and human sentiments become the fund of business. This kind of opposition makes family-value and entrepreneurial-value different. In contempt of differences people often mix the two values, but it sooner or later causes conflicts (for example exploitation and humiliating payment within a family).

**Main value: profit - Main value: love (togetherness)**

In the capitalist world the exclusive aim or – we’d better say – the highest-level aim of a private company was profit-realization. In order to realize it the entrepreneurs created special strategies, missions and visions, and culture.

Contrarily profit-realization cannot be mentioned as an aim of a family, but it can be determined as one of the means that lead up to love. It also means that in most cases the highest-level aim of a family is love, and what is more, subsisting and observing love. Unfortunately, in our days’ economic circumstances these aims seem to be unimaginable, since it is hard to realize financial security and welfare in everyday life. We all know that money does not make people happy, but its deficit results in many conflicts.

Thank to the parallel appearance of the aims profit and love in a family business, the obvious systems of goals and means break down, which causes conflicts and arguments among the members of the family.

**Organizational hierarchy - Congenital hierarchy**

A hard borderline can be drawn between congenital and organizational hierarchy, but of course in most cases it depends on the size of the business. In the 1970s we could observe an interesting developmental period of the Hungarian agriculture. In case of farmer’s co-operatives everybody argued by the reforms with the optimal operation-size in view, but in practice they were contracted in bigger and bigger factories.

Interesting processes went on in the background. At first the local countrymen organized some four or five collective farms on traditional ground. They elected the leader themselves who lead them. It means that the scopes of duties were developed by elected functions. But later, when the children of the farmers finished agrarian schools, these specialists were elected to fill the executive positions.

Thank to this process the Taylorian division of labour evolved. It meant major- and assistant posts in practice, and involved the transformation of traditional familiar division of labour into a modern, inhuman but effective one.

A family except the modern ones was and will always be the keeper of traditions. Organizations were and will always be the keeper of modernism full of fine organizational methods.

**Organizational culture – Ethical culture**

Families and organizations, like every nation, have their own culture, since they are composed by people. In case of most people the most important and primary cultural principles are determined in their childhood by the family, and people often change these principles only in small compass when they are adults. These principles are the basis of relationships at workplace and in the entrepreneurship, companionships, and
intimacy. In most families these cultural values are togetherness, love, serenity, selflessness and adoration, and we also have to mention the main familiar traditions, too.

However, in case of businesses we can talk about common goals, co-operation in order to realize the corporate interests, and efficient operating models as the basis of corporate culture.

So when we examine family businesses we face a further conflict: familiar values do not enlarge the effectiveness of organizations, and corporate values also cannot be transplanted into families. We have to differentiate the roles in the family and in the organization, and we always have to behave and make decisions accordingly the culture of the certain role.

The role of the counsellor of development, I mean the ‘coach’, in a family business can be an interesting topic, too. When a coach examines an organization first he examines the owner of it, the leader, and only after then asks the employees about their opinions. When intervention is needed he checks the organizational culture, the organizational net, the behaviour of the members, and by these pieces of information he makes proposals. There are coaches who do not have to meet people face to face, since they know such typical ‘illnesses’ that are common in case of entrepreneurships, for example communicational problems, disorganized systems, the miss of mission and vision, and so on.

At the same time it is hard to examine a family business like this in practice. The relation of people in this case is different, so you cannot set out the above mentioned problems. The only way of curing in a family is letting the boss tell his story. This time the coach is a kind of family-therapist to whom the boss – mainly the father – can confess his problems.

**Consumer-orientated roles – Partner-orientated roles**

Business organizations, mainly micro and small businesses, often depend on their customers. One of the reasons for it is that these entrepreneurships are in most cases suppliers of multinational organizations with special financial parameters like deadlines, penalty, and so on. On the other hand the size of their local target market is not big enough to take the risk of loosing any of their customers from a day to another. That is why sometimes micro and small businesses get from one extreme to the other. In practice it means that they tend on their customers officiously: the owners make decisions and operate the companies focusing on the obligate goal: the customers' satisfaction.

Contrarily, the main aims within a family are the satisfaction of the members and the common pleasure. The difference among the target groups in case of family businesses can cause many conflicts and difficulties. Shall I make my decisions according to an unselfish point of view in order to make my partner happy? Or shall I follow a kind of business-orientated point of view so that my customers are satisfied with my product and service?

**Relations on contracts – Relations on confidence**

The main stress within a family is on trust. When a man and a woman get to know each other they learn how to trust the other at the same time. By and by they start to live a common life, they start their own family, and they also teach their children how to trust the other the way they do. Without this kind of connection the system would fail, since there would be nothing to save the family from the external dangers, and there would be no reasons why to call a family ‘family’. The relation among the members is based on trust, too. This is why children accept their parents’ instructions, and we do not always have to manifest what we say – we simply believe what we are told, since we trust it.

As people say, there is no friendship within business. The reason for it is that there is no trust among unknown people, since they have nothing to base it on. But if trust is missing from a relationship then we have to compensate it with such unnatural things like contracts, promissory notes or references. However these concepts do not come through in a family, since they endanger trust. This is why intrinsic conflicts happen in family businesses.

**Succession: by profession and contracts – Succession: by congenital privilege**

As I have already mentioned, in time of Feudalism succession happened according to the following method: if a man assumed his fatherhood and got married with the mother then succession happened on the
father’s side. The first-born son got everything: property, stocks, and assets, and the others had to live under their own power.

Today, thank to the resolutions the order of inheritable is relatives, consort and finally the state. Sons’ and daughters’ inheritableness figures at the first place, according to the genealogy and the principles of replacement. Besides the children the consort inherits enjoyment. Every child inherits across the board. In absence of sons, daughters and consort the legator’s parents inherit, also across the board. So it is evident that congenital privileges control the question of succession within a family.

Contrary to these rules in case of a company we cannot talk about congenital privilege, since making the decision in this topic fall within the owner’s or owners’ cognisance. The survey on Generation-change, made by two of our colleagues, namely Judit Filep and Imre Pákozdi in 2007 (Filep, Pákozdi, 2007c, showed that 44 percent of the Hungarian enterprises plan to give the business to his blood-relation, mainly his child in case of succession. In practice it means that both the ownership and the control remain in the family. In case of 14 percent of the enterprises the ownership remains in the family, but an external person does the controlling. 8 percent of the enterprises give the company to an external partner, 6 percent to the joint owner, and only 1 percent to an employee.

Illustration 1: Potential forms of succession

![Illustration 1: Potential forms of succession](image)

**Stress on tasks – Stress on the relations between the members of the family**

Making differences among the stresses during operating is very important. In case of a family almost the most important factor is holding up and looking after the relations among the members, since it helps to keep up love and trust, or in other words the base of a family.

But when we talk about the subsistence and operating of a company we have to focus on the perfect completion of the tasks – up-to-date contact with the customers, suppliers and other business partners. So only a few time and energy is left for cherishing human relations within the enterprise. In case of family businesses it can easily cause conflicts among members.

**Conclusion**

Considering the organizational values it is understandable that balance and harmony are very important. However, these aims cannot be implemented in every case: sometimes one of the poles, then another are in the focus. We have to be intent on finding the best practice in case of our behaviour in business or when we make decisions. This kind of best practice means focusing on both the needs of our family and our customers.

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21 The legal regulation of sole proprieters is an interesting and important question of the Hungarian rule of law. In case of the sole trader’s death his or her widow or widower can inherit the business even if he or she does not possess the necessary skills. Of course, this time he or she has to employ somebody with the required skills.
I agree if you say that it is easy to create theories, but hard to realize them in practice. However, in my opinion the adherence of some principles can help us to find the so called golden mean. These principles are the following:
- Continuous and open communication among the members of the family and within the company.
- The roles within the family and the family business should be clarified, separated, and never mixed with each other.
- Empathy is important in case of family businesses. Sometimes we should place ourselves in our partner’s point of view: we may ask only such things from our relatives that we would gladly do for them.
- We have to determine an unambiguous privilege: the precedence of family or business plays the main role in case of serious decisions?

