

**BSEC – KAF – KOSGEB - UN/ECE – CCIRB - BC-SMEs**

**WORKSHOP ON**

**SMEs-ENTREPRENEURSHIP**

**Mangalia, Romania, 7-8 May 1998**

**Summary Proceedings**

1. The Workshop titled “SMEs-Entrepreneurship” was held in Mangalia, Romania, on 7-8 May 1998. It was organized by the BSEC-KAF-KOSGEB in consultation with the United Nations Economic Commission for Europe (UN/ECE) under the auspices of Chamber of Commerce and Industry of Romania and Bucharest (CCIRB) and Balkan Center for Cooperation among SMEs (BC-SMEs).

2. H.E.Mr. Ioan Avram MURESAN, Minister of Reform of Romania sent a message on the occasion of the opening of the Workshop which was read by Ms. Carmen IFRIM, Governmental Expert from the said Council for Reform to the participants. The message is attached as Annex I. This was followed by statements delivered by Mr. Constantin RAȘNOVEANU, Vice-President of Chamber of Commerce and Industry of Romania and Bucharest (CCIRB), Mr. Adrian NICOLAESCU, Secretary General of Constanta Local Government, Dr. Wulf SCHÖNBOHM, Representative of Konrad Adenauer Foundation (KAF) to Turkey.

3. Representing the PERMIS of the BSEC, Ambassador Nurver NUREȘ, First Deputy Secretary General of the Permanent International Secretariat delivered his statement the text of which is attached as Annex II.

4. The Workshop was attended by Mr. Dieter H. KAISER from Chamber of Industry and Commerce in Stuttgart Region, Mr. Antal SZABO, Regional Adviser on Entrepreneurship and SMEs at UN/ECE, Ms. Lorraine RUFFING, Chief of Enterprise Development Branch at UNCTAD who addressed the Workshop as lead speakers.

Ms. Maria Teodora GOLIAT, Business Counsellor from One-Stop Office for the Set-up of Companies (BASC) and Mr. Constantin UDREA, Director of TIPS National Bureau in CCIRB addressed the Meeting as well.

5. The Workshop was co-chaired in rotation by Messrs. NUREŞ, SCHÖNBOHM and SZABO.

6. The Workshop was attended by the representatives of the following BSEC Participating States:

Republic of Armenia  
Republic of Azerbaijan  
Republic of Bulgaria  
Georgia  
Republic of Moldova  
Romania  
Russian Federation  
Republic of Turkey

7. Representatives from the Arab Republic of Egypt and the Republic of Poland also attended the Workshop as observers.

The list of participants, including the guest speakers is attached as Annex III and the Program of the Workshop as Annex IV.

8. The inaugural session followed by the statements of lead speakers and others developed on two planes; centering on pressing issues of SMEs in general on the one plane and focusing on entrepreneurship on the other, analysed briefly hereunder:

a) It became evident that the environment of SMEs in the transitional economies remained practically the same, still in an infant and weak state, since December 1996 when SME-centered events started to become a priority concern for the BSEC which thereafter seized the matter in the form of annual BSEC-SME Programs over 1997 and 1998.

- While SMEs act as strong agents of industrialization and progress in economies enjoying sustainable development, the yield of such enterprises in the transitional economies remained minimal, without a notable impact. Globalization and liberalization have accelerated on a world scale with the value of trade increasing from U.S. Dollars 3.4 trillion (1990) to U.S. Dollars 5.0 trillion (1995). Yet the share of Central and Eastern Europe has fallen from 5 percent to 2.6 percent in the same period, with a drop even more in the BSEC region.

- In some transitional economies the legal framework and institutional background is still missing; in others the newly created support infrastructure either remain weak or hardly in operation.

- In order to redress this situation and hasten the transition process, it is imperative that the SMEs within the BSEC region need to compete both at

home and abroad, in terms of production and trade with particular emphasis on exports, by way of a durable dialogue between the SMEs and their respective governments. Such a working partnership on SME policies and programs should be an interactive process; structured, relevant, transparent and representative ensuring also the hearing and involvement of entrepreneurs and the SME-related organizations since their interests are discussed.

- Such a working partnership urges governments to adopt a more comprehensive and forward-looking approach towards the entire business community in general and a stronger and abiding commitment both in policy and strategy targeting SMEs in particular with a view to improving their lot in the economy and invigorating their contribution to the growth process. In this frame the business organizations should be funded by businessmen and be of sufficient size to provide the necessary services if they are to be independent and responsible partners with the government.

