

Malý a střední podnik v podmínkách regionálního prostředí

Small and Medium Enterprise in the Regional Environment Conditions

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Abstrakt:

Podnikání se stalo významnou vědní a výzkumnou disciplínou. Podnikatelé jsou heterogenní skupinou podnikající v různých ekonomických odvětvích. Podnikatelské prostředí se sestává z mnoha malých a středních podniků operujících ve výrobě, službách i obchodu, jako jsou např. strojírenské a kovoobráběcí dílny, ruční či řemeslná výroba, počítačové softwarové podniky. Tyto podniky založili podnikatelé, kteří dokázali identifikovat podnikatelský nápad a proměnit jej v realitu. V některých geografických regionech se nachází více vznikajících podniků, než v ostatních lokalitách. Podniky se často vyskytují ve stejném odvětví, což vede k teoriím, že regionální podnikatelské prostředí podporuje a stimuluje podnikání. Proběhly četné výzkumy v oblasti regionálních podmínek, regionálního prostředí, vazeb a kontaktů. Předkládaný výzkum hledá způsob a identifikuje nástroje, jakými regionální prostředí podporuje podnikání, od nápadu, podnikatelského záměru až po rozvoj firmy. Studie je založena zároveň na teoretickém výzkumu i praktickém zkoumání vzorku 25 malých a středních podniků. Základem teoretického rámce je Porterova koncepce klastru a je doplněna ostatními teoriemi zabývajícími se důležitostí vzájemných závislostí v regionu, teorií "triple helix", "spin-off" podniky, a podnikatelem jako důsledkem organizačních změn. Výzkum prokázal, že realizace podnikatelského záměru má vazbu na podnikatelské prostředí založené na důvěře a spolupráci - neobchodovatelných vazbách vzájemné provázanosti, které poskytují podnikateli přístup k informacím a odborným znalostem prostřednictvím sítí. Regionální vazby a vztahy poskytují přístup k speciálním vstupům, institucím, veřejnému zboží, jakými jsou inkubátory a můžeme zároveň konstatovat, že podnikatelům regionální prostředí zajišťuje vyšší důvěryhodnost díky vyšší prestiži a dobré pověsti.

Klíčová slova:

region, regionální prostředí, podnikání, malý a střední podnik

Abstract:

Entrepreneurship has become an important issue. There are a heterogeneous group of units working in various fields and sectors of economy. The business landscape consists of many small and medium sized enterprises operating in a manufacturing sector, service and trade, like machine workshops, handcrafts makers, computer software enterprises. They are classified by the number of employees or total turnover level. These enterprises have all been started by an entrepreneur who has identified a business idea and changed that into a venture. In some geographical regions more enterprises are started than in other geographical locations. These enterprises are often started in the same field of industry which has led to theories that the environment supports and stimulates entrepreneurship. Studies about regional conditions have often been conducted and they have studied ties and contacts in the regional environment. Study aims to identify how regional environments

support entrepreneurs in setting business idea and development of a firm. The study is based both on theoretical research and practical field research among 25 small and medium sized enterprises. The framework built around the concept developed by Michael Porter is completed by other theories about the importance of interdependencies in the region, the triple helix, spin-offs and entrepreneurs as organizational products. Study confirms that business idea development could be linked to the business environmental conditions and existence of untraded interdependencies that provided the entrepreneur with the access to information, knowledge and experts through networks. The existing relations and ties further offered an access to specialized inputs, institutions and public goods such as incubators as well as it can be concluded that entrepreneurs in the regional environment are provided by higher credibility due to the reputation.

Key words:

region, regional environment, entrepreneurship, small and medium sized enterprise

Introduction

Entrepreneurship has become an important issue in the modern society where the business landscape consists of many small and medium sized enterprises. Small and medium sized enterprises are a heterogeneous group of units working in various fields and sectors of economy. There are small machine workshops, handcrafts makers, computer software enterprises. Enterprises are operating in a manufacturing sector, service and trade. They are classified by the number of employees or total turnover level. These enterprises have all been started by an entrepreneur who has identified a business idea and changed that into a venture. In some geographical regions more enterprises are started than in other geographical locations. These enterprises are often started in the same field of industry which has led to theories that the business environment supports and stimulates entrepreneurship. Studies about regional business conditions have often been conducted and they have studied ties and contacts in the regional environment. Study aims to identify how regional environments support entrepreneurs in setting business idea and development of a firm.

