

## Possible ways for improving the competitiveness of SMEs. A Central-European approach.

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*Abstract: An SME is able to cope with the global challenge if it runs reliable, balanced and high-standard operation in its business. There are different possible management methods for increasing the competitiveness of SMEs. In the last few years competitiveness of SMEs is also analyzed on state level. It is very important to create a good business environment for this group of firms. In the time of crisis the outstanding role of SMEs in GDP creation is emphasized all over Europe and overseas. A network of researchers was found five years ago for the better understanding of SMEs problems and for carrying out research in this field. This network evaluated the current situation and made a declaration recently for the future Hungarian government.*

*Keywords: globalisation, competitiveness factors, family business speciality. SMEs, Small Business Act, networking, research, SME policy*

### 1 Introduction

The challenge of the 21st century for SME-s is global competitiveness. This means that customers need to be provided with constant and reliable products and services of a recognized quality, while the market environment is characterized by global competition.

An SME is able to cope with the global challenge if it realizes reliable, balanced and high-standard operation in its business.

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The Institute for Organisation and Management of the Óbuda University (former Budapest Tech) where an SME research and development team is operating – in co-operation with other research institutes in Hungary and abroad – puts great emphasis on investigating the role of controlling in increasing the competitiveness of businesses in regional context.

One of the surveys of OU SME research group, currently in progress, analyses competitiveness, focusing on EU membership and a new competitive environment created by globalisation.

The operational and organisational conditions of competitiveness are manifold and involve each specialist area as well as management and direction itself.

SME research was started in 1994 at the Budapest Tech (BT). In 1993 at a summer university forum held at the University of Economics (WU) in Vienna and at a consequent international conference attention of the participants from reform countries was drawn to the increasing importance of the SME-s in developed European countries. At the same time an international research program called MER („Management, Entwicklung, Razvoj”) was launched at the Maribor University in Slovenia, namely under the guidance of Prof. Dr. Janko Belak and with the effective cooperation of Prof. Dr. Josef Mugler from Vienna. In addition to Austria, Switzerland, and Germany almost all of the reform countries were represented in the program. On behalf of the Bánki Donát Technical Academy, the legal predecessor of BT, a still existing Organization and Management Institute (SZVI) was the one to take part from the beginning in the researches and the MER cooperation.

At the beginning of the 90's our experiences gained in the neighbouring countries and domestically confirmed our view that great emphasis needs to be placed on SME research and development. Therefore SZVI included enterprises, and within this SME research in its program of education development and research.

The SZVI research program features the following activities and results:

Establishment and introduction into education of a new subject

Literature review

SME counselling

Surveys done about SME-s

In the framework of the SME research conducted at Budapest Tech we launched a survey of SME in 2002-2003, focusing on the main characteristics of family businesses (FB), as well as their position and prospects in Hungary. Based on the theory and technical literature available in 2002, in 2003 we analysed 200, and in 2004 further 200 businesses in practice, the majority of which were family

businesses. An addition between 2007-2009 we asked 250 Hungarian SMEs. This report summarises the research results of the last decade.

The former theoretical and research projects contained in publications confirmed also, by the analysis of approximately 800 family businesses, our intention to continue researching the position of the family businesses analysing their development options.

The survey described below did not target at agriculture, or family farms operating in agriculture; it covered the other sectors of the economy.

In this particular case the approach of the competitiveness concept would require the use of the concept of viability. This conclusion comes from the position and opportunities of family businesses, which is understandable on the basis of the research results.

## **2 Research Method**

There were several methods applied during the SME researches and developments. Our selection from among the possible methods was greatly influenced by the fact that we had no or only rather scarce external financial resources available to us. The test sample was determined and picked also accordingly. In this respect, however, there was a favourable condition serving us: both the number of students and their circle of acquaintances cover the whole country. Accordingly, the enterprises selected and inspected by them cover - at least in a geographical sense - the whole country.

We have used our resources so far to apply the following research methods:

Interviews and studies by students

Personal experiences gained by counsellors

Quick test disclosing the application of organisation and management methods

There were also several surveys were conducted in the subject of SME-s. While education was running, students were included in the program by receiving interim practical tasks in connection with the theme of SME-s. Such were for instance:

Launch of SME-s

Business planning for SME-s

Investigation of SME life lines

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#### Investigation of family businesses

Since almost 400 students were studying “Business Set-Up” in the past years, thus the number of SME case studies were available to us to carry out research thereon.

