Two Aspects in Relation with SMEs and Extended Enterprises in New Member States: Historical Drawback and Regional Development

Dorottya Pék1111
Cure Consulting Plus Ltd., Rezeda út 13, H-2133 Sződliget, Hungary
dorottya.pek@cureconsulting.hu

Abstract: The particular point of view of SMEs in Extended Enterprises is that they can rise competitiveness on the national and international markets, which is important from the globalization point of view. Thus, they have quite a lot technical problems. Especially, SMEs are not aware enough of using ICT tools, which is necessary for forming associations quickly. Throughout the 20th century, views on the positive role of SMEs as contributors to the development of the economy were marginalized. Recent research indicates that the situation has changed profoundly. Researches show a distinct and consistent shift away from large firms and towards small enterprises within the manufacturing sector of each developed western country, as well as in most developing new member states. Many factors have contributed to this worldwide trend, for example, the public hostility towards the larger corporation, in the 21st century, and the continual demand for entrepreneurs.

Keywords: small-and medium sized enterprises, new member states, competitiveness, regional development, virtual enterprises

1 Introduction

The majority of SMEs are small to very small companies which do not have the know-how to implement all necessary strategic changes. They do not have the resources to tackle key business dimensions like quality insurance, environment, innovation. This weakness is becoming more serious with the increasing of internalisation of business and pressure coming from competition. There are some initiatives which aim to exchange experience, best practices and concrete solutions already implemented in different companies at European level. The European virtual community acts as a sort of ‘holding’ of the regional virtual communities. The regional level concentrates on specific needs of the companies in the different regions according to their particular environment.
The three key responsibilities we have to consider are education, research and service. Most industry research projects, supported by the European Union, have all three components.

Recognition the advancement of the process of Extended Enterprise, consolidating all the organisations supporting the business on the regional level is the main question in New Member States.

2 Relation to Existing Theories and Work

Small and Medium Sized Enterprises (SMEs) are hardly or not existed before the political and economical changes – this period lasted until the 80s – in New Member States (NMSs).

However, there were middle enterprises, but they were owned by the state or were leaded by the state. As a result they were the part of a technologically and efficiently low management and quality level.

These enterprises in the one hand mainly served the satisfaction of consumer needs in a market where lack of products and services revealed. On the other hand, small enterprises were able to balance the absence of capacity due to the fluctuations of orders of large and middle companies. They also gave a support for the employees to emerge the barriers reared by the centrally regulated payments and working hours.

As a result, most of these enterprises were in a close order-manufacturer relationship with the stated-owned large and middle sized enterprises. Most of the owners and employees were the employees of the stated-owned large and middle sized enterprises and so, they were doing their activities as part-time job.

In a flavour, small enterprises were in a lack of capital and they mostly used anachronistic equipments and technologies and they were in a lack of relationships on the market. In the same time, productivity were exceeded of the state-owned companies, because incomes and outputs were proportional.

Small and Medium Sized Enterprises, acting in the New Member States today, were mostly established in early 90s of the 20th century. They were formed as a newly established company or as a result of the privatisation process. There were two ways of establishing SMEs as a result of the privatisation process. In the one hand, the state-owned companies were given into private property, on the other hand, the companies were separated or came away. Most of the entrepreneurs came from the top or middle management of the state-owned companies.
3 Research Approach

It is not a surprise, however, that SMEs, acting in the NMSs kept the low-level management and technology. Obviously, they neither able to appear individually on the European market nor able to became a supplier of the large countries.

In New Member States several international multinational companies have appeared. These are the companies which has the most developed productivity and technology international level as well. So, the level of enterprises has a dualistic character in these countries. Modern multinational companies, with modern ICT solutions and management, meet with SMEs which are in a lower level and hardly use ICT technologies.

Consequently, multinational companies mainly use SME as a supplier from the EU member states. Apparently, they are able to satisfy increasing needs of international companies, but in the same time the level of development are stable of those SMEs, acting in the NMSs.

In another aspect, SMEs, acting in NMSs are need to be supported on the level of technology and management so they become competent to be a supplier and be a competitive partner on the market. This is an innovation process, which helps SMEs in NMSs to increase their competitiveness and earnings. The decreasing of shipping routes or payment expenses in NMSs and also the approaching of the efficiency and quality level of European Union may cause a significant decrease in expenses.

Besides of historical reasons, there are several other reasons of lag of SMEs, acting in NMSs. For instance, technological lag, lack of capital, weakness of management, lack of business relations, etc.

Extended Enterprises and similar organisations could be competent to decrease the factors which arrest the development of SMEs, acting in NMSs. Consequently, it assist to SMEs to develop and to become suppliers of multinational companies and make them more competitive.

Question is, however, if SMEs, acting in NMSs can integrate into Extended Enterprises and its administration or decision-makers how strongly can urge SMEs to join EEs.