References

PHOTOS FROM THE 4th ERENET ANNUAL MEETING IN BELGRADE

Tina Sommer and Prof. SDvetislav Paunovic  
Eric Dejan, Radovan Jelašić, Tibor Szőke, Antal Szabó

Eric Dejan, Director of the IES  
Radmila Grozdanic and Mirjana Radović Marković

Audience of the Annual Meeting at the IES Headquarters  
ERENET flag waves wind in Belgrade
PH.D. THESIS SUMMARY

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BEYOND CORPORATE SOCIAL RESPONSIBILITY:
The Social Enterprise 22

THESIS SUMMARY

FOR PH.D. THESIS

1. PREVIOUS RESEARCH AND IMPORTANCE OF THE RESEARCH TOPIC

„The social enterprise is the correctional mechanism of the globalized world” - said Mihály Karácsony upon introducing the new act on social co-operatives (Karácsony [2007]), whilst the daily Világgazdaság called them, in its issue of 26 July 2007. The „conscience of capitalism”. A decade after the first trials in the USA, the notion of a social enterprise – with the help of the media – has become part of governmental policy in both the US and the UK.

Today we may state that social enterprises are part of the Hungarian initiatives, too. In the past few years we could observe several initiatives in Hungary the goal of which was to make the social enterprise a commonly known and practiced notion. The social role and the economic importance of such enterprises is not yet considerable in Hungary, but certain examples suggest that there are huge reserves of resource in this field. CECOP24, the Brussels-based European Confederation of Workers’ Co-operatives, Social Co-operatives and Participative Enterprises conducted a survey amongst organisations of the not-for-profit sector. The results of the research showed that these organisations maintained 8800000 workplaces – all equivalent to full-time employment. This is around 8% of all paid workplaces. In certain member countries the rate of those employed in the social sector exceeded 10%, in Hungary it is around 2%.

Even though we have rich and varied information on the situation and operation of not-for-profit organisation due to the publications of the Not-For-Profit Research Group lead by Éva Kuti and László Harsámyi, our knowledge on social enterprises remains limited. We barely know their exact numbers, the reason of their existence and the effect that recent legislation has on them. One of the objectives of this research is to acquire, through cases of good practice, a knowledge-base that we may use in education, then later, during the development of the current legislation.

Éva Kuti herself – upon offering her opinion on my thesis draft – wrote thus: „Attila Petheő has undertaken a trail-blazing task, since there has been barely any research delving into social enterprises in Hungary, and foreign literature has become known only in selected circles, imperfectly, and randomly. This novelty of his work largely explains and renders forgivable if he may only advance on this unbeaten path only through serious difficulties.”

The researcher may inform himself on the role and situation of the social economy from the most recent works of Éva G. Fekete, Mária Frey and Anikó Soltész. The number of Hungarian social entrepreneurs included in the ever-growing international literature is on the increase, too. I believe that we are on the right

22 Supervisor: Péter Szirmai, Associate Professor, Director of the SBDC
23 The word social has, in this thesis, a meaning different from its usual content. Under a social enterprises we understand an activity which bring an actual improvement in the welfare of a society.(Kotler–Lee [2007]). This type of activities is not identical to the activities of the welfare system.
24 European Confederation of Workers’ Co-operatives, Social Co-operatives and Participative Enterprises.
path towards a deeper and wider understanding of the field. The number of the base group is currently around 5-600 organisations, so the cases examined by us reflect the situation of the sector, its problems and various forms very well. Based on the study of Dees [1998], Appendix 1. shows the possible variation and wide spectrum of organisations.

Even though several international researches have been launched in the past few years (the regional research of UNDP, the EU-wide research of KMU Research Institute in Austria, ARNOVA’s research), the results of which are to be expected in 2008-2009, due to lack of standardized, uniform methodology and definition, their comparison is, by large, questionable. The researches undertaken by research networks are an exception in this regard, since their results are based on the comparison of researches undertaken in 30 countries with a uniform methodology.

My thesis was born partly due to personal interest, partly from the influence of my participation in interesting international researches. In my opinion the topic of social enterprises is experiencing an increased interest, and works of growing importance are being published in the field.

The further objective of my thesis is to offer guidelines to the state organs, the economic sector and NGOs to further develop and improve the reach of their programmes promoting social enterprises. I believe the programme components proposed in my work to be building bricks from which each enterprise or institution may develop its own programme as part of its comprehensive SME-policy.

Information gathered during research may be utilised in various fields of practice. We shall utilise it first and foremost in education, where we shall be training the future entrepreneurs in the framework of a course based on case studies of social enterprises. Secondly, as members of the Consultancy Network of Social Co-operative founded this year by the National Employment Public Fund (OFA – NEA), we shall pass our knowledge on to the members of the social co-operatives being launched with the help of NEA-funds. Furthermore, we have presented our findings during the trainings held by International Labour Organisation for employee and employer interest groups, and shall continue to do so.

In the course of my empirical research I used the definition of the Conscise research programme and I use this definition throughout my thesis, too, since it is broad enough to map the Hungarian situation, and contains the most important elements for the examination.

Social enterprise is an enterprise undertaken by a

- are not-for-profit organisations
- seek to meet social aims by engaging in economic and trading activities
- have legal structures which ensure that all assets and accumulated wealth are not in the ownership of individuals but are held in trust and for the benefit of those persons who are or areas that are the intended beneficiaries of the enterprise’s social aims.
- have organisational structures such that full participation of members is encouraged on a co-operative basis with equal rights accorded to all members.
- Often have another interesting, but contended, characteristic; to encourage mutual co-operation with other organisations in the 'sector'.

According to the first comprehensive study (in 1998.) ever conducted, in the United Kingdom, the number of social enterprises has reached that of enterprises operating in the garment industry, namely 4500. From this moment on, social enterprises have never been viewed the same. They are not taken as a sector, but as entities joined by a shared view, that is: they attempt to satisfy social needs through economic activity – taking as a starting point the local roots of the often overlooked communities. (GLE [1998] p. 10.)

During research I conducted several in-depth interviews with social entrepreneurs, and – together with György Pataki and Réka Matolay – responsible entrepreneurs. To demonstrate what a complex task it is to be a social entrepreneur, I have compiled a formula.

The mission of the social entrepreneur is the advancement of society in its most various forms. The creation of profit may still be a part of the business model, yet the benchmark of its value is - social impact.

In my thesis I present as the most outstanding Hungarian example Mrs. Tibor Szekeres, who established Összefogás (Unity Industrial Co-operative in 1986, which has outgrown itself into a network spanning the whole country, and employing around 700 mentally challenged people – mostly from the younger generation – in 24 premises around the country. (Bornstein [2004]). Amongst these we found many who are seriously challenged or mentally ill. They offer lodging for around 70 people in their centre in Csömör in small apartments planned to meet their needs. The work of Mrs. Tibor Szekeres merits recognition on an international level too, further proven by the fact that the international Schwab Foundation awarded Összefogás its 2006 „Social Entrepreneur of the Year” award.

As a matter of fact I do not think that a social entrepreneur should have all these skills, but it is of importance that they are presented as positive heroes and that they become „heroes” for the local community.

