

## **SUSTAINABLE COMPETITIVENESS OF THE SME SECTOR FORMED BY COLLABORATION: THE PROMINENT ROLE OF HR**

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### **Abstract**

Human resources play a prominent role in the analysis of the development and competitiveness of the SME sector, therefore the discussion of the human resources is inevitable during the general characterisation of the sector. The development of and application of the appropriate organisational culture, motivation, competence are fundamental competitiveness factors of the success of SMEs. Maslow's hierarchy of needs can be adapted to the SMEs. The role of the state is necessary for the success of SMEs. The European Union continues to give special emphasis to the SME sector in the future, as one of the key business sectors influencing the economic success of a nation.

**Keywords:** competitiveness, the SME sector, motivation, incentives, competencies, needs, corporate culture.

### **INTRODUCTION**

The effectiveness of the success of the SME sector, the key business sphere of the national economies, is influenced by many factors. The present paper focuses on the role and importance of one of these, human resources.

### **OBJECTIVES AND METHODS**

This article aims, by describing briefly the formation and development of the SME sector, to assess and highlight one of the main determinants of its efficiency, the role of human resources.

The main research method applied in the paper is a comparative analysis and evaluation of the relevant literature.

The paper is trying to draw attention to the fact, that to achieve sustainable profitability and success for SMEs the role of human resources (HR) is crucial. Therefore it is necessary to analyse the elements of HR to identify their contribution to the success of SMEs.

The main aim of the paper is to give top priority to the relevant literature and make it accessible for businesses so that they can effectively utilise it, and by its presentation, and adaptation businesses may become competitive by proper HR management.

## **RESULTS AND DISCUSSION**

### **The concept of competitiveness**

Competitiveness is a regular subject in everyday conversations, quite often not even consciously mentioned, as sometimes we do not even know that we are talking about competitiveness.

Almost all the businesses of the SME sector use their professional knowledge and expertise in this field in their daily activities although they may not be aware that they are talking about competitiveness including the elements and features influencing competitiveness.

### **Cooperation is a key group of factors in competitiveness.**

This includes its three main forms: **cooperation, coordination and integration.**

Another important aspect of competitiveness factors and the emphasis on their importance is how they differ in specific locations and how they can be more successful and sustain their success compared to their competitors. (EC, 2006)

Co-operation belongs to one of the determining groups of competitiveness factors. It has three significant forms: co-operation, coordination and integration. These build on top of one another as these are a natural outcome of the co-operation, the intensity of their relationship and growth of businesses. Several businesses do not know or even suspect how much advantage they and their partners have or may have from it.

One of the most significant shortcomings of the operation of SMEs is that more often than not they are not even aware of what they do not know. This might sound strange but solving this issue is one of the keys to their success. If businesses knew what most of them do not know, and would learn and adapt these for their own organisation, regarding what the micro and macro environment of their business operation is like, and what these mean to them (unalterable conditions in the case of the macro environment and conditions), they may be able to change in the case of the micro environment. If they were aware of these, they would interpret their position in the market and their future options differently. Amongst others, the

knowledge and the appropriate adaptation of the knowledge of the business environment are basic conditions of business planning in both the short and long term (Vancsik, 2010).

One of the most important factors influencing SME businesses is the awareness of how these differ from large ventures (EC, 2006).

The answers are clear: appropriate size of capital, competitive organisational structure and background, HR, links, competencies, management, control, marketing, awareness and optimisation of value creating processes. These are the necessary basic criteria for SMEs to be able to compete and to sustain their competitiveness. Collaboration is necessary to ensure that the above criteria can become specific, definable and achievable goals. Co-operation may enhance competitiveness. Collaboration is a necessary and essential condition, the forms of which may appear differently in SME businesses (as well). (Vancsik, 2012)

### **Main factors and the importance of strengthening the SME success, from the beginning of the 20th century up to the present day**

As the facts described above explain, there is a great need for cooperation, because it is based on the fact that the above has become more developed and feasible goals. By cooperation we can be more successful.

