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Serbian Journal of Management 14 (2) (2019) 249 - 255

Serbian
Journal
of
Management

Editor's Note:

**INTERNATIONAL VISEGRAD PROJECT:
HOW TO PREVENT SMEs FROM FAILURE - ACTIONS BASED
ON COMPARATIVE ANALYSIS IN
VISEGRAD COUNTRIES AND SERBIA**

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Abstract

This issue of Serbian Journal of Management (SJM 14(2) 2019), is dedicated to one very important challenge of contemporary entrepreneurship, that is condensed in single question: How to prevent SMEs from failure ? The articles published in this issue are all addressing different aspects of entrepreneurial activities that can lead to successful and/or unsuccessful operations. Part of the articles published in this issue are directly presenting the results of the project: HOW TO PREVENT SMEs FROM FAILURE (Actions based on comparative analysis in Visegrad countries and Serbia), which was financially supported by the International Visegrad Fund. During the projects, researchers from all four Visegrad group countries, as well as researchers from Serbia, were analysing SMEs from their regions, which suffered from some degree of financial distress or have failed in the past. The main purpose of this investigation was to analyse and identify the most important business factors that can lead to failure of the SMEs businesses. Obtained results are presented in this issue. On the other hand, part of the manuscripts in this issue are invited from the authors who are also investigating the SMEs operation and are dealing the factors of success of the entrepreneurial activities, in the region outside Visegrad group or Serbia. The main motive of this issue is to address this highly important challenge - SMEs successful operations.

Keywords: International Visegrad Fund, SMEs operations, failure, project, research

1. INTRODUCING THE PROJECT

Technical Faculty in Bor
(<https://www.tfbor.bg.ac.rs/english>) is the

member of the University of Belgrade, the largest and the oldest public university in Serbia (<https://www.bg.ac.rs/en/>). Also, Technical Faculty in Bor is the only one of 31

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faculties in frame of the University of Belgrade, that is located outside of Belgrade. The Faculty is located in the city of Bor, situated some 250 kilometres from Belgrade. There is one very strong reason for this. Namely, the city of Bor is, during past 100 years, one of the largest copper mining and copper extraction centre in this part of the Europe. Development of such large industrial centre, which in the 1980 employed more than 15000 people directly involved in the process of copper production, led to the necessity to open the Technical faculty, that will be offering the education for future mining and metallurgical engineers. The faculty was opened in 1961. During the time, besides Mining and Metallurgical department, the department for Inorganic Chemical Technology was opened, followed by opening the Engineering management department.

Until the period between 1990s and 2000 the copper production industry in the city of Bor was in expansion and growth. Almost all high school and university students of the region were directly employed after graduation in this large copper producing industrial facility. Also, work force was migrating to this region from other parts of ex Yugoslavia and abroad, because of high employability in the industry and high salaries.

The first problems arose after the year 2000. The industry of the region was highly outdated and the copper price was low, which lead to requirements to start the process of downsizing in the local copper industry.

All of the sudden, there was more available workers than available work places in the industry. This was happening during the process of transition from socialist to open market regime, which was

accompanied by privatisation of the large industrial complexes, which started in Serbia after the year 2000.

Unfortunately, there were no other alternatives and available workplaces in the region, because of the fact that in most industrial centres of ex Yugoslavia the level of entrepreneurial activities was very low. The situation was the same in Bor. Besides the fact that there weren't enough number of SMEs existing in the region, more important problem was in the fact that there were no entrepreneurial tradition and spirit developed among the local population. This was because of the condition that all available work force was offered stable and secure workplaces in the large industry in the past, and only small percentage of people had entrepreneurial ideas and the spirit for such activities.

This problem was recognised by Technical faculty in Bor, after the year 2000, when the entrepreneurship education courses were introduced and included in the curriculum of Engineering Management Department - EMD (<https://menadzment.tfbor.bg.ac.rs/english/>).

This way, besides giving the adequate knowledge for their students, as future engineers in the industry, Technical faculty in Bor started to educate the students in the field of entrepreneurship and gave them the knowledge and skills that can be applied in entrepreneurial activities. Accordingly, development of entrepreneurial spirit among young people in the Bor region, become one of the main pillars of future development of EMD (<http://emd.edu.rs/Research.htm>).

Based on this fact, besides offering the academic study program that included the necessary knowledge and skills for future entrepreneurs, through large number of projects, employees of Technical faculty in

Bor have organised numerous trainings, seminars and workshops for high school and university students, dedicated to increase the entrepreneurial potential of the region. Also, Technical faculty in Bor become the member on one important international network for entrepreneurship and innovation (Schulte et al. 2013), the Resita Network for Entrepreneurship and Innovation.

After addressing the important issues that were dealing with increase of entrepreneurial spirit among young people, and necessary knowledge and skills for opening and operating SMEs, another important issue arise. Namely, through the research work in the International Resita Network, it was noticed that failure of SMEs can be very large problem in the countries of South East Europe.