Approximately 100 SME-s have completed the questionnaire (quick test) sufficiently for the research too.

We involved students in their last year, participating in the enterprise management course, to visit SME-s, acquaintance or local community relations or at random selection.

The students conducting the survey came from almost all parts of the country, from small and large settlements. Thus, in our opinion, the enterprises found and analysed by them represent the Hungarian average well among the SME-s.

A case study was prepared on each business on the basis the criteria indicated above. The institute’s research group later analysed this case study. The analysis was made with the method of individual interpretation and evaluation, with occasional supplementary information, and not with a mathematical statistical method. Thus the most important factor in evaluating phenomena and tendencies behind figures was finding the stress, and highlighting the essential information.

SME counselling began in 1994 when the German RKW (Rationalisierungskuratorium der Deutschen Wirtschaft) came to Hungary. Three members of the present research group of our Institute took part jointly in RKW’s programs, and we carried out SME counselling all over the country for years. Considerable experiences were gained with such counselling and related at different domestic and international forums.

This report provides a synthesis of the results obtained with various research methods to date. Of the factors of competitiveness, we would like to highlight controlling, as we analyse its implementation opportunities in the SME sector, primarily among small enterprises.

### **3 Analysed factors of global competitiveness**

The impacts of globalisation in general and on the SME sector are determined by various factors. The factors can be analysed in the following classification:

Free flow of information

Market information, at international level, EU, Far-East, America

Information revolution:

Internet business

Development of corporate information systems

Free flow of goods:

Export - import

Free flow of services

Export - import

Free flow of capital

In the case of capital shortage

Based on an investment intention

Free flow of labour

Recruitment of workforce (from abroad)

Placement (abroad)

Strategic partners,

Alliances

Networks (e.g., franchise)

Participation in networks

Multinational companies

Relations with multinational companies

The impacts of globalisation occur in the following areas:

Market sales opportunities,

Procurement opportunities,

Prices,

Demand,

Supply,

Competitiveness,

Technical standards,

Capacity utilisation,

Productivity,

Asset position of owners,

Position and income of managers,

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Workplace and income of employees,  
Future of the enterprise.

## 4 Factors influencing the competitiveness

The factors influencing competitiveness of SME-s can be divided into two groups, into external and internal factors.

External factors:	Internal factors:
Employment	Marketing
Productivity	Innovation
Capital supply opportunities	Productivity
Globalisation	Knowledge-based development
EU	Capital supply
Business relations	Management, organisation, structure
Alliances	Cost-efficiency
Networks	Compliance

1. Table

### Influencing factors of competitiveness

Measuring competitiveness is the most difficult task. A few values, indicators, or characteristic features that can be quantified and accessible, or are not quantifiable or accessible at all, or are difficult to quantify or access, have to be identified at corporate level. These measuring points are the following:

- Revenues
- Export
- Profit
- Market share
- Image
- Productivity
- Technical standard

Corporate value, good-will

Customer satisfaction

"Value" of the product, service

The structure, aspects and factors of the analysis of globalisation and competitiveness outlined in the study represent an initial phase of a longer research programme, focusing clearly on SME-s and specifically small enterprises.

## 5 Competitiveness on regional level

We launched an empirical survey on the competitiveness of SMEs in the North Hungarian Region in 2006 which was followed with a similar one from 2008 in the Central Hungarian Region. Our goal was to explore the innovative capacity of Small- and Medium Sized Enterprises in these regions. Innovation has been identified by different authors as the principal driver of competitiveness. Using and adopting the questionnaire made by Prof. Michael Porter and his team at U.S. Council on Competitiveness, we added some own questions concerning the regional relations between firms and their customers.

The theoretical background of this research was previously made by different authors either in Hungary or abroad (Buzás-Lengyel-Kállay 2003, Chikán-Czakó-Zoltayné 2002, G. Fekete 2004, Horváth 2001, Horvathová 2008, Kállay 2002, Kocziszky 2004, Krugman 1994, Lengyel 2000, 2003, Losoncz 2003, Mazur 2006, Mikusova 2008, Porter 1998, 2002), we only refer to them in this paper.