In the university we teach that entrepreneurial skills may, even if on a limited scale, be object to development. If we cannot develop them, they may be bought or substituted. Social sensitivity and values may also be developed up to a certain point, but I do not take them as things that may be purchased or substituted. This is one of the reasons that make me believe that the number of social entrepreneurs will remain low in the future too, since a social enterprise demands such complex skills that very few have. On the basis of János Vecsenyi [2003] \textit{entrepreneurial performance = skills x motivation}. In the course of my research I shall examine if social entrepreneurs surpass traditional ones in both skill and motivation or not?

2. METHODOLOGICAL PRINCIPLES

In my definition of the expression, there are less than 600 social enterprises in Hungary. Since the exact number of the base group is yet unknown, and there is no current research into the problem, I have chosen the method of qualitative research. One of the objectives was to identify at least 150-200 organisations. Since there is no database – neither nationally, nor internationally – that contains the date of such organisations separately, I myself tried, in a somewhat trailblazing manner, to collect them with the help of British research methods. For mapping social enterprises, I compiled a list with the help of the \textit{five larges umbrella organisations} in Hungary, which not-for-profit organisations may comply with the definition of social enterprise used by me. The National Alliance of \textit{Not-For-Profit Human Service Providers} has offered their help to send out a questionnaire to all their member organisations, then gather the results. I did not, however, utilise this opportunity, since it would have narrowed down research too much, since only one or two dozen out of their 300 organisations would have met the conditions. Apart from this, both the \textit{Civil Employment Workshop} and \textit{National Employment Foundation} have allowed me to use the public data in their databases. The efficiency of the method was proven by the fact that, upon examining the National Employment Foundation’s \textit{Equal program’s} data, I found 41 out of 185 organisations that did match the criteria of a social enterprise.

During the \textit{Social Entrepreneur} course, I asked the help of colleagues and students to, either through reading the press or from their circle of acquaintances, to collect organisations who are similar to the cases shown during the course. Despite a strenuous research we could only compile a list of 100 organisations that could be called social enterprises.

During the examination of social enterprises it was necessary that the researcher may learn to know further cases through the interviewees. This is called „snowball-method”, and I used this technique during research, too, which largely made contacting new organisations easier, and they gave up 1.5-2 hours of their time more readily when I could call them after being recommended by an acquaintance.

The followers of the qualitative method of research have agreed that the world is not objectively given, and that one may not learn to know it based solely on objective methods. Contrary to positivist cognition they believe that the valid way of cognition, of acquiring knowledge is interpretation, the analysis and understanding of the interviews of those who have gone through the process in question. The quantitative tradition on the other hand is based on the testing of hypotheses formed before research has started, and on mathematical-statistical data analysis. Naturally there is always a serious level of uncertainty in planning, the researcher cannot be prepared for everything. It is exactly due to these uncertainties that the inductive process, one based on data, is adequate in providing unexpected, surprising and novel results. The main tool of research in this case is the researcher himself – with his presumptions, and choice of values (Bokor-Radácsi [2007]).
The questions were born mainly out of my circle of interests, secondly stem from international literature, but I was not committed to a certain not-for-profit model or theory. As a starting point I used the cases processed in the United Kingdom.

I contacted the chosen interviewees by telephone and arranged a personal meeting with them. There were only three leaders who declined taking part in the research; they all cited the lack of time as a reason. At last – due to persevering again and again – two of them received me, so I could conduct the interview with them, too. The qualitative tradition understands generalisation somewhat differently. I believe that a large proportion of my results may be generalised to include even those left out of the sample, yet I am aware that my sample-taking may have lead to significant distortions. May I be exonerated by the fact, however, that the reason for conducting the trailblazing research on social enterprises was far more the publication of a material capable of contributing to the formation of dialogue and discourse on the matter, rather than formulating some kind of „final truth”.

In-depth interviews consisted of 2 visits. During the first visit I examined the history of the organisation, the life story of its leader, the main turning points in the life of the organisation. (The guidelines of the interview are laid down in Appendix 2). I asked questions about those concerned by the organisations, its goals, and collected all necessary data about the activities and financial background of the organisation.

During the second visit I interviewed the other members, volunteers, potential future leaders of the organisation. Unfortunately I could only visit 8 organisations for a second time, since the considerable distances and the lack of time kept me from doing so, but in these 8 cases it was interesting to see what had changed since my first visit.

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<th>No.</th>
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<td>1.</td>
<td>Contact through telephone and letter</td>
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<td>2.</td>
<td>Writing up and analysis of database</td>
<td>February</td>
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<tr>
<td>3.</td>
<td>Conducting of in-depth interviews, round I-II</td>
<td>March–September</td>
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<td>4.</td>
<td>Analysis, structuring of data</td>
<td>September–November</td>
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<td>5.</td>
<td>Finalising research, handing in thesis</td>
<td>December</td>
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3. STRUCTURE AND MAIN FINDINGS

My thesis is made up of 7 chapters. In the first chapter I lay down the definition of a social enterprise, then, in the second part I highlight its economic and societal role. In the third chapter I collect into a united framework the various not-for-profit models and theories based on the most important Hungarian and international literature. In the fourth chapter I map the connexion between social enterprises, social economy and corporate responsibility. In the fifth chapter I size up the results and conclusions of the two researches, which will form the basis of either accepting or rejecting the hypotheses. The sixth chapter describes the hypotheses of the research and their examination. The seventh and final chapter summarizes the most important observations of the thesis, and identifies the possible future direction of research.

We still know very little about Hungarian practise. I wanted to phrase those type of hypothesis that can be examined even in a low budget research. At the final stage of the research, according to the suggestion of the committee, I decreased the number of hypotheses. It is enough from the two selected directions – micro and macro – to focus on only one, even if the two are interrelated. As there are no exact numbers of the whole SE population, I selected the micro aspect.

Thesis1. The ‘traditional’ entrepreneur surpasses the average, social entrepreneur in both skills and motivation.

According to János Vecsenyi [2003] entrepreneurial skills (performance) = knowledge (what you know) X skills (what you can use) X motivation (what you wish to use). During research I examined qualification and acquired experience and tried to reveal which of these the entrepreneur applies during his/her work. In the case of social enterprises I tried to understand motivation, too: what inspired my partner
to become a social entrepreneur. After the interviews I concluded that - contrary to the literature – responsible entrepreneur are higher educated, more motivated, and all are experts of their field. Generally characterized by several different qualification, and they are outshining social entrepreneurs.

**Thesis2. Social enterprises are different from traditional enterprises due to their different genesis, and they face far more complex challenges.**

We find, in all cases of responsible entrepreneurs possibility entrepreneurs. In this SME segment the number of innovations and patents is unusually high (26). In many cases, the enterprise itself was founded upon an innovation, which they patented from the income generated, and from the further development of this, whole families of patents were created. So the responsible SMEs have, even in comparison with for profit enterprises, quite a unique genesis. We often observed the presence of several generations in the enterprise, and according to international classification, this means they are family enterprises, since many members of the family (wife, brother-in-law, cousin, children, etc.) take part in the daily work.

Contrary to the above, I did not find a social enterprise where the founders involved further family members in their work. In most cases I would call them forced enterprises, even if in many cases "inner" compulsion was the dominant factor. The state of communities, dissatisfaction with the current situation, seemingly unsolvable problems prompted the social entrepreneur to act, who shortly became the bearer of an unendurable load.

In the case of responsible entrepreneurs, focus strategy and the Santa Maria behaviour are prevalent, that is, they work inside a certain profile. In the case of the majority of social enterprises, even ascertaining what to do proved to be a serious problem. What business are they present in? Where will the income come from? There is no clear-cut profile, so they try their hand at everything they feel that they can do (they belong to the Viking category). This, in itself highlights the complexity of the enterprise. On the whole we may state the genesis of a social enterprise and that of a traditional one are wholly different, mainly due to dissimilar motivation. Furthermore, it is striking that whilst the basis of success of responsible enterprises is innovation and uniqueness (product and service), social enterprises - apart from one or two exceptions (Kővet, Káva) - can count on unity (co-operation) and the persistent self-sacrificing behaviour of the social entrepreneur. From this point of view, the expression "entrepreneur for others" is far more poignant in their case.