- If business enterprises are accepted as key partners in the overall management of the economy and an abiding commitment is found indispensable on the part of the government, a high post at a decision-making level, preferably ministerial, will have to be dedicated to SME development. With SME issues maintained on the agenda at such a political level would not allow implementation of heavy bureaucratic rules in licensing, demanding high income taxes and social security payments and despite serious lack of capital very little access to bank loans which apparently are major impediments discouraging enterprise creations.

b) At the second level “SMEs-Entrepreneurship” as the theme of this Workshop was elaborately discussed and analysed from different angles:

- “In accordance with ILO, entrepreneurs are people who have the ability to see and evaluate business opportunities; to gather the necessary resources and to take advantage of them; and to initiate appropriate action to ensure success.” Both entrepreneur and enterprise are dynamic elements and action-oriented. The entrepreneur is a highly motivated person, acts as the dynamo in the process of development and the enterprise is the actor on the stage of global business. Being entrepreneurial means combining personal characteristics, financial resources and the environment. They represent the two faces of the same coin having organized knowledge as science and implementing this in practice as art and by constant interaction reinforce one-another. The entrepreneur with such pivotal role is the determinant in the game of business on national as well as international levels.

- From the society point of views entrepreneurs may be considered as persons improving the social and economic conditions in local and national communities. Entrepreneurs should have certain human, personal and professional qualifications. Enterprises exist to satisfy customer’s requirements and get self-sustained providing satisfactory resources/profits for further development and growth. Entrepreneurial

sense include recognizing, making and taking advantage of opportunities, predicting market needs and trends and achieving goals by sustained drive- skillful negotiation- articulate advocacy.

- Entrepreneur/entrepreneurship should be seen and assessed in a highly complex of interactive flows of globalization of business education, enterprise development, information and information technology (IT), trade and foreign direct investments.

In this fabric the **entrepreneur** needs to remain open and renewing oneself for an entire life and career in order to respond to a constantly changing environment since today knowledge has become less important while achievement is both the target and yardstick. An entrepreneur must acquire macro-view of the global economy and should absorb transnational skills which will nurture international perspectives across borders and cultures and help to transform them into viable business ventures.

**Enterprises** have a strong bearing on the state of economy and therefore it is of particular concern for governments to create appropriate setting in which they could efficiently and productively operate. They must constantly take into account flow of information and IT, trade and principally exports, flow of investments which altogether determine the success of entrepreneurs and enterprises as well.

**Information and IT** is expected to chart the course of the global economy in the next century. Therefore collection of data, their interpretation and dissemination needs sophisticated new skills and a new type of management, requires investment and should be managed as part of a clear strategy adopted by the enterprise.

**Trade** gives life to enterprise; failure in trade can be the end if the trend is not reversed. It must be reinforced by advanced technological tools of our times, i.e. computing, e-mail, internet, data banks, etc.

**Flow of investments** together with technology impact widely trade both in volume and diversification of marketed goods. Investments introduce new management and other skills, strengthen competitiveness and help expand employment.

## **PROPOSALS**

1. Deeply concerned with the present state of SMEs in the transitional economies and fully appreciating the role such enterprises could play in economic development, the Workshop appealed the competent national authorities:

a) To enact SME oriented policies and strategies to implement these policies for those transitional economies which still lack them;

b) To adopt urgently the necessary measures to enforce implementation of the said policies and strategies in order to move forward SMEs ensuring their contribution to the growth of national economy.

2. Transition of ownership does not lead automatically to the creation of entrepreneurship, which must be cultivated, educated and developed, which process should be actively supported by the governments.

3. With the above objective in mind the participants expressed in strong terms their desire to look into the possibility of establishing specialised funding mechanism in order to implement the above-mentioned strategies.

The Workshop proposed this matter to be investigated in the next BSEC Workshop on SMEs.

4. The Representative of Moldova suggested that a Workshop on state support for SMEs be organized in the Republic of Moldova sometime before the end of this year or early 1999, which the Workshop supported.

5. The Armenian Delegation to the Workshop suggested the possibility of looking into the formation of a BSEC Women Entrepreneurship Development Center. It was decided that the matter would be pursued by the PERMIS.

6. The UN/ECE provided the first version of the BSEC network on SME focal points which is already put on the web site of ECE. The Participating States are invited to use and keep it updated.

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