In this article we briefly summarize our results concerning the intensity of knowledge transfer and the strength of innovation in the Central Hungarian Region. Our previous results were published in several articles (Borbás 2005, 2006, 2009) in Hungary and abroad as well. As far as our research methodology is concerned we sent out questionnaires to firms located in the Central Hungarian Region and we expected answers from those enterprises whose number of employees is over 10. Questionnaires were sent by e-mail and our students helped managers of SMEs filling them. We earned 278 acceptable ones. On the basis of the data earned from the answers we come to the conclusion that knowledge transfer between firms and institutions even in the most developed Hungarian region is quite weak, much has to be done either by firms or institutions to change this situation.

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## **6 Following and criticizing EU's SME policy**

In 2008 European Commission put on its way his new policy for SMEs the so called "Small Business Act". The document summerizes in 10 principles the most important problems of SMEs in Europe and at the same time gives action plan for the EU and the member states. It is very important for Hungarian decision makers and owners of small businesses to be able to understand the message this fundamental document send them. In the next few paragraph we try to interpret this message filtered in the brains of researchers. We focus only on those points which seem to be the most important ones for Hungarian and most probably, in a broader view, for Central European SMEs.

"The national and local environments in which SMEs operate are very different and so is the nature of SMEs themselves (including crafts, micro-enterprises, family owned or social economy enterprises). Policies addressing the needs of SMEs therefore need to fully recognise this diversity and fully respect the principle of subsidiarity."

This one of the statements of the document that we fully agree. Much to our regret, among the proposals the application of these principles can not be found.

EU calls for driving an ambitious policy agenda for SMEs, a "Small Business Act" for Europe.

According to the document, at the heart of the European SBA is the conviction that achieving the best possible framework conditions for SMEs depends first and foremost on society's recognition of entrepreneurs. Being SME-friendly should become mainstream policy, based on the conviction that rules must respect the majority of those who will use them: the "Think Small First" principle.

In the document a set of new policy measures are also given which implement the 10 principles according to the needs of SMEs both at Community and at Member State level. In the fourth part we can find the ways how EU Commission wants to turn the above mentioned principles into policy action.

"The EU and Member States should create an environment within which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded. They need to care for future entrepreneurs better, in particular by fostering entrepreneurial interest and talent, particularly among young people and women, and by simplifying the conditions for business transfers."

Referring to the 2007 *Flash Eurobarometer* on entrepreneurial mindsets which shows that 45% of Europeans would prefer to be self-employed, compared to 61% in the US, the document like People in Europe to be made more aware that self-

employment is a potentially attractive career option and be provided with the necessary skills to turn their ambitions into successful ventures.

As far as our experience in Hungary and most probably in all other Post-Soviet countries are concerned, there is no need to convince people on the importance of entrepreneurship. It was done twenty years ago after ruining the socialist industry and privatizing elements of state properties for the favour of foreigners, mostly for multinational companies. In these times, entrepreneur was 'The Man of the New Era' while 1,5 million of the former employees became unemployed. A considerable amount of them had to start a kind of entrepreneurship. Most of them became a sole entrepreneur. At the moment we have 1,2 million registered enterprises, out of which approximately 75% is operating. They do not have to ideologically be convinced but government has to simply let them work. This is among others one of the outcomes of my empirical survey done in 2006-2007. Entrepreneurs regret very much that in the communication of the authorities enterprises are supported, but in reality they do not want to see so much enterprises, because it is complicated to control them and most of them is considered to be a potential cheater. On the other hand in our country and in all countries around us neoliberal economic policy was forced by different international organizations such as IMF, World Bank, OECD etc. in the so called transition period. This way of thinking is based on the "Free Market" dogma. Free market automatically grants equilibrium, enterprises and individuals have to take care of themselves, state is not allowed to interfere into market transactions etc. Based on the so called Washington consensus liberalization, privatization and deregulation are the key elements of this theory. This framework is absolutely against the interests of small entrepreneurs, the most of which started their business by necessity. Our example clearly proves that it is not enough to agitate people for becoming entrepreneurs, but it is at least as much important to help them being able to keep their enterprises on the market.

In the next chapter the Commission states that transfer of business should be given the same support as setting up a new business. Recognition of the special role of SMEs and in particular family-based enterprises, their typically local base, socially responsible attitudes and capacity to combine tradition with innovation, underpins the importance of simplifying the transfer of businesses and the skills associated with them.