The area relationship system often have a significant role in the aspect of spread of innovation. Newness, indeed, appear in innovative regional centres and get through to additional regional centres, or peripheries. Draw the inference from cutting-edge innovation networks European Commission had urged supporting area development, while it was looking for the possibilities to equalize differences between regions. European Commission, for the reason to expand networks, made many widespread and diverse arrangements to enhance economical development, especially to decentralise innovation and technology policy. The important aim group of eEurope Plan is to develop high level e-government services for the
citizens of European Union. In addition, the regional development has very important role in the development of EU. One of the group of the very useful tool of regional development are the regional clusters, which are more or less can be compared with virtual organisations.

4 _Findings_

From European Projects New Member States can learn, because they have many state of the art technologies, software and methodology mainly in the field of product and service development, production, services and logistics.

If we study some main indicators the virtual organisations, e-administration services and regional development we can find some indicators, which are mutual in these:
<table>
<thead>
<tr>
<th>Virtual organisation</th>
<th>E-administration services</th>
<th>Regional development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Rising consumer satisfactions</td>
<td>Rising citizens satisfactions</td>
</tr>
<tr>
<td>Co-operating parties</td>
<td>Co-operation of enterprises, universities, research institutions, NGOs, civil organisations</td>
<td>Co-operation of administration organisations, enterprises, universities, research institutions, NGOs, civil organisations (PPP)</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Divided knowledge and necessity of knowledge management</td>
<td>Divided knowledge and necessity of knowledge management</td>
</tr>
<tr>
<td>Aim</td>
<td>Mutual business aims</td>
<td>Mutual business aims: providing high level e-administration services in the knowledge society</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>Outsourcing of not core activity</td>
<td>Outsourcing of not core activity</td>
</tr>
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<td>Middle-term aims</td>
<td>Efficient and fast development of products and services</td>
<td>Efficient and fast development e-services</td>
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<td>Cost-efficiency</td>
<td>Cost efficient production and service</td>
<td>Cost efficient e-services</td>
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<td>Organisation and management system</td>
<td>New types of organisation and management systems</td>
<td>New types of organisation and management systems</td>
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<td>ICT</td>
<td>Using of ICT</td>
<td>Using of ICT</td>
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<tr>
<td>Research</td>
<td>Finding new consumer needs, which are not known yet</td>
<td>Finding new citizens needs, which are not known yet</td>
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</table>

Table 1
Main indicators between the virtual organisations, e-administration and regional development

The mutual indicators has shown in the table above can give good basic to say that the R+D results of virtual organisations and to use these results and experience in
the field of e-administration services mainly developing these services on the field of regional development. As it can be seen from the table e-administration a large part of development and implementation of services and regional/local development can take into consideration as special groups of virtual organisations. The root of this speciality can also be founded among the aims of the virtual organisation.

E-services and regional development have special consumers: the citizens. The average consumers have possibility to change the supplier if they are not satisfied with it, as citizens have possibility to change periodically the leaders of the regional/local governments.

5 Findings

The research work of new member states is enough – according to our opinion – to state that new types of virtual organisations can have a very important role in developing and running e-administration services and implementing regional/local development more efficient, with a lower cost and better service quality. In addition these new types of virtual organisations can rise the citizens satisfaction. Naturally, it is very important because it can help the re-election or election of the decision making politicians. Though there are a lot of R+D work still needed to build the necessary scientific basis of these knowledge economical processes and a lot of developing work still needed to plan, implement and test the practical and useful technologies and methodologies.

The result of cooperation in Small and Medium Sized Enterprises, is that not only do the enterprise have more members, but the members do different activities. Consequently, actors of entrepreneurship are dependent on each other. Without each other they cannot be successful. The scientific basis, implementation and test of practical, useful technologies and methodologies is needed to build and have to be done in networks to get the most optimal results.

Conclusion

Engine of economical development is innovation. Disintegration of vertically integrated companies evolved flexible specialization where SMEs are able to form networks. Argument systems of new industrial areas, or innovative milieu theories based on the fact that small innovative companies has to be concentrated to local production systems. This is how they can comply with continuous changes and can decrease costs of forming networks and costs of transactions. Theory of knowledge based economy enhance the rising significance of large companies and the regular R+D activities. The reason of concentration of innovation in large urban areas explainable with the area concentration of knowledge experts. This theory put an emphasis on special labour market and learning processes.
New competition theory stressed that the condition of successful innovation is the international competitiveness and market competition. Companies are more innovative if local competition is combined with cooperation between them. Advantage of developed economies rise from the special products and services developed among up-to-date knowledge and high quality expectation circumstances in international markets. This kind of products or services cannot be provided by less developed countries and regions.

Extended Enterprises could take the main role that SMEs, acting in NMSs integrate into EEs and develop on the level of technology and management. It also good for SMEs, acting in NMSs to reach the level of European Union and to connect into international value chains. This opportunity would be necessary from the economically development point of view. It is true, however, that EEs, acting in the European Union are economically not motivated to integrate these SMEs.

As a consequence, we should find the opportunity to make the SMEs motivated and informed in the field of Extended Enterprises.

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References