Cooperation is a necessary and indispensable condition and below various types of it are described, which together appear in SMEs (too) due to the formation and spreading of deeper and closer collaboration (Vancsik, 2013):

- **Cooperation**, which is the first form of collaboration where the parties involved feel the need to exchange experiences and ideas and where they solve tasks together and jointly undertake business activities.
- **Coordination**, as in harmonising activities and programme.
- **Integration**, which is a jointly formed, higher level and more successful activity done in unity, with joint participation.

The above forms of collaboration may of course be present and can be utilised and adapted to SME businesses and ventures of almost any profile and economic activity.

The recognition of the key role of SMEs in the economy of a nation has emerged towards the end of the 20<sup>th</sup> century, from the 1990s. This is shown by the Strategic Programme of the European Union agreed at the Lisbon Meeting in 2000 which formulated the aims of continuous economic growth, innovation and its adaptation, the knowledge-based activities, improving the quality of life of citizens and fighting unemployment. SMEs play an important role in the realisation of the above aims (European Council, 2000).

This recognition is almost inevitable consequence is that these views are in developed countries - with special emphasis on the countries of the European Union - have become more and more dominant. They have strengthened their opinions, which consider it to be necessary in the SME sector at regional, state, and local support tools. Indeed, part of the large multinational companies to reduce the dominance of. The grant sources and methods also significantly increased and expanded. (EC, 2006)

Schumpeter (1911) defined the entrepreneur as an innovative player of economics that effectively combines the various sources and the new technological developments in production tools and machines, who also organises work in a more effective way. His theory is based on constant and continuous economic growth building on the activities of the entrepreneur that materialise in the form of innovation. As a result of process innovation aiming to enhance productivity the entrepreneurs gain cost advantage compared to their competitors, while through product innovation the business may gain a monopolistic or oligopolistic position. Both process and product innovations result in volume benefits which motivates other entrepreneurs to innovate (to imitate). The result of this is continuous and quick economic development.

Various authors emphasised the specific advantages of SMEs as early as the 1980s. Scherer for example saw the specific benefits of SMEs in the following- (Scherer et al., 1989), Scherer et al., 1990):

- Less bureaucratic organisational structure (quite often simpler and more logical).
- They play an innovative (although often not recognised) role in technological development, for example, with the production of individual parts, materials and the small innovative steps in production technology, or even with major innovation. These technologies and products often have only a narrow and specific market and therefore are not an attractive area for large multinational companies

Another advantage of SMEs is that when the market shrinks or the demand for a product falls it is much easier to cease smaller units than large ones. (Audretsch, 1992).

In general, the main advantages of SMEs are in their quick, flexible and often more effective responsiveness. During the value creating process they may find gaps in the value chain ensuring high profits while large multinational companies need to strive to utilise the benefits arising from production of large volumes. SMEs may also enjoy these benefits when joining larger company groups without having to organise their operation in accordance with those (EB, 2005; EB, 2008; EU, 2007)

The international integration of SMEs was regarded as a simple step-by-step process by Harvard University professors Johanson and Vahlne (1977). They argued that a small company first operates in the domestic market and would enter into the international market only later after having reached enough strength and significant growth.

In the 1990s a theory has gained ground contradicting the above argument, according to which the international integration of SMEs is not the result of a slow gradual development, it may happen suddenly, especially when joining an export chain. Millington and Bayliss (1990) are significant representatives of this theory.

The main competitors of SMEs are not the same or similar SMEs in their environment undertaking similar economic activities, but the domestic and international companies which have an economic advantage over them, and which owe their advantage to the recognition and utilisation of the above listed condition and knowledge. Therefore the solution might be as simple as SMEs need to do the same with the features defining competitiveness and in the same way as the large companies do (Vancsik, 2010).

It is being proven more and more often that it is the new and small companies and businesses create the most new jobs rather than the large ones. SMEs have a great impact on employment and therefore unemployment as well. The correlation has been justified by much international research. Audretsch (2002) for example suggests that unemployment rates diminish in countries with strong entrepreneurial activity and therefore employment grows, which is a major task also for other (mainly EU) countries including Hungary.

The situation of the SMEs in Hungary some important aspects (KSH, 2014).