**Thesis3. Social enterprises can not effectively and economically attain economic and social policy objectives.**

During the course of the interviews I did not find any empirical proof that they were able to effectively realise their goals or constantly develop their activity even despite impeding circumstances.

Based on international literature I found this opportunity in the shouldering of state functions, but from 20 cases, only 3 (Ósszefogás, Menedék, Tiszaadony) took over state functions. All three enterprises attend to these tasks effectively and economically, but they are merely rare exceptions. One side is not ready to give over functions with the attached resources, the other side is not prepared or stable enough to receive these functions. What's more, taking on further profiles just renders the operations of the organisation more difficult.

Based on the research I came to the conclusion that a social enterprise cannot effectively realise such goals, since it does not have sufficient information for finding the effective level of externality (due to lack of adequate state legislation). Even if the welfare state faces various problems, state tasks and functions will survive. We are not sure that a local social entrepreneur should decide on whether a village is more in need of a new community centre or public transport. Noticing the often scandalously irrational decisions of governments and local governments often is presumably not a strong enough cause to mould the organisation of producing public goods into a mass of individual, ad-hoc decisions thrown together at random. In the case of public policy decisions the goal is not solely to make a public investment with returns (that is, socially beneficial), but also to implement those alternatives that offer the greatest contribution to public good (Bartus [2008] p. 34.). Thus, and due to the results of empirical research showed, that at the moment it is not possible to reach social goals for several reasons. However, social enterprises are adequate to solving a special and complex problem, and they are able to effectively fulfil this role. Where the social enterprises in the sample shut operations, the task in question would remain unmet for a long time. So at the moment there is no substitution at all.
Thesis 4. **In order to deepen their effect, social enterprises need considerable investment in organisatorial development: in developing their management, workforce, and in setting up their monitoring and evaluation systems.**

In order to extend their social effect, professional management must replace enthusiastic amateurism. We may observe in various foreign examples that well-known social entrepreneurs used the aid of large consultancy firms for organisatorial development. The experts of *McKinsey* were successful in re-organising the Brazilian social enterprise *Renascer*, thus setting it off on a growth course. The colleagues of *Boston Consulting Group* helped the development and organisatorial shake-up of *Childline of India*. It often emerged that various enterprises face the same problems, and would need similar help, even if they cannot pay for it.

In such cases organisations were able to develop and grow efficiently. In the case of the other organisations of the sample, however - which do not have management- or workforce-, monitoring and evaluation, and do not even have a model to follow or a consultant to help - the stagnation of the organisation is evident.

In my sample this statement is a clear cut. Those who imported a model or used consultancy are able to reach their goals.

Thesis 5. **Social entrepreneurs with traditional entrepreneurial experience accept risk more easily, and it doesn't cause them a moral problem to ask money for their activities.**

Despite the wide variation in social and economic returns, most people are adverse to launching a social enterprise. A social enterprise is generally launched from initiatives based on services by individuals or informal groups or from the diversificational endeavours by not-for-profit organisations. In numerous cases we find that not-for-profit organisations reject economic initiatives, since according to them it is incompatible with their social objectives. In the cases examined in the United Kingdom it was lack of confidence that was the largest difference between social and "traditional" entrepreneurs (Lyon-Ramsden [2006]). Social entrepreneurs without any previous entrepreneurial experience, in ideal cases, recruited voluntary consultants who had experience in management and economics.

During the course of research I arrived at a surprising result. In 18 from 20 cases the social entrepreneur had previous experience in for-profit market enterprise. The current organisation wasn't the first workplace in any of the cases, and all had worked either in the position of company executive or the head of his own private enterprise. They all accept risk, and handle it in a proper way.

There was a sound/solvent demand, and asking money in return for their services did not pose a moral problem.

Thesis 6. **Despite the misbelieves, there are many examples for the success of co-operation, and everyone acknowledges its importance, furthermore, joining forces, collaboration, and partnership are frequent in practice, too.**

Unfortunately the general stereotype in the Hungarian not-for-profit sector is that the other not-for-profit organisation is but the tool of the game of politics, and according to its momentary interests, it shuts out or exploits the other civil organisations. Many have stated that this field, too, is cursed by the lack of joining forces, of collaboration and of partnership. We often hear news or read reports on cases where the head of an organisation used the assets (funds) collected, for other uses. However, in the light of the interviews, this misbelieves was denied. The programmes of the last few years promoting co-operation have brought about change, and the results obviously prove that the co-operation is justified.

The number of lists in which we asked organisations if they had co-operation with other NGOs is astonishing, taking up whole pages. In many cases, they had a regular connexion with a foreign organisation, they took part in international programmes, and there were various exchanges of experience.

Joint application and programmes are numerous and they know and help the other similar not-for-profit organisations, they keep a good rapport with their clients and partners. There are negative experiences, too, but they have more to do with the quality of the connexion, not their existence or non-existence.

Their connexion to the media is very good, all organisations had dozens of media appearances, are constantly featured in reports in the television, we can read about them on the pages of the printed press. Despite the fact that many have mentioned that today only scandals make it into the news, they could get mentions in the press without one. This is fortunate, since it was the media that helped spread the idea of
social enterprise to find new followers in the United States, too. Many organisations have media attention, since they carry out groundbreaking work in the field in question, even if not appearing with any new patents. On the whole we may conclude that each programme received a publicity that befits its size, which largely simplifies the job of those researching the field.

To summarize we may state that the operation of multi-dimensional enterprises, after an ever-more sensitive leadership, has stepped forward in an extended and multi-actor environment, the “rainbow economy” (Dauncey [2001]) at the meeting point of the state, the civil society and the market.

Even though social enterprises necessitate a heightened sensitivity in their leadership, it must be pointed out that there is a global trend emerging with a decided maturity in economic and social policy; so we are not talking of enigmatic business-supermen, or fifth- sixth-level wonder-leasers. It would not be full enclosure to state: the primary goal must be the positive societal effect – the enterprise may also generate a profit apart from this. This is not true. In this case we are speaking not of enterprises, but of a different not-for-profit organisatorial form: association, foundation, institute, not-for-profit economic company. My thesis deals with the similarities of these and social basic principles in a separate chapter.

A social enterprises is, on the one hand the highly developed organisatorial form in which the enterprise is walking the thin line between profit maximisation and the often irreparable realisation of lessening societal stress, on the other hand it is the tool which may bridge the gap between the lack of emotion in the economy and the wish for the welfare of the public.

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d. Essays and conference papers


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The Workshop on “Women and Entrepreneurship” was held in Chisinau, the Republic of Moldova, on 30 September-2 October 2009. It was jointly organized by the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS) and the Representation of the Konrad-Adenauer-Stiftung (Foundation) (KAS) for Turkey, in cooperation with the International Center for Advancement of Women into Business (ICAWB).

Welcoming statements were delivered by Ambassador A. Sumru NOYAN, First Deputy Secretary General of BSEC PERMIS; Mr. Jan SENKYR, Resident Representative of KAS for Turkey; Mr. Sergiu SAINCIUC, Deputy Minister of Economy of the Republic Moldova; Dr. Valeriu GHEORGHIU, Deputy Director of Department of European Integration, Ministry of Foreign Affairs and European Integration of the Republic of Moldova; and Ms. Tatiana BATUSHKINA, Chairperson the Board of the International Center for Advancement of Women in Business (ICAWB).