Accordingly one research project was developed, for the PhD students and mentors from the Resita network, that was based on the research of the most important factors that can lead to SMEs failure (<http://bussol4you.blogspot.com/2016/10/failure-and-recovery-of-small-and.html>). As the direct result of this research many publication were published by the PhD students included in the research teams (Nikolic et al., 2019).

Based on success of this research project, the idea arose to further expand the analysis of this topic among V4 countries. As the result, the project proposal: “HOW TO



Figure 1. The official logo of the Visegrad fund

PREVENT SMEs FROM FAILURE (Actions based on comparative analysis in Visegrad countries and Serbia)” was prepared and submitted to the International Visegrad fund (<http://visegradfund.org>). The realisation of the project started during the year 2018 and was finished in September 2019.

2. PARTNERS OF THE PROJECT

Official partners that participated in the research on this project, were:

1. University of Ss. Cyril and Methodius in Trnava - Slovak Republic (<http://www.ucm.sk>);
2. Óbuda University, Keleti Faculty of Business and Management – Hungary (<http://uni-obuda.hu>);
3. Tomas Bata University in Zlin – Czech Republic (<http://www.utb.cz>);
4. The Managers of Quality and Production Association – Poland (<http://qpij.pl>) and
5. Engineering Management Department of Technical Faculty in Bor, University of Belgrade (www.menadzment.tfbor.bg.ac.rs).

3. THE ACTIVITIES OF THE PROJECT

The project activities were planned with the aim to adequately address the research topic, and were consisted of:

1. The initial meeting at the Tomas Bata University in Zlín, Czech Republic;
2. Report presenting the measuring scale that can be used to assess the present health of SMEs, developed as the web platform;
3. Report of the project result in the form

of Monograph;

4. Round table event organized in Bor, Serbia.

In the first activity of the project, the representatives of academic institutions (up to 3 teachers and one PhD student) from all partner countries (V4 countries and Serbia) have visited the Tomas Bata University in Zlín in Czech Republic. This event was organised in the period 23/10/2018 – 26/10/2018. The city of Zlín is the pioneer of entrepreneurship of this region of Europe. The representatives of the Tomas Bata University have introduced the history of entrepreneurial development in this region. Also, the potentials for development of the Entrepreneurial Incubator have been presented, which is representing an environment predominantly intended for innovative business start-ups. Also, professors from Tomas Bata University and all representatives from partner universities have presented the level of entrepreneurial development in their countries and influence of Universities in the SMEs development.

Then, the reasons for SMEs failure and potentials for recovery have been discussed. This was presented in the form of the report, prepared by the delegates from Serbia. Based on the opinion of the entrepreneurs from Serbia, who suffered from failure, this initial report was prepared.

The meeting in Zlín, was the great starting point to get familiar with the success story of the Bata family, who survived many ups and downs in their entrepreneurial ventures in the past. Also, based on the agreements and discussions from the meeting in Zlín, the most important factors that can lead to SMEs business failure have been listed, based on theoretical perspectives and previous

research. Based on this list of the most important factors of potential SMEs failure, representatives of research teams from all partner institutions started to work on development of the measuring scale that will be used to assess the reasons for SMEs failure, and this way, to test this starting theoretical framework of the research. This measuring tool can also be addressed as the updated and improved version of the initial measuring tool that was prepared by representatives of Technical faculty in Bor, and was based on their previous research on this topic, organised in the frame of International Resita Network for Entrepreneurship and Innovation. The initial results of previous assessment of entrepreneurs failure in Serbian SMEs, obtained during the research in frame of the Resita network, was also presented to all project participants, in the form of the report. Based on this initial form of the questionnaire, after intensive online discussions and participation of all members of the research team, new - modified measuring scale was developed, which is available here: <http://media.sjm06.com/2018/12/4-1-Final-Questionnaire-2018.docx>. Based on developed questionnaire, online tool was also developed, to be used to collect all the data from all research teams.

The online tool is available here: <https://docs.google.com/forms/d/e/1FAIpQLSdAMrug6I4mWcA9bJAGcFOfnDdd9m8ZPaoe8E1Y0MuWajL7dw/viewform>.

After successful development of the measuring scale for assessment of the SMEs health, and putting it online and in the form of the questionnaire, all partners of the project started interviews with local entrepreneurs. During this phase, the reasons for SMEs failure were collected. This data

was used in the subsequent phase to analyse the most important factors and to do comparative analysis between EU and non EU economies. The results obtained were the base for joint publication in the form of the monograph, with the same title as the title of the project: "How to prevent SMEs failure".

During this stage of the project, all partners from the Visegrad countries and project coordinator from Serbia were actively involved in preparing the reports of the survey for publication in the monograph. Thus, the monograph contains the chapters, prepared by all the project participants, that are describing present situation in SMEs sectors in their regions. Also, the reasons for SMEs failure, recognised during the survey and interviews with the entrepreneurs are addressee here. The online version of the monograph, is available at: http://media.sjm06.com/2019/05/MONOGRAPH_final.pdf.

The hard copy of the monograph is also published and delivered to all project partners during the last event of the project, the Round table organised in Bor. The ISBN number of the hard copy is: 978-86-6305-095-2.