This is the first time when the importance and role of SMEs is so clearly defined and accepted as a value in an EU document. It is also true that there is a certain contradiction between the competitiveness and innovation aspect and the family-based character of SMEs. Very few of the small firms are really innovative because they have their traditional and accepted role locally. I do not think we should always force the innovation side without making differences between firms. A sophisticated approach is needed, traditional activities are at least as important as innovative solutions.

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The document also calls the attention of entrepreneurs to the opportunity to contribute to a better business environment by stepping up their cooperation and networking, by exploiting more fully the potential of SMEs, and especially family enterprises, as important training grounds for entrepreneurship and by acting in a socially responsible way. In the former socialist countries like Hungary it is quite difficult to convince people on the importance of networking and cooperation. Because of historical reasons, in communist type cooperatives cooperation was forced by authorities and people could not keep their properties, people are quite redundant of cooperation and networking.

“The Member States should ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance”

According to a previous EU document bankruptcies account for some 15% of all company closures. Around 700 000 SMEs are affected annually and some 2.8 million jobs are involved throughout Europe on an annual basis. In the EU, the stigma of failure is still present and society underestimates the business potential of re-starters. 47% of Europeans would be reluctant to order from a previously failed business, while the average time to complete a bankruptcy in the EU varies between 4 months and 9 years. That is why, among others, Commission wants to ensure that re-starters are treated on an equal footing with new start-ups, including in support schemes. In Hungary academics and policy makers very rarely take into consideration the possible support for re-starters, because they try to find out how to select between existing SMEs when working on theoretical approaches. Mainly in agriculture we can find extraordinary theories. Some policy makers say: There is no life under 5.000 hectares ! No wonder that less than 200 of agricultural companies get the vast majority of subsidies coming from the EU.

“*The EU and Member States* should design rules according to the “Think Small First” principle by taking into account SMEs’ characteristics when designing legislation, and simplify the existing regulatory environment.”

According to the Report from the Expert Group on “Models to Reduce the Disproportionate Regulatory burden on SMEs”, the most burden existing some constraint reported by SMEs is compliance with administrative regulations. It has been estimated that where a big company spends one euro per employee because of a regulatory duty, a small business might have to spend on average up to 10 euros. 36% of EU SMEs report that red tape has constrained their business activities over the past two years. To improve the regulatory environment in view of the “Think Small First” principle, the Commission decided to come forward with all the proposals to reduce the administrative burden on business which are necessary to achieve the EU reduction target of 25% by 2012. Unfortunately administrative burden is not measurable, although it sounds good for the public. In his presentation one of the officials of the Hungarian Academy of Sciences compared this attitude to the unrealistic plans of the former Soviet Union.

*“The EU and Member States should make public administrations responsive to SME needs, making life as simple as possible for SMEs, notably by promoting e-government and one-stop-shop solutions.”*

Modern and responsive public administrations can make a major contribution to the success and growth of SMEs by saving them time and money and hence freeing resources for innovation and job creation.

In the Commission’s opinion e-government and one-stop shops, in particular, have the potential to help improve service and reduce costs. They invited Member States to reduce the level of fees requested by the Member States’ administrations for registering a business, taking inspiration from EU best performers and to continue to reduce the time required to set up a business to less than one week, where this has not yet been achieved. It seems to be one of the few areas where Hungarian authorities did much to achieve the EU goals. Registering new businesses became much quicker and fees were also reduced, but there is much to do for the competition of e-government procedures.

*“The EU and Member States should facilitate SMEs’ access to finance, in particular to risk capital, micro-credit and mezzanine finance and develop a legal and business environment supportive to timely payment in commercial transactions.”*

Small Business Act states that raising the right kind of finance can be a major difficulty for entrepreneurs and SMEs, and comes second after the administrative burden on the list of their concerns.

This is in spite of EU public support such as the Competitiveness and Innovation Framework Programme (CIP), which provides over €1 billion to support SMEs’ access to finance, a substantial amount of it channelled via the EIB Group. By 2013, Cohesion Policy will provide some €27 billion explicitly dedicated to the support of SMEs. Around €10 billion will be contributed through financial engineering measures, including JEREMIE and some €3.1 billion through venture capital. The European Agricultural Fund for Rural Development also benefits SMEs as it promotes, among other things, entrepreneurship and encourages the economic diversification of rural areas.

The material emphasizes that risk aversion often makes investors and banks shy away from financing firms in their start-up and early expansion stages. Possible market failures in SME finance provision must be identified and corrected to further develop the European risk capital markets, to improve SMEs’ access to micro-credit and mezzanine finance and to develop new products and services.