1. In her statement Ambassador NOYAN formulated the aim of the Workshop to review the current situation of women entrepreneurship in the BSEC countries. Promotion of women entrepreneurship is beneficial for the economy, as women leaded enterprises are the driving forces for job creation and economic growth. But still the topic of women entrepreneurship has been largely neglected both in society in general and in social sciences. The conditions discriminating against women’s possibility to become entrepreneurs need to be addressed by policy makers. Governments should facilitate entrepreneurial endeavors by women in the economy. The ongoing global economic crisis necessitates addressing issues related to women’s entrepreneurship even more. The SMEs stand most vulnerable to the crisis and the situation is especially difficult for women entrepreneurs. Therefore, Ambassador NOYAN quoted from Aesop: “Together we stand, divided we fall.”

27 Remark: This Information was made based on the Summary Proceeding adopted during the Closing Session of the Workshop
2. **Mr. J. SENKYR** welcomed the participants of the Workshop on behalf of KAS. He emphasized the importance of cooperation between KAS and BSEC and mentioned that KAS has been working with BSEC for 13 years now. This is the 39th joint meeting aiming at the support of SMEs in the region. The aim of BSEC-KAS collaboration is the strengthening of the political dialogues between the actors and decision makers for SME policies in the different BSEC countries, the exchange of experience and information between the SMEs themselves and the fostering of a better understanding between entrepreneurs and state institutions.

3. **Mr. S. SAINCIUC**, Deputy Minister of Economy of the Republic Moldova, in his opening address stated that the new Government of Moldova recognizes and appreciates the importance of involvement of women in business activities for the benefit of the country. Particularly important is the participation of women in the SMEs entrepreneurship, which is the engine of national economy generating new jobs and growth in the period of the economic crisis. The SMEs sector in Moldova comprises 41,000 enterprises which represents 97.6% of the total number of enterprises. This sector employs 57% of the total number of employees. SMEs generate 35.5% income to the country’s GDP. In April 2005, the project “Promotion of Women Entrepreneurship in Moldova” has been launched with the financial assistance of the German Agency for International Development (GTZ). The beneficiaries of this project are women from Chisinau and neighboring districts which are offered assistance in development of entrepreneurship and for start-ups. Already 50 grants have been offered to the beneficiaries.

4. **Dr. V. GHEORGHIU** highlighted that the issue of the Workshop is rather challenging-on the one hand it is related to the activities of the SMEs in the period of the ongoing economic and financial crisis and, on the other hand, the position and role of women in running the small business. He mentioned that there is a need for government programs and private sector services to be more efficient in meeting the needs of the owners of SMEs in general and women-owned SMEs in particular in the Republic of Moldova and in the BSEC region in general. There is necessity to improve the environment of SMEs, because they generate growth and employment. Women bring fresh motivation and promising innovation. Women fit better into the new service society than in the old industrial society. Women that run SMEs represent the vivid example for a strategy to build a future without discrimination. Women’s participation in any kind of economic activity is complementary to their social and family duties. This approach must be supported by the Governments.

5. **Ms. T. BATUSHKINA** drew attention that new thinking is required for pushing women into business. Presently, women entrepreneurship is 1.5 times more dynamic as of men. The share of women in business today is already 25% and women entrepreneurs are getting younger (currently between 24-35 years old, while a few years ago mostly middle-aged women were running the business). However inclusion of women requires restructuring of thinking. Women are infected by psychological factors due to gender relations. For this reason they need support in the start-up period.

**FINAL DISCUSSIONS AND CONCLUSIONS**

The following points were made in **CONCLUSIONS**:

1. The aims and strategic objectives of the 4th UN Conference on Women held in 1995 in Beijing are still valid.

2. Fostering women’s entrepreneurship is one of the strategic directions for action in the economic area adopted by the European countries at the UNECE regional Preparatory Meeting held in 2000 in Geneva. However the international organizations do not foster cooperation in this field.

3. The EU with the European Economic Area and the candidate countries has been launched a promising program to promote women’s entrepreneurship via WES Network, network of Female Entrepreneurship Ambassadors and Women’s Entrepreneurship Portal.
4. The full potential of women’s entrepreneurship still remains untapped.

5. According to the Global Entrepreneurship Monitor (GEM) 2007 Report on Women and Entrepreneurship, a significant gender gap exists with respect to new enterprise/SME creation and ownership.

6. In the Black Sea Economic Cooperation region 350 million people live. They differ from each other in terms of their level of development, size, population, political priorities and aspirations. The Foreign Trade Capacity is 96 billion U.S. Dollars. Though finding common denominators is not always possible, they can always benefit greatly from the exchange of best practices. Unleashing the untapped potential of women in our region is of common interest for the sustainable economic development of all Black Sea countries. The situation of women in all the countries of our region needs to be ameliorated. There is still a big gender gap in all domains of life.

7. According to FOB - Factors of Business Success - Survey made in 2005, 28% of EU entrepreneurs were women and 72% were men. It is remarkable that 1/3 of the self employed entrepreneurs consists of women, both in Germany as well as in Moldova.

8. The objectives for women’s motivation for employment include:
   - economic independence based on steady income and prestige associated with paid job;
   - lowering the negative economic consequences of divorce and male unemployment;
   - assuring old age security.

9. Entrepreneurship:
   - contributes to economic growth;
   - leaps in human progress;
   - offers potential of greater wealth and upward mobility;
   - provides an alternative to wage employment; and
   - creates jobs.

10. The major personal characteristics of entrepreneurship are:
    - being able to take risky decisions;
    - being able to predict and foresee;
    - realizing the things that other could not have realized; and
    - showing effective leadership and having positive courage.

11. Unfortunately, the topic of women’s entrepreneurship has been largely neglected both in society in general and in social sciences.

12. Research shows that there are psychological barriers faced by women to change their involvement in the entrepreneurial process. Such obstacles are opportunity identification and utilization, type of education, lack of equal opportunity, discrimination, access to finance, lack of role models, etc. These obstacles need to be addressed in policy making process.

13. The main problem in developing female entrepreneurship is lack of business information and access to financial resources.

14. Women do not have conventional and formal network opportunities in the majority of BSEC countries.
RECOMMENDATIONS

Although during the past decade a lot of actions were taking place in encouraging women to run their business, much more needs to be done to overcome specific factors which discourage women in particular from starting small firms. Following recommendations were made:

1. A forum could be established to bring together all women’s entrepreneur organizations in our region. The Black Sea Economic Cooperation Organization may be the leading force in this process.

2. Prepare an Action Plan for Women Entrepreneurs in the region which could serve as a road map for future collaboration.

3. BSEC shall consider having the topic of women entrepreneurship as a permanent agenda item within the Working Group on SMEs.

4. Make use of the Black Sea Trade and Investment Promotion Program (BSTIP) to convene the matchmaking events within the countries, support countries women entrepreneurship policies, and utilize EBRD and other resources for credits to women-owned businesses.
   - development of women entrepreneur networks should be promoted. Policy makers in BSEC region must foster the networking of associations;
   - the real situation of female entrepreneurship should be analyzed on the basis of correct information by involving all stakeholders operating in the business process. The Entrepreneurship Research and Education Network among the universities in CEE (ERENET) is requested to elaborate a harmonized questionnaire on women’s entrepreneurship. The findings of the joint research could be discussed at one of the next BSEC-KAS workshops.

5. Create a business friendly environment with special focus on small and medium-sized businesses owned by women entrepreneurs.

6. Increase the ability of women to participate in the labor market by ensuring the availability of child care and equal treatment in job place.

7. Gender dimension should be incorporated in formulation of national SME policies. It should be followed by developing and implementing promotion programs for women’s entrepreneurship.