The monograph is the large base consisting of the results of analyses of the SMEs development level in all four Visegrad countries and Serbia. It can be of use to all professors and the students of the universities and organisations, that were in the consortium of this project. Also, being publicly available as open source material - it can be of use to all interested researchers and students, who are dealing with the assessment of the SMEs business health.

The final meeting of project participants was organised at Bor's lake, Bor, in Serbia, in the period 24/05/2019-26/05/2019. The

round table was organized and led by the Technical faculty in Bo, as the coordinator of the project and was attended by professors, students and entrepreneurs from Czech Republic, Slovak Republic, Hungary, Poland and Serbia.

Also public representatives from Serbia and abroad were included. The motive for organising round table was to present obtained results, to further discuss the project goals and to establish a framework for international cooperation between the representatives of academia and entrepreneurs from Serbia and Visegrad countries, with the aim of sharing knowledge and entrepreneurial experience.

All participants of the round table had also the opportunity to present their institutions and their research work at International May Conference on Strategic Management - IMCSM2019 (<http://mksm.sjm06.com>), that was organised in parallel with the round table. In frame of this project event, organised in Bor, some social events were also organised, during which participants had chance to communicate with each other informally and to work on further networking.

4. CONCLUSIONS

All planned project activities were implemented with success. The initial meeting for all partner institutions was organised in Zlin where participants presented reports about current state of SMEs sector in their countries. Based on reports prepared for this meeting, an insight into the state of the SMEs sector is gained and the plan for future activities was developed.

In continuation, measurement scale for assessing the important factors of SMEs

failure was developed and survey was carried out in all V4 countries and Serbia, where the subjects of the survey were the entrepreneurs and SMEs owners who suffered from failure or had to change their main products/services in the past. Measurement scale have enabled the researchers (professors, scientific researchers and PhD students) to estimate real situation and to determine main causal factors of SMEs failure. Participants from V4 countries and Serbia who conducted survey were in direct contact with entrepreneurs and gain valuable knowledge of good and bad business practices. Furthermore, report in form of the monograph was published http://media.sjm06.com/2019/05/MONOGRAPH_final.pdf, where authors from all project participant countries, and wider scientific community, gave their descriptions of SMEs problems and suggestions for various business models and solutions from different observed aspect.

The final meeting was organized in Bor where, during the round table, invited participants were experts, academics, PhD students and entrepreneurs, from Visegrad countries and Serbia <http://mksm.sjm06.com/visegrad-project-2018/>.

Representatives from all invited institutions presented results of research, obtained after the data processing, and during direct discussions, analyzed the possibilities to prevent failure and overcome problems that SMEs are facing.

Additional benefit for researchers was the opportunity to publish the research papers in this issue of the Serbian Journal of Management.

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КАКО СПРЕЧИТИ ПРОПАДАЊЕ МАЛИХ И СРЕДЊИХ ПРЕДУЗЕЋА - МЕРЕ ЗАСНОВАНЕ НА КОМПАРАТИВНОЈ АНАЛИЗИ У ЗЕМЉАМА ВИШЕГРАДСКЕ ГРУПЕ И СБИЈИ

Иван Михајловић, Исидора Милошевић, Анђелка Стојановић

Извод

Ова свеска часописа “Serbian Journal of Management (SJM 14(2) 2019)”, је посвећена једном веома значајном изазову савременог предузетништва, који је садржан у питању: Како спречити пропадање малих и средњих предузећа ? Радови објављени у овом издању се сви баве различитим аспектима предузетничких активности, који могу довести до успешних и/или неуспешних пословних операција. Део радова публикованих у овом издању директно представљају резултате пројекта: “Како спречити пропадање малих и средњих предузећа (мере засноване на компаративној анализи у земљама Вишеградске групе и Србији)”, који је финансијски подржан од Интернационалног Вишеград фонда. Током пројекта, истраживачи из свих четири земаља Вишеградске групе, као и истраживачи из Србије, су анализирали МСП-е из својих региона, који су у прошлости имали одређени степен финансијских поремећаја пословања или су пропали. Основни циљ овог истраживања био је у анализи и идентификацији најзначајнијих пословних фактора који могу довести до пропадања МСП-а. Добијени резултати су представљени у овом издању. С друге стране, део радова у овом издању, су позвани радови аутора који такође истражују пословање малих и средњих предузећа и који се баве факторима успеха предузетничких активности, ван региона Вишеградске групе и Србије. Према томе, основни мотив овог издања је посвећеност веома важном изазову - успешним операцијама МСП-а.

Кључне речи: Интернационални Вишеград фонд, операције МСП-а, пропадање, пројекат, истраживање

Acknowledgement: The coordinators of the project: “HOW TO PREVENT SMEs FROM FAILURE (Actions based on comparative analysis in Visegrad countries and Serbia)”, registered with the reference number: 21820267, wish to express deep gratitude to all partner institutions which supported this project, also to International Visegrad Fund for financial support and contribution.

Announcement: Some of the information published in this article is also available at the official web page of the project: “HOW TO PREVENT SMEs FROM FAILURE (Actions based on comparative analysis in Visegrad countries and Serbia)”: <http://mksm.sjm06.com/>