This is the field where EU Commission’s approach differs greatly from the outcomes of my survey and my private opinion. Almost none of the entrepreneurs I asked would welcome risk capitalists. They know exactly that this solution is not for the favour of the entrepreneurs, but rather for the investors. Entrepreneurs would like to get simple loans at reasonable interest rates. It is also important that

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micro funds should not be created by international banks, but national or local banks.

*“The EU and Member States should support and encourage SMEs to benefit from the growth of markets outside the EU, in particular through market-specific support and business training activities.”*

Small Business Act considers the fact that only 8% of European SMEs report turnover from exports while 7% of micro-enterprises reported exports, which is significantly lower than the figure for large enterprises (28%) as a problem. Only 12% of the inputs of an average SME are purchased abroad.

As in many other cases this approach handles very different enterprises homogeneously, and expects the same role and same way of thinking from micro and multinational companies. As it is well known from the business literature, to be able to export requires a certain size and power. Experiments of many authors say that companies have to have around one hundred employees for stable and competitive export ability. It's no use forcing the international turnover. The only reason, sorry to say, why it is worth pushing small enterprises to sell abroad is that within a short time even the good ones may become bankrupt while it is possible for the large companies to skim the profit.

*“Fast-growing markets present untapped potential for many European SMEs. In particular, recent EU enlargements have created important new business opportunities for companies from both “old” and “new” Member States. This demonstrates the importance of fully exploiting the potential of market opportunities in the EU candidate and neighbourhood countries.”*

From the “new” Member States side this picture is not so clear. The “old” member countries have a well established, long and uninterrupted tradition of market economy and most of them have much higher GDP/capita than the new ones. Their companies have the experience how to penetrate into foreign markets. In this situation the opportunities and the possible strategy of the firms coming from the old and new Member States are quite different. For example in the equity of the Hungarian SMEs the proportion of foreign capital is gradually growing from the date of our accession to the EU. It is also very easy to follow the basic tendencies as far as the division of labour between the companies of old and new Member States are concerned. Research and Development are done in the old Member States, capital and know-how are exported to the new members and assembling activities are done in these countries by making use of the low wages. This recipe is general and fits well into the direction of global movement of capital. It is important to state that not only large enterprises bring capital to the territory of new members, but SMEs are present on these markets with capital and with goods, too. From our SMEs point of view it seems to be crucial to show for the EU officials the above mentioned facts and be able to express their interests in coalition with the SME organizations and authorities of the new Member States. As it turned out from our analysis EU's policy for SMEs became more

sophisticated in the last few years, but there are certain points where even more differential way of thinking and action is needed.

## 7 Joining and participating in ERENET

Our SME research group members joined ERENET in 2009.

ERENET is a cooperation among SME Research and Educational Centers of Central and East European Universities .

At the UNECE Forum on Best Practice in Good Governance for Small and Medium-Sized Enterprises (SMEs) held on 1-2 April 2004 at the Palais des Nations, Geneva, the Hungarian Delegation proposed the establishment of a cooperation network amongst the Colleges and Universities in Central and Eastern Europe dealing with entrepreneurship and SME research and education. On 22 April 2005, one year later, this new initiative was launched. Universities, research, training and business service institutions, government authorities and individuals/entrepreneurs and international organizations from over thirty countries have joined this Research and Development Partnership Network, encompassing the following countries: Albania, Armenia, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Denmark, Estonia, Finland, Georgia, Germany, Hungary, Iran, Israel, Italy, Netherlands, Poland, Republic of Moldova, Republic of Montenegro, Republic of Serbia, Romania, Russian Federation, Slovakia, Slovenia, Switzerland, The former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom, United States of America and Venezuela.

The UNECE and its Regional Advisory Service Programme in the field of Entrepreneurship and SMEs were instrumental in the establishment of this Network. Prof. Péter Szirmai, Director of the Small Business Development Centre at Budapest Corvinus University, emphasized that “The signatories of the declaration on cooperation accepted that education plays a significant role in the development of entrepreneurship and that research and education could ultimately contribute to closing the gap in entrepreneurship between countries of Central and Eastern Europe and those in Western Europe and North America. He went on to say that: Taking advantage of international experience based on research of issues, such as good governance, enterprise-friendly economic and social policies, administrative burden and the financial environment, can speed up the growth of entrepreneurship in Central and Eastern Europe to rival that in western countries.”