PHOTOS ON THE WORKSHOP

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<th>Opening of the Workshop</th>
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| Jan SENKYR, Resident Representative of KAS for Turkey | Sergiu SAINCIUC, Deputy Minister for Economy of the republic of Moldova |
| Tatiana BATUSHKINA, Chairperson of the Board of the International Center for Advancement of Women in Business | Antal SZABÓ, Scientific Director of ERENET makes key-note presentation |
| The Moldovan panel | Workshop Family Photo |
| Iris KRONENBITTER, Project Leader of the National Agency for Women Start-ups and Entrepreneurs from Stuttgart (Germany) | Valentina VEVERITA (right) Head of SME Department and Sofia Shuleanschi (Head of Winrock Moldova) |
INSTITUTIONAL PROFILE

SZÉCHENYI ISTVÁN UNIVERSITY
Győr, Hungary
http://uni.sze.hu/ and http://info.sze.hu/

The University was founded in 1968 as a Polytechnic of Transportation and Telecommunication. Its predecessors were located in Budapest and in Szeged. The various buildings of the new campus in Győr were built between 1971 and 1977. During the 1970s and 1980s the institution strove to satisfy the need for polytechnic-level engineering training raised by the two determinant infrastructural branches, namely transportation and telecommunications. After the 1990 change of political system, the institution, as well as the traditional training areas, allotted its development funds to meet the labour expectations of the prosperous economy of the region and the demands of multinational companies which have been settling in the region. With the Parliament of the Hungarian Republic’s decision of 11 December 2001 Széchenyi István University was lifted to full university status from 1 January 2002.

The aim of the University is to provide initial training leading to a BA/BSc and MA/MSc and PhD degree in various fields, to offer post-graduate courses and to carry out research, consultancy and other professional activities. Over the years, the specialist fields covered by the University have been extended considerably. Presently (2008), the following courses are available:

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About 7,500 full-time and 2,000 part-time (both distance and e-learning) students were registered at the Institution in 2008. The number of academic staff is about 300, including about 140 professors and associate professors.

Kautz Gyula Faculty of Economics - http://kgk.sze.hu/

At Széchenyi István University education in economics at bachelor level (BSc) started in 1990 with the Business Management programme. Today the faculty’s educational profile covers all the levels and types of the Bologna-system from bachelor courses through masters and special training courses to PhD programme.
In addition to full-time courses, students have had the opportunity to participate in distance learning since 1995, and in e-learning since 2005. The faculty had autumn 2008 1,370 full-time students, 1,202 correspondence students and 322 e-learning students – total 2,894 students - except the Doctoral School.

Presently (2008), the following courses are available:

**BSc level**
- Business and Management,
- Trade and Marketing,
- Public Administration Management,
- International Studies.

**MSc level**
- Regional and Environmental Economic Studies,
- Marketing – also in English,
- International Economy and Business Studies.

Each course has several subjects taught in English. The ECTS guide contains the details about the courses – the refreshed version will be available at the website [http://ipc.sze.hu](http://ipc.sze.hu) in January.

The year 2004 was the start of the Multidisciplinary Doctoral School for Social Sciences with the scope “Economy, Law, Regionalism and Society in the Integrating Europe”. The Doctoral School was transformed on 1 September 2008 and has been working, with the name Doctoral School of Regional and Economic Sciences so far 106 students attend the PhD programme with their own special research topics and 25 students had already finished their studies. Seven students acquired the PhD degree in the academic year 2007/08. The School has 18 full-time and 73 part-time students.

Great attention is paid to acquiring practical skills and supporting talented students’ development. Since 1997 the most important institution for the students’ self-education has been Kautz Gyula College of Economics. Its members organise various special courses, competitions and conferences. They also write scientific papers and get involved in scientific research. All these activities greatly contribute to the students’ further special training. (Further information [www.kautz.hu](http://www.kautz.hu).)

The faculty has six departments, the structure is the following:
- Department of Economics,
- Department of International Communication,
- Department of International Studies,
- Department of Regional Studies and Public Policy,
- Department of Marketing and Management,
- Centre for Foreign Languages.

The academic staff (69 lecturers) is high-qualified, 52% of the lecturers have scientific degree, and 37% of the staff is professor or associate professor.

Education is based on scientific background with international recognition. In addition to the lecturers of the faculty, work is supported by reputed experts of business life. The title “Visiting professor” offers a series of lectures held by foreign lecturers for credit points. Due to active international relations, the faculty is involved in several long-term research projects, moreover, it has a general cooperation agreements and exchange programmes with numerous countries within and outside Europe.

The training profile is continuously shaped according to the expectations of the labour market. Finding a job for students in the dynamically developing West–Transdanubian region seems to be solved on the long-run. Being one of the centres of nationwide modernisation, Győr provides a favourable and innovative atmosphere for modernising training and satisfying practical needs.

Scientific research at Kautz Gyula Faculty of Economics serves the quality and efficiency of the faculty’s education, as well as, improves its reputation and competitiveness. The faculty is predominantly engaged in research in applied economics. It is involved in intensive cooperation between the multinational companies in Győr and its area and also the national small and medium-sized enterprises. The research findings are made public by the faculty members at scientific conferences, professional meetings, and are published in professional journals and university publications. The faculty also organises the so-called “Business Meeting” programme for its present and potential business partners in order to further the organisation of field placements, common research projects and other contacts.
Department of Economics - http://gtt.sze.hu/

The department was founded on 1st September 2006, based on the former Department of General Economics and a part of the Financial and Accounting Department. Teaching activities cover economic and finance subjects (e.g. Micro- and Macroeconomics, Finance, Corporate Finance, Environmental Economics, Risk Management and Insurance, Investment). The department's research projects: Theory of Economic Thought, Real and Financial Process of Macroeconomics, Public Finance, Investment, Small Business Finance.

Compiled by Dr. Szilveszte FARKAS, Associate Professor, ERENET member: farkassz@sze.hu

Photo by Dr. Antal Szabó ©

Count István Széchenyi, in Hungarian: Gróf Széchenyi István (21 September 1791 – 8 April 1860) was a Hungarian politician, theorist and writer, one of the greatest statesmen of Hungarian history. Széchenyi was born in Vienna. The Széchenyi were an old and influential noble family of Hungary. He gained wider reputation in 1825, by donating the full annual income of his estates for the establishment of the Hungarian Academy of Sciences. This was an important milestone in his life and for the reform movement. He supported the construction of the first permanent bridge between the two cities, which nowadays bears his name as Széchenyi Lánchíd (Chainbridge). Lajos Kossuth, the leader of the 1848-49 revolution called him as “The Greatest Hungarian”.

Gyula Kautz (5 November 1829 – 27 March 1909) Hungarian economist graduated at the Faculty of Law and Political Sciences of the Pest University, where he took doctoraite in 1850. He visited the universities in Berlin, Heidelberg and Leipzig. His work on Theorie und Geschichte der National-Oekonomie considered as a major source of modern economy. Between 1904-1907 he served as Vice-President of the Hungarian Academy of Sciences. He was member of the Société d’ Economie Politique in Paris and the London Institute for Statistics.

Portrait of Gyula Kautz adapted from Wikipedia ©
CHAIR OF ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT
Schumpeter School of Business and Economics

The Chair of Entrepreneurship and Economic Development at the Schumpeter School is at the heart of the university’s thrust to live up to the idea of an entrepreneurial university with an international footprint.

Since 2001 the University of Wuppertal (Germany) is leading in well-known rankings for the best entrepreneurship education in German higher education institutions. Over the last decade following the idea of an entrepreneurial value chain from first thoughts about an entrepreneurial career to hands-on business formation and spin-off activities we have created a blend of differentiated entrepreneurship courses. Our offers are tailored to university-wide target groups – business students as well as students and faculty from engineering, science, architecture and design.