In Hungary, the definition of small and medium-sized enterprises (SMEs), and the support of their development is regulated by Act 34 of . According to the law, organizations fall into this category with a staff of up to 249 people, an annual turnover of less than EUR 50 million, or an annual balance sheet total not exceeding EUR 43 million, and the direct or indirect ownership share of state or local government separately or together does not exceed 25%. The statistical categories are defined according to the number of staff. Therefore enterprises of up to 49 employees are small enterprises - including micro-enterprises having not more than 10 employees –and enterprises of 50 to 249 employees are medium-sized enterprises.

The majority of companies operating in Hungary belong to the group of small and medium-sized businesses. The increasing role of SMEs in economic performance is explained primarily by the processes related to large companies, because large companies have outsourced a significant part of their activities for achieving cost reduction. A significant proportion of suppliers are smaller, more flexible companies. While initially the SMEs

operated in the local economy, and in the consumer services sector, more recently they have appeared in the innovative business services, too. They are mainly based on global market supply outlet company-sized enterprises. The SME sector plays an important role in the country's income generation, production, operation of foreign capital, investment and social aspects as well as in job creation, employment.

The paper gives a picture of the domestic situation of small and medium enterprises, organizational characteristics, the economic role and survival performance, with regional differences.

At first the position of SMEs in the economy and - through employment –its role in society is presented in Table 1 and Table 2. Table 1 presents some macroeconomic indicators, Table 2 shows employment data by regional distribution.

These - though only partly,- illustrate why we need to pay so much attention to the SME sector and its operation, and to the conditions necessary for the success promoting its development.

Tab. 1 and especially Tab. 2 also confirm that really there is great need for entrepreneurs who possess not only capital but also skills, knowledge, and workers employed by them, too. This is the reason why the present paper highly emphasizes-especially for entrepreneurs - among other things –the importance of the intention to achieve the appropriate level of HR.

**Table 1** The main macroeconomic indicators of SMEs, 2012

<i>Region</i>	<i>Revenue per SME,1000 HUF*</i>	<i>Gross Value Added per SME, 1000 HUF</i>	<i>Investment per SME,1000 HUF</i>	<i>Number of employees</i>
Central Hungary	97041	16023	2118	3,15
Central Transdanubia	53770	10295	2535	3,00
Western Transdanubia	50142	10855	2168	3,12
Southern Transdanubia	41590	8237	2071	2,88
Northern Hungary	46901	9108	2086	2,91
Northern Great Plain	52674	9748	2245	3,11
Southern Great Plain	54378	9730	2717	3,2
Hungary total	69627	12319	2263	3,09

\*HUF: Hungarian Forint, Source of data: KSH, 2014

- The majority of businesses are still operating in the category of small and medium-sized enterprises with up to 249 people. Their number in 2012 has decreased to 664 thousand,

primarily as a result of the decline of the smallest micro-enterprises. These are characterized by a strong regional concentration, four out of every 10 organizations carried out its activities in Central Hungary.

- According to the size categories determined by the number of employees the micro-enterprises of maximum nine employees are dominant in every region, the proportion of larger organizations is above 5 % only in two regions, Central Hungary and Southern Great Plain. The activity structure of SMEs is dominated by services, and this affects their efficiency, investments, wage, and ability to employ.
- The incidence of foreign-owned enterprises is smaller in the SMEs compared to large companies. In 2012, a total of nearly 28 thousand SMEs operated by foreign working capital in the country. Among these the territorial concentration is stronger than the average, more than 70% of them operated in Central Hungary, and nearly two-thirds of the invested foreign capital is concentrated here.
- In 2012, SMEs reached a turnover totaling nearly 45 trillion Hungarian Forint, 58% of the performance of the entire business sector. Compared to 2011 with the exception of Southern Transdanubia and Northern Hungary every region showed an increase in the revenue of SMEs. The average SME has achieved an average revenue of HUF 70 million, the magnitude of which increases by the company size category.
- The revenue of SMEs surpassed the previous year, despite the small amounts the SMEs spent on investments. In 2012, the size of the developments amounted to HUF 1,450 billion, which represented 46% of the amount invested by the business sector. The vast majority of SMEs development occurred in three sectors: industry, agriculture and trade, with the exception of Central Hungary.
- The role of SMEs is the greatest in employment, in 2012 SMEs employed 73% of the total employment by the business sector, a total of nearly 2 million employees worked for businesses of less than 250 employees. Compared to the previous year the employment numbers increased only in Central Hungary and Western Transdanubia, and overall employment in SMEs remained unchanged.
- According to the indicators examined the situation of SMEs slightly improved in 2012. However, favorable changes occurred mainly in medium-sized enterprises while the performance of business organizations with up to nine people fell short of the previous year.
- Only a shrinking share of SMEs are able to survive after their creation. - Five years after the 2007 creation of SMEs an average of 38% was still running. By regional comparison, the survival capacity of businesses in Central Hungary and Western Transdanubia were the best.