### The aims of ERENET

**The aims of the ERENET Network** include:

- (i) Creation of a network of professors, lecturers, scientists from CEE to work together in order to create common Central European set of values;

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- (ii) Exchange of university curriculum, lecturers and later students;
- (iii) Launching joint research projects;
- (iv) Organizing workshops, seminars on entrepreneurship and SME-related topics; and
- (v) Preparing joint Internet-based periodical.

The Hungarian Branch of the Central-European Entrepreneurship Research and Education Network –ERENET – consists of the most excellent experts from 14 Hungarian universities and high-schools, the Hungarian Academy of Sciences and the Consortia of the Hungarian Enterprise Development Network.ERENET has kept an eye on the situation of the indigenous SME-sector, and has compared it from time to time with the CEE and EU countries.

On March 27th 2010, the Hungarian Branch of ERENET, within the framework of the Workshop on “The Hungarian National SME Policy – Evaluation and Possible Future Development”, evaluated the current situation, discussed the necessary directions for change. As a suggestion for the new Hungarian Government, being formed after the Parliamentary election held in April 2010, the members of the event at the Széchenyi István University created a list of development changes as recommendations for elaboration of a new small and medium-sized enterprise development policy. Being participants of the Workshop and considering it very important and being happy that almost all the important stakeholders were present, we summarize the outcomes of the meeting.

In their document SMEs were characterized as determining factor of the domestic economy. They stated that its main operation characteristics, competitiveness have an effect on the performance of the Hungarian economy and it influences the employment. They emphasized that 99% of the domestic firms are provided by this sector, since – in consequences of the changes, started at the beginning of the 1990s - the number of SMEs has been continuously growing. SMEs produce more than 50 percent of the Hungarian GDP, and more than 70 percent of the employees are employed by them in the competitive sector.

Based on the above the following proposals were made by the participants of the workshop:

In accordance with the requirements of the European Commission they called for restricting administrative burden of SMEs and the relating red-tape should also be decreased at least by 25 percent by the end of 2012.

In order to reduce significantly the burden of labor participants suggested that carefully over thought and comprehensive changes in the fields of taxation and contribution system should be carried out. They added that the number and the rate of tax and contribution obligations should be decreased, the tax and contribution returns should be merged, and the taxation system should be more calculable.

They urged that a new support system should be elaborated and made operable for innovative and competitive undertakings, which can compensate the disadvantage of SMEs in competition.

The new Government is required to popularize the entrepreneurial culture and to strengthen entrepreneurial skills and knowledge.

Participants considered it necessary to guarantee equal chances for all firms, irrespective of their form of ownership, size, or other features.

Non-market conform elements of the SME financial and supporting system was suggested to change (e.g. non-refundable grants, support of internationally low comparative branches, etc.).

Participants expressed they will that differently from the present way the support of micro firms and small enterprises should be widened relating to the whole lifecycle. Micro crediting and credit guarantee systems and their stock should be strengthened, and supplemented by education and counseling.

Ccreation of the entrepreneurial society was considered important. In order to achieve this goal they said it unavoidable to support more effectively the strengthening of the entrepreneurial culture and the education system of entrepreneurial knowledge in public and higher education. Practice-oriented entrepreneurial education should be promoted and fit in the curricula in all fields of teaching.

Participants emphasized that the Government policy should be transparent, stable, and calculable in the long run. For the harmonization of the far-reaching and numerous SME development infrastructure as well as for the increase of their efficiency, a National SME Development Agency should be established similarly to the Visegrad Countries and Slovenia, while at the same time the number of the existing institutions should be decreased dramatically.

Finally participants of the Workshop expressed they common interest in a regular social dialogue among the representatives of the SME sector, economy policymakers and non-economic organizations.

## **8 Summary**

In our present paper we tried to give an overall picture about the research activity which is being carried out at Óbuda University for almost twenty years. We continuously make efforts to keep up with the newest tendencies as far as the most important questions concerning SMEs and their competitiveness are concerned. As part of this activity we joined the most important network for SME research in Central Europe. Our first experiences are absolutely positive, we hope that making

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use of the limited resources together we will be able to help the future growth of SMEs in this area and we shall be able to contribute to a better SME policy in our country and abroad.

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