We are integrated in bizeps, a regional new venture support network where players from inside and outside the university team up to support entrepreneurial ideas and projects (e.g. local business development agencies, technology parks, banks, consultants etc.). The bizeps project, which started in 1998, has been funded by the German Federal Ministry of Education and Research within the EXIST programme (a large scale, multi-million Euro initiative to promote university entrepreneurship at the national level). Our latest bizeps initiative focuses on entrepreneurial gazelles and serves to support university faculty and students to generate venture opportunities and develop high-growth technology ventures.

In entrepreneurship research and enterprise policy projects the Chair and our iEntire institute (Institute for Entrepreneurship and Innovation Research) work in numerous areas at various levels – for example:

- Contribution to the World Economic Forum’s effort to educate the next wave of entrepreneurs (white paper together with the US-based National Foundation for Teaching Entrepreneurship and the University of Cambridge’s Centre for Entrepreneurial Learning)
- Project on start-ups in the clean tech industry for the German Federal Ministry of Environment (together with the Wuppertal Institute for Climate, Environment and Energy and the University of Potsdam)
- Membership in the expert group report “Entrepreneurship in Higher Education” for the European Commission (Enterprise and Industry Directorate Generale)
- Co-operation projects with UNESCO’s CEPES branch to promote entrepreneurship education in Eastern Europe.

We have a global network of regional, national and international partners and enthusiastic students and welcome new partners to jointly promote entrepreneurship projects in research, teaching and industry collaboration, both on a national and global scale.

To learn more about our activities in supporting the formation and prosperity of new ventures follow the links on the left.

Kontact: Prof. Dr. Christine Volkmann, Fachbereich B Wirtschaftswissenschaft
Schumpeter School of Business and Economics, Gaußstraße 20, 42119 Wuppertal
Tel: 0202-439-3982, Fax: 0202-439-2464 Email: volkmann@wiwi.uni-wuppertal.de
Teaching Portfolio – Bringing Entrepreneurship to People within the University

The teaching portfolio in entrepreneurship blends different approaches to develop students’ expertise as well as social and hands-on managerial competences to start and run their own businesses. Moreover, participants learn to evaluate novel venture ideas and business models as well as public enterprise policy initiatives and suitable institutional conditions for entrepreneurial prosperity. For example, competence building includes:

- working on entrepreneurial case studies in interdisciplinary student teams
- developing and evaluating venture opportunities
- compiling business plans
- teaming up in business simulations and role plays
- solving real business problems in student consultancy and business creation projects (Science.Vision e.V. / Sife).

The courses have been designed for students from different faculties and disciplinary backgrounds such as science, engineering, architecture, arts, and business studies. A major element of our approach to entrepreneurship education is to go beyond those who are already in the process of founding their own business. We also address students and graduates as future opinion leaders who, in their later careers, may be important stakeholders to start-up businesses, e.g. as journalists, consultants, bankers, politicians or educators. This wider approach to entrepreneurship education strives to develop entrepreneurial mind sets in future generations of academics. This approach is reflected in our course modules in entrepreneurship sketched out below, catering for participants from economics and business studies. The modules zoom in on three distinct areas of entrepreneurship:

- issues in entrepreneurial management in the context of new business formation and development (Module I)
- institutional and legal challenges of company formation, sale, and succession; innovation and IPR (Module II)
- institutional entrepreneurship; the role of entrepreneurs in industry emergence; entrepreneurship and economic development (Module III)

Module I
Entrepreneurship and New Venture Management
New Venture Creation and Management
Entrepreneurial Management and Business Development
Case Studies in Entrepreneurship

Module II
Legal Aspects of Entrepreneurship
Labour and Company Law for Entrepreneurs
Legal Aspects of Company Succession, Mergers and Acquisitions
Industrial Property Rights in Entrepreneurship

Module III
Entrepreneurial Economics
Evolutionary Economics
Entrepreneurship and Market Development
Global Entrepreneurship and Competition

CALLS – EVENTS – NEWS

ENTREPRENEURSHIP DEVELOPMENT CONFERENCE

Entrepreneurship Education and Business Creation programmes have equally received growing international attention. The impact that these programmes can have on sustainable development is recognized, yet the achievements are regularly debated. Triodos Facet, SPARK and INHolland University of Applied Sciences argue that much is to be learnt from entrepreneurship development programmes in all parts of the world. Whether these are conducted in developing, transitional or developed countries; it is the entrepreneur who is challenged daily!

We invite you to contribute, learn and get connected with peers at the Entrepreneurship Development Conference in Rotterdam: Do Entrepreneurs need support? The myths and merits of entrepreneurship education and business creation.

29 October 2009: Seminars & interactive workshops.

30 October 2009: Experience learning through site visits & in-depth discussions.

The conference will allow for extended networking to find new linkages and opportunities in the light of entrepreneurship development. We offer inspiring speakers and the interactive workshop program will promote a learning and problem solving environment.

You are invited to contribute on issues that you believe should not be overlooked. Also, we call for Entrepreneurship Education tools that can be demonstrated in practice. Go to our website www.eD2009.org to find out how you can benefit from this conference and how your experiences can contribute to this conference, your organization and other participants.

Contribute by submitting your own workshop on issues that you believe should not be overlooked. Submit a brief outline to info@eD2009.org and we will contact you asap.
The Institute for Small Business and Entrepreneurship are set to hold their 32nd Annual Conference on the 3 – 6 November 2009 in Liverpool.

The Conference, which annually attracts up to 500 delegates from across the globe, looks to give an opportunity for researchers, educators, practitioners and policy makers to watch, discuss and debate the engage the cutting edge research into small business and entrepreneurship to be showcased, discussed and debated. The event also gives a superb opportunity for networking.

ISBE are delighted to have received an unprecedented number of papers which have been carefully reviewed and selected to afford 240 quality papers to be presented at the event on the subject of Small Business and Entrepreneurship. This year papers include Academic Refereed Papers, Working Papers, Practitioner Papers and Case Studies and cover ten key topics which are as follows:

- Learning for Entrepreneurship and Enterprise Education
- Business Creation and Development – Stimulating Start-ups
- Creative Industries Entrepreneurship
- ICT, IT and E-Business in the Small Firm Sector
- Gender and Enterprise
- Entrepreneurship, Networks, Innovation and Resource Acquisition
- Management, Skills Development and Growth Issues
- Social, Environmental and Ethical Enterprise
- Venture Capital, Finance, taxation and Regulation
- Business Support and Internationalisation

In addition to the quality papers ISBE have secured a Key Note Speech from Serial Entrepreneur Jonathan Hicks CEO of DirectorBank and a debate panel discussing the subject of Recession Coping Strategies for Small Businesses. In addition we have a number of interactive workshops covering topics including; How will we create the new jobs?, Meeting the editors and the reviewers: Easing the path to publication’ & Entrepreneurial activity in an economic downturn: Revisiting the Evidence Base. This year we shall also be introducing a wrap up session on the Friday which will give an overview of all of the key papers which were presented during the Conference.
For further information about ISBE please visit the ISBE’s new website www.isbe.org.uk

INTERNATIONAL CONFERENCE
«Innovations & Investments: Efficient Basis for Competitiveness of Russian SMEs on Internal and International Markets»

BUSINESS FORUM
«Russia - Europe: Cooperation without Frontiers»

PRESS-RELEASE

On 9 November 2009 the Chamber of Commerce and Industry of the Russian Federation supported by the Ministry for Economic Development of the Russian Federation and the Council of Federation of the Federal Assembly of the Russian Federation with participation of the Moscow city Government, is holding an International Conference «Innovations & Investments: Efficient Basis for Competitiveness of Russian SMEs on Internal and International Markets».