**Table 2** The proportion of employees in the most important economic sectors (%), 2012

Economic sector	Central Hungary	Central Transdanubia	Western Transdanubia	Southern Transdanubia	Northern Hungary	Northern Great Plain	Southern Great Plain	Country Total
Micro-enterprises of 1-9 employees								
Agriculture	1,0	3,9	4,8	6,0	4,7	6,3	6,3	3,6
Industry	8,0	10,2	9,8	9,2	9,5	8,6	9,7	8,9
Building construction	8,3	12,8	11,8	11,2	11,2	10,7	10,2	10,0
Trade, vehicle repair	24,5	23,7	23,1	24,4	26,1	27,8	27,9	25,2
Transport, storage	4,2	5,3	4,8	4,1	4,6	5,0	4,7	4,5
Hotels, restaurants	4,9	7,0	7,9	7,9	7,5	6,7	6,8	6,3
Other professional, scientific activities	18,2	12,3	11,5	12,3	11,0	10,8	11,4	14,3
Small enterprises of 10-49 employees								
Agriculture	1,3	7,4	7,3	12,3	7,1	10,0	10,3	5,7
Industry	17,8	30,5	29,0	27,5	33,7	29,9	29,3	24,6
Building construction	9,1	11,8	11,5	13,9	13,6	12,4	9,6	10,7
Trade, vehicle repair	26,3	18,7	20,5	20,9	19,7	23,0	23,9	23,5
Transport, storage	4,9	8,2	8,7	4,5	5,7	5,6	6,5	5,9
Hotels, restaurants	7,8	6,9	8,4	6,9	6,0	5,4	6,6	7,2
Other professional, scientific activities	10,0	3,5	3,3	3,2	3,5	3,5	3,4	6,3
Medium-sized enterprises of 50-249 employees								
Agriculture	1,0	9,1	6,9	9,2	4,8	12,4	11,7	5,9
Industry	27,9	58,3	53,2	57,5	59,4	52,0	54,1	43,9
Building construction	5,9	4,1	3,8	6,3	8,7	4,5	7,8	5,8
Trade, vehicle repair	19,8	9,6	9,7	11,8	9,7	15,3	12,8	15,1
Transport, storage	6,5	6,9	6,8	1,4	5,6	3,9	3,0	5,4
Hotels, restaurants	4,4	2,2	4,3	2,7	2,5	2,3	1,7	3,3
Other professional, scientific activities	8,0	1,5	1,7	1,7	1,0	1,0	0,9	4,1

Source: KSH, 2014



### **The significance of Human Resources in the success of the SME sector**

As it was shown above, the importance of SMEs in employment is one of the reasons why HR activity, the optimal and quite often specific use of HR systems and tools is so important for SMEs.

HR is one of the key aspects of sustainable operation and development (EC, 2006).

Collaboration, a vital criterion of sustainable effectiveness, is the basis for the optimal development and operation of HR of businesses, as this requires significant capital (financial capital) as well as knowledge, competence, motivation, which will be discussed in the following parts. Efficiency has gained growing importance as a result of the ever stronger competition attitude in the last three decades of the 20th century; it was seen to be achievable through taking into account and satisfying the needs of the employees. This approach does not consider the goals of the business and the interests and needs of the employees as separate as well as opposing or even mutually exclusive factors but rather as mutual factors complementing each other. According to this approach satisfying the needs of one party cannot happen at the expense of the other (Vancsik, 2010).