The Czech Republic has high level of entrepreneurship. Policymakers are focused on increasing the motivation to undertake entrepreneurial activities among the Czech population. The most known form of undertaking entrepreneurial activities is the creation of a new enterprise, start-up, which is the outcome of the identification of a business idea. The identification of business ideas is the main part of new enterprise creation process.

In certain region environmental business conditions more enterprises are created than in other which indicates that the business idea realization might be easier there. One relative new concept that has been emerging in the entrepreneurial discussion is the concept about dynamic business environmental conditions. It is argued that certain regions or geographical areas have demonstrated more business innovation and growth than other regions.

Theoretical background

Business environment means all of the factors that affect how the company functions including employees, customers, management, suppliers and business regulations, political, legal and technological factors etc.. The theory of cluster concept is probably the most famous concept of a dynamic business environment. Its author Michael Porter defines clusters as a geographic concentrations of interconnected companies and institutions in a particular field (Porter, 1998). According to Porter the dynamic business environment settings in form of clusters is no new thing. Porter states that it has always been economic regions

with more growth and innovations and in clusters is easier to recognize opportunities, which then lead to ideas.

In the contemporary science there is a secondary role that is given to the business environment and regional conditions. The question is how to determine conclusively the regional business environment role and its impact on behavior and economic competitiveness of the enterprise (Holtz-Eakin, 2004).

A general feature of current theories is a deflection from the concept of exogenous development towards the endogenous development. New approaches emphasize the role and quality of the human factor, entrepreneur personality, his communication skills, decision-making and innovative thinking. (Audretsch, 2004).

A key element of the endogenous approach to public sector research is the effort to change the atmosphere in the region, to motivate entrepreneurs, to strengthen their confidence, an effort to arouse positive expectations, create a partnership with public sector. This effort should start to strengthen mechanisms of public sector positive feedback. (Storey, 2002).

Entrepreneur and his business should be the focal point of research. The challenge is to understand the needs of entrepreneurs. The company is a point where social and economic processes in the region are meeting. (Brychtová, 2014). Hence there comes an urgent need to address this issue in the framework of regional sciences. Original theory is in decline and gradually there come new theories in order to take their place. In response to these opinions new approaches have developed behavioral theory which is able to overcome gaps in existing public sector theories. (Richardson, 1973)

Main characteristics and current trends of Regional Business Environment

The dynamic environmental business settings are based upon that location and proximity of important factors that contribute to the productivity and development of enterprises. There are several different dynamic environmental business settings with different characteristics such as clusters, industrial districts and regions of innovation. The government and policy makers during last years have tried to enhance favorable policies for entrepreneurs in order to create more innovation which can lead to more jobs and tax incomes.

The general economic heading for development and growth in the Czech Republic have had a big enterprise' orientation and importance. Focusing on big firms that leads the growth and development of the economy has been changed lately. The importance of small and medium sized companies (SMEs) for the economic development has been widely recognized as the SMEs makes up a big part of the economy. Government and policymakers have therefore shifted much of their attention regarding development and economic growth from the big enterprises towards the SMEs. The general objective of the government is to support the development of innovation networks – clusters as instruments to increase the intensity of common research, development and innovation-related activities among businesses and the research sector (Školudová, 2015). Active support of cluster initiatives has existed in the Czech Republic for several years already. The aim of this support is to use cooperative groupings as tools for the creation of innovations and improvement of the Czech economy's competitiveness.

In 2004-2006, the Operational Program Industry and Enterprise Clusters Program was in operation with the aim of supporting the establishment and development of communication and cooperation between the business and science-and-research spheres. The program offered support to cluster initiatives in two phases. In the first phase, support was provided for seeking out enterprises for participation in clusters. The second phase consisted in the actual establishment and further development of clusters. The success of all supported activities is demonstrated by the fact that in the Czech Republic so far 40 new legal entities have been established – clusters, and a range of other projects are passing through the mapping phase.

Method, collection and analysis of data

The case study in empirical part extensively explores and interprets the actual regional business environment conditions. This part is based on the empirical study, with particular attention to small and medium sized enterprises. It aims to test whether and in which way the business environment supports and stimulates entrepreneurship.

The presented research illustrates the importance of the essential relations and ties among the components in the business environment causing functioning of the company in the region. It discovers inner mechanisms as well as their genesis.