It is expected that representatives of Russian and foreign SMEs will be present as well as Russian federal, regional and municipal authorities; unions of entrepreneurs; Russian regional Chambers of Commerce and Industry; regional SMEs support agencies; science, research and education organizations; investment companies; financial and credit institutions; venture funds and business-angels; international organizations and mass-media means.

The Conference will be focused on identifying and analysing SMEs problems as well as efficiency of the State support to the sector in terms of investment attraction, innovation development and entering foreign markets. It will also determine further support measures to develop and increase SMEs’ competitiveness on internal and international markets.

One of the main targets of the Conference will be to synergy efforts of entrepreneurial community, SMEs support infrastructure, science and research institutions, universities and state authorities to elaborate and implement concrete measures, inter alia legislative, related to developing innovation and export-oriented sectors of the Russian economy based on SMEs.

The Conference will also pay due attention to the cooperation of Russian SMEs with international business community which is considered to be one of the instruments of supporting development of small and medium size entrepreneurship in Russia within the framework of the world economy globalization process.

The Conference will elaborate Recommendations on developing efficient instruments to supporting small and medium size entrepreneurship and to creating favorable environment for SMEs growth.

The Recommendations will be addressed to the State leaders, heads of federal ministries and institutions, Russian parliament, regional governors and municipal authorities, unions of entrepreneurs, regional Chambers of Commerce and Industry and will be provided by organizers’ web-sites and to mass-media.

International Conference will be held on 9 November 2009 at the CCI RF: 6, Ilyinka Street, Moscow.

In addition, on 10 – 11 November 2009 a match-making Business Forum «Russia - Europe: SMEs - Cooperation without Frontiers» will be held. Such a forum will be the first of the kind to be organized in Russia. The Forum will be devoted to bilateral negotiations between Russian industrial SMEs in different sectors of activities (production, R&D, services provision) with business partnership proposals, including investment projects, and willing to identify potential business partners in Europe, and European SMEs that would have shown interest with regard to Russian business proposals and projects or which, in their return, are offering cooperation to Russian SMEs.

Business Forum will be held on 10 – 11 November 2009 at the Moscow Government Universal Exhibition Hall: 36/9, Novy Arbat Str., Moscow.

Information is available on the following web-sites: www.siora.ru, www.tpprf.ru, www.atlasinvest.ru

Contact details on the Conference: Russian Agency for Support of Small and Medium Business
Tel.: +7(499) 783-49-10, E-mail: kolzhetsova@siora.ru

Contact details on the Business Forum: Organizational Committee
Corvinus University Budapest in collaboration with the European Council of Small Business and Entrepreneurship (ECSB) and ERENET cordially invites you to a Pre-Conference Policy Forum on 18 November, 2009 in Budapest, Hungary, immediately before the main RENT Conference.

Pre-Conference Policy Forum:

ENTREPRENEURSHIP POLICY IN TIMES OF CRISIS

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

Most of the discussion surrounding the current crisis has focused on the implications for large businesses and their hiring and investment decisions, or on households and their employment possibilities. One underemphasized aspect of the issue is the impact on small and medium-sized firms and the nature of the responses. Policy responses so far have tended to focus on ameliorating the immediate impacts, with less attention paid to preparing firms for the recovery period.

Preliminary Programme:

10:00 Welcome:
  • Dr. Thomas M. Cooney, President of ESCB
  • Dr. Károly Balaton, Corvinus University of Budapest

10:20 Plenary 1: ‘Entrepreneurship and the business cycle: a way out of the Bust’ (Roy Thurik, ESCB)

11:30 Round Table: Policies for Entrepreneurship at the Time of Crisis (Moderator Professor David Smallbone)

Representatives from a number of European Countries. Preliminary speakers:
  • Mr Zoltán Mester - State Secretary for Economic Development, Ministry for National Development and Economy,
  • Selection in progress

This session will discuss the following questions:
  • The effects of the crisis on the SME sector,
The policy responses of government,
Evidence of the impact of the adequacy of the government responses.

14:00 Plenary session: Criteria for identifying good practice policies, Professor Zoltan Roman

14:30 Round Table: Policies to Promote Entrepreneurship in Central and Eastern Europe: Identifying Good Practice (moderator Dr. Antal Szabó (Scientific director of ERENET, Hungary)

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

Each speaker will address the following:
(i) The aim of their policy/programme
(ii) Main activities of their policy/programme
(iii) Results/outcomes
(iv) Good practice features (with rationale)

16:30 ESCB Policy Network Meeting

Participation at the Pre-Conference is free of charge, however, there are limited spaces.

Participants wishing to participate in the RENT XXIII Pre-Conference Policy Forum to be held Wednesday 18 November 2009 kindly requested to fill this Registration Table below and send to the ERENET Secretary Attila Petheo by E-mail: attila.petheo@uni-corvinus.hu or by Fax: (+361) 482-5408 as soon as possible, but no later that 30 October 2009.

<table>
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For more information, please visit
http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=588
1st INTERNATIONAL ENTERPRISE PROMOTION CONVENTION
Harrogate, UK: November 15-17, 2009

The captioned international convention – a major new initiative towards enterprise promotion – will showcase best practice in the creation and development of small and medium-sized enterprises world-wide. It will be an excellent opportunity to exchange views and learn about best practice in enterprise promotion.

This Convention will bring together the many organisations in the UK and overseas that specialise in helping individuals to start their own business and then guiding them through the initial development phase to a secure trading position in their own Country and onward into the global marketplace.

WHAT ARE THE TOPICS?

A - Advancing entrepreneurship education and training world-wide
B - Business creation & development - stimulating start-ups
C - Community, ethnic, minority, rural and social enterprises
D - Developing enterprise in emerging and transition economies
E - E-business, e-learning, e-mailing and website marketing
I - Innovation, incubation, networks and knowledge transfer
M - Management, skills, environmental and global growth issues
S - Supporting small business development world-wide
V - Venture capital, business angels, finance and taxation
W - Women's enterprise and family business development
Y - Youth enterprise support programmes world-wide

There will also be a large “Enterprise Expo”, providing maximum exposure of products and services, with many opportunities for networking between delegates and exhibitors. Registered exhibitors see at http://www.enterprisepromotion.org/expo.htm.

WHERE?

Harrogate International Centre, Yorkshire, England, HG1 5LA

www.harrogateinternationalcentre.co.uk

For further details, please write to the Conference Organiser at: info@enterprisepromotion.org or visit:

www.enterprisepromotion.org
FEMALE ENTREPRENEURSHIP AND LOCAL ECONOMIC GROWTH

A Case of Countries in Transition

Preface

In recent years, women have been playing an increasing role as drivers of growth in many of the world's economies. However, little is known about the gendered influences on the experiences and the subsequent contributions of growth-oriented female entrepreneurs in transitional economies. Transitional countries have experienced some of the world's most dramatic economic and societal changes within a short time and mushrooming of informal activities has been a key element in these shifts.

Female Entrepreneurship and Local Economic Growth focuses on the role of female entrepreneurship in economic development. A particular emphasis is placed on countries that are in transition from a public-led to a private sector-led economy. While most countries in transition are still navigating their ways through the newly-adopted business environment, for some, there has been a number of adjustments and an increased urgency to re-align their economic policies to adapt to globalization pressures and the new economic order. Contributors to this volume have concluded that women and Female-owned enterprises (F0Es) have a significant role in this transition. It has been argued that economics and economic geography will be condemned to misunderstand economic growth in general and entrepreneurship in particular, if they keep focusing on its cognitive maps, while ignoring its gendered maps of affect.

The papers assembled in this volume have a wide coverage and have covered recent empirical researches from both junior and experienced researchers from Africa, America and Europe. We would like to thank them all for their tireless efforts. Without them, we would not have been able to produce this book.

Imani Silver KYARUZI & Mirjana RADOVIĆ - MARKOVIĆ, July 2009

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