The 1986 work of the American scholar Norbert Elbert, *Personnel/Human Resource Management* provides a description and summary of this approach and of the historic development of human resource management. Elbert argues that when establishing the relationship between the management and the employees of a business and for the optimal operation of that the following principles need to be considered (Elbert, 1986).

This approach, and not at all Human Resources management, presentation management take-historical development, a summary of the American Norbert Elbert: work *Personel / Human Resource Management* was found. Elbert, according to the company's management and employees of the relationship between design and optimal operation must take into account, it should promote the following principles (Elbert, et all, 1989):

- Employees are a resource, input or investment which when managed effectively lead to benefits in the long term and pay off for the company in the forms of more economic operation, productivity and better or more optimal outcome.
- Companies need to employ methods, principles and programmes that satisfy the economic as well as emotional needs of the employees.
- Companies need to provide such working environments and working conditions that motivate employees to develop and potentially use their expertise to the maximum.
- The Human Resource programmes and practices need to be shaped to create a balance between the needs of the organisation and those of the employees.

## **Organisational culture as a key element of the establishment of successful Human Resources**

A fundamental factor is the establishment of appropriate organisational culture, which can be described as the sum of internal values of the business and the values related to its close environment, as feelings, attitudes, norms and assumptions, and the interrelations of all of these. It is the result of a process therefore it is time-consuming. It is a kind of behavioural phenomenon, as we have to learn to adapt to the attitudes, beliefs, values, characteristics, principles, communication styles, norms and symbols of the employees (Vancsik, 2010).

### **Competence, motivation and incentives are also key factors of SME business success.**

Competencies are basic characteristics of the individual which are in a causal relationship with effective and/or excellent outcomes, appropriate to the level of the defining criteria (Boyatzis, 1982).

According to another definition competencies include all those factors and features which distinguish the appropriate from the inappropriate to a certain job or task, and also the excellent from the average (Vancsik, 2010).

Three potential key methods of defining competencies (Lóth, 2006) include:

- Critical Incident Technique, CIT
- Behavioural Events Interview, BEI
- Repertory Grid, or repertory tests, REP

Of the three methods only BEI, which is a specific version of CIT, was designed to determine competencies.

Obviously there are major differences among the three methods but all three aim to define those behavioural characteristics which are necessary in specific jobs for the excellent performance of a company (Lóth, 2006).

The Critical Incident Technique (CIT) was originally designed by the psychologist Flanagan in order to research human motivation and behaviour. Flanagan's basic assumption suggests that identifying and defining some critical events provides an accurate basis to predict how a person would probably behave in a similar situation. This method is perfectly suitable for the assessment of people's behaviour at work as part of the analysis of a certain job. The essence of the method is to reveal people's, at work employees' actual behaviour in certain critical situations and events. Such critical event might be an argument, confrontation with a colleague or subordinate employee, or a sudden unforeseeable event to which the person has to react. The aim of the method is to gain detailed information about behaviour

which then can be analysed. Along with related competence research it has become obvious that asking about significant critical situations that occur or may occur in a job can on one hand predict potential reactions and may provide a good basis for the exploration of key competencies necessary for the given job (Flanagan, 1954).

Another method of defining competencies is BEI, which was developed by the founding father of the competence movement, David McClelland, as an improved version of the CIT. The idea was to have to find out the reason of who, when, what will do. This will be understood if we learn who, when, what thought, felt and did in a past situation. This approach is characterized by comparing - and differentiating by specific criteria - the average performers –and the excellent ones and sometimes with the the weak ones, and applying a coding system to analyse the BEI results, while also paying particular attention to a competency model established by the results. To achieve these the JCA procedure was used (McClelland, 1973;McClelland and Boyatzis, 1980).

The third method mentioned for the assessment of competencies is the REP tests. Clinical psychologist George Kelly has developed this method specifically to avoid the problem of differences in observations. He put the views of the interviewee in the first place so that the interviewer has to add his own assumptions and explanations. Kelly assumed that people build hypotheses, systems or constructions based on how they perceive the world around them. The main aim of the test is to reveal how people express these constructions and through these we can learn about their views and judgements. Kelly's work was originally used only in clinical psychology, and was later incorporated into market research and human resource management as well (Kelly, 1955, 1969).