Research is based on qualitative research method. Qualitative research is the process of searching for the essence, based on different methodological traditions, exploring the social or human problem. Researcher creates a complex, holistic picture, analyzes the different types of texts, informing about the views of the respondents. For qualitative research it is typical that hypotheses are generated only during the research, trying to understand a new problem. The reason for choosing qualitative method is that this area is quite complex. It involved the collection and analysis of qualitative data. The main characteristic of the method held was an in-depth insight of 25 enterprises. This required explorative approach.

Using qualitative explorative method allows gaining a deep insight which would not be possible to access by using other method or approach (Hendl, 2005). The research compares 25 companies. This allows us to achieve a more accurate result. Research has focused primarily on the process of long-term trends in time and change.

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The procedure of empirical data collection surveyed 25 respondents, which were recorded and then the text has been transcribed literally. 95 pages of text have been obtained. The research has been carried out during the past 5 years, mapping 30 years of the development of individual enterprises.

Data were obtained by interviews with managers or owners of businesses. There were an informal semi-structured dialogs. Set was the framework of interview, questions aimed to the company surrounding environment. **Interviews were designed to map** how regional environment support entrepreneurs in setting business idea and development of a company.

The interview searched for external links and moments particularly affecting relations between business and its regional environment. Questions were aimed to identify the idea of starting a business (where, when, why), they developed gradually as a manager described the development of company activities within the frames of business environment.

All collected text has been organized and selected. Gained empirical study text has been analyzed, selected by sentences and their meaning and integrated and grouped properly. Relevant sentences were chosen to match the theoretical output.

Outcome of Empirical Research, Discussion and Findings

Respondents have perceived specialized infrastructure, good access to public goods. Respondents have confirmed the possibility to find investors in the area. This indicates that the entrepreneurial process of identifying and developing business opportunities is easier in appropriate regional business environmental conditions.

Research has confirmed awareness of entrepreneurs of non-profit agencies, like CzechInvest. It is the investment and business development agency that contributes to attract foreign investment and to develop Czech companies, provides services and development programs.

On the contrary, some negative feedback and obstacles to regional businesses environment has been expressed by entrepreneurs (Kuběnka, 2015), for completeness are stated below:

- “When we were in a boom we faced shortage of drivers, we could benefit from the free movement of labor within the EU and hire a driver from Slovakia. Drivers foreigners must apply for a Czech driving license, because the Czech driving license is linked to the digital tachograph, which tracks the driving time and rest periods for drivers. But they must have a residence in the Czech Republic for more than 185 days per year”. (Logistic company)
- “We are engaged in construction and we often manipulate with the soil. Waste Act does not apply to excavated soil that meets pollution limits there is absence of regulations. Me as entrepreneur need to dispose of excavated soil, which can be any environmentally clean, as waste. I have to pay extra waste fee. In addition, due to the transport of soil I need to get permission for waste handling, or to hire a contractor”. (Construction company)
- “I employ foreign citizens (Slovaks, Polish...) and I must notify the labor office every time the employee went on a business trip, in case the trip takes 7 to 30 calendar days. I saved my work and I send them for a business trip for less than 7 days or more than month. This legislation is useless complication”. (metalwork company)
- “The law requires me as entrepreneur to keep records of quality inspections that took place on my premises. Doing duplication of the authorities’ evidence seems to me absurd.” (trade company)
- “I paid notary fee depending on the size of my company. Establishment or cancellation of the legal form of the company must be done by a notary. Method of calculating the remuneration of the notary is particularly absurd. The total paid amount depends not on the number of pages or actual time spent on this work, but on total registered capital. Company with higher capital therefore pays more, although the text is absolutely identical”. (trade company)
- “Fluctuation at workers’ positions is quite high. I am obliged to notify every vacant job including its characteristics within ten days to the job center. And immediately I must also notify when the position is occupied again.” (manufacturing company)
- “I went abroad to visit a fair but the Trade Act indicates, that I am obliged to notify 3 days in advance my intention to Licensing Office and not doing this I am practically breaking the law. Given the absurdity of this obligation is not so surprising that this obligation is not respected, and Licensing offices are not coordinated in the interpretation of this legislation”. (trade company)

Measures in regional business environment can be sorted at following types:

- opportunities: Entry barriers deregulation, technology transfer, access to foreign markets, procurement regulation
- capital: Loans, venture capitals
- abilities: Education, infrastructure (public and private)
- incentives: Income taxes, social security, administrative burden, labour market regulation, bankruptcy regulation, motivation.

Findings

We detect increasing attention devoted to regional business environment in the course of time. Dependencies between environment and SMEs are often reciprocal and sometimes indirect. Businesses are obviously constrained by environment. The business environment is dynamic in nature, it keeps on changing. Business environment differs from place to place, region to region. The changes in regional business environment are unpredictable.

Research has showed critical aspects of relevant business environment, which should for instance encourage people to consider starting business as an option. It is not surprising due to complexity of trying to understand precisely how to influence business environment. Many areas of government policy affect SMEs by regulatory policy, social policy, trade policy, labor policy, regional development policy. As local government applies more surveillance function, government should adopt more horizontal structures for developing and implementing an integrated policy approach.

A persistent problem of many Czech companies consists in their isolation and insufficient communication and cooperation with the science and research sphere. A possible solution to this problem could be to find a suitable form of partnership that would assist the development of companies and improvement of their competitiveness.

A regional business environmental conditions are supposed to increase the competition which leads to a higher productivity, innovation and finally more new start-up firms. Such environment offers a high access to employees, suppliers and higher information flow between individuals and businesses. Flow of information gives the entrepreneurs a better insight into market needs which provides them with possibilities to come up with new innovative ideas and to meet them in short time. Factors influencing success are also good infrastructure and free access to public goods and institutions. Many of these factors can be found in regional business environmental conditions which have been investigated in our case study.

We can see that environment which stimulates entrepreneurship is characterized by high movement of working force; the people working in these areas have access to a lot of information and networks which can lead to more ideas. It is believed that informal contacts and knowledge flows between individuals and enterprises are important for innovation and entrepreneurship. This is in accordance with other findings which suggest that prior knowledge about market conditions and customer needs, which the entrepreneur learns in other organizations, triggers the entrepreneurial process. (Watts, 1978). All stated items are supposed to lower the barriers to entry on the market for new entrepreneurs and ideas into new businesses. Business idea development could be linked to the existence of untraded interdependencies that provided the entrepreneur with the access to information, knowledge and experts through networks. (Taylor, 1975) The existing relations and ties further offered an access to specialized inputs, institutions and public goods such as incubators as well as it can be concluded that entrepreneurs in the regional environment are provided by higher credibility due to the reputation.

Just like Steed (Steed, 1971) nowadays theorists are concerned with organizational adjustments to the instability of the environment, albeit under a different theoretical flag. This leads to conclusion that SMEs actively seek to deal with regional business environment. There is only one possible conclusion from this standpoint: it is whereas businesses are thought to be able to cope with regional business environments to use it effectively.

Regional level authorities like municipalities of Pardubice city and region have mostly surveillance function. Funding level is generally state level, Ministry of Industry and Trade, Ministry of Labour and Social Affairs, Ministry of Regional development, ...etc. On the government level there are measures to promote regional entrepreneurship, even though micro-policy is not executive. Entrepreneurs have expressed positive perception of Czech-Point network, cooperation with Chamber of Commerce, promotions including radio and newspaper webcasting, television programs and campaigns, entrepreneurs' awards, publication success stories in magazines, subsidizing events, conferences, fairs, policy forums, helping community organization, sponsoring events that profile entrepreneurship and provide start-up information. The main priority of this body is a reduction in the administrative burden of entrepreneurs.

The government and administrative structures must be developed as multi-level systems transmitting powers between local, regional, sub-national, national and supranational levels. The existing (government) institutions need to be gradually reorganized. The new structure

has to stimulate new forms and instruments which ensures to combine endogenous and exogenous forms.

Conclusion

Regional business environment gives incentives to support entrepreneurship. Though it is very difficult to predict the exact nature of future happenings and the changes in economic and social environment, entrepreneurs have subsequently proved flexibility by demonstrating ability to react on regional business environment. Policy makers and scientists can learn from this rising phenomena.

Study confirms that business idea development could be linked to the business environmental conditions and existence of untraded interdependencies that provided the entrepreneur with the access to information, knowledge and experts through networks. The existing relations and ties further offered an access to specialized inputs, institutions and public goods such as incubators as well as it can be concluded that entrepreneurs in the regional business environment are provided by higher credibility due to the reputation.

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