During their operation, businesses employ people with different competencies and expect different competencies from the employees. On the basis of this, they develop and employ various competence models.

The essence of the competence model is that there has to be a correlation between the competencies necessary for a certain job and the competencies of the person undertaking/filling that job. This simple principle ensures that the model can be used in every area of human resource management (Lóth, 2006).

The criteria for introducing and employing competence models include credibility, accuracy, acceptability, validity, and accessibility.

Competence types (Henkey, 2007):

*Professional competencies*

The professional functional competencies (ones that can be learnt and practiced) mean knowledge and practice in a certain professional area which are better than average and provide more up-to-date information and more routine practice than average. These are differentiated according to different professions and business activities (Henkey, 2007).

*Emotional competencies*

One of the typical success factors is the awareness and recognition, the conscious application and continuous development of emotional intelligence (EQ). The awareness of and the appropriate use of the elements of EQ (self-consciousness, self-management self-motivation, empathy and establishing links) enable managers, colleagues and employees to work effectively with others and to achieve appropriate performance (Goleman, 1997).

*Personal competencies*

Personal competencies form the third group of competencies. These may be regarded as the most important ones from the management point of view, without diminishing the importance of the other competencies. Personal competencies related to inherent abilities and knowledge that can be influenced only to a small degree.

Style, individual character, charisma and the different, good or bad personal qualities gained during one's upbringing belong to personal competencies. All the above described competencies may separately, or in better cases combined, lead to the best possible result, performance, long term success and profitability for any business in the SME sector (Henkey, 2007).

*Internal and external forces of success: motivation and incentives*

Two equally important phenomena, motivation and incentives are going to be defined, as two completely different notions. Definitions are formed on the basis of the works of Bakacsi et al. (1999, 2000, 2006).

Motivation can be defined as an internal force aiming to satisfy the survival and spiritual need of humans. These needs must be satisfied.

Contrary to motivation, incentives relate to an external force with which a leader may make an employee interested in achieving a certain result.

Worded differently, the main aim of motivation and incentives are to move the employees towards the goals of the businesses with taking the interests of both parties into account.

### **Motivation and incentives play an important role in satisfying needs.**

Maslow's theory of the hierarchy of needs from the 1940s is one of the foundation stones of research into motivation. Maslow's (1943) assumption was that individual needs can be grouped into categories and these can be organised in a hierarchical structure. In Maslow's hierarchy of need the higher level needs are visible, and motivation is aimed at satisfying these needs (Maslow, 1943).

The levels of the Maslow pyramid are:

1. Physiological needs
2. Safety
3. Social (love, belonging)
4. Esteem
5. Self-actualisation

Work place incentives linked to the various levels of needs include the following:

1. Physiological: salary, working conditions (heating, lighting, etc.),
2. Safety: safe and secure work place, pension scheme, medical services, etc.,
3. Social (love, belonging): good work atmosphere, friend, good manager-employee relationship, etc.,
4. Esteem: opportunities of promotion, performance bonus, company car, flat paid for by the company, etc.),
5. Self-actualisation: opportunities for personal development, self-dependence, responsibility for decisions, management position, etc.

### **The role of the state in the success of SMEs**

To achieve the success of SMEs can do very much to help businesses is a serious and unavoidable influential external factor - what, and what the impact of all means be taken into account - and that is the state.

The role and task of the state is fundamental in the success of SMEs (Vancsik, 2014):

- the state should provide not only money but also knowledge and help with preparation/training:
- support and loans should be preceded by elaborated plans

- businesses would need training before starting their activities, assistance with professional knowledge, acquisition of competencies, establishing a competitive SMR sectors
- for example when a business changes profile as continuously adapting to the circumstances, renewal and change are crucial
- providing re-training opportunities
- taking on a supporting, defending and preventing role

Results: income, tax and duties of SMEs (and the same in relation to their employees) become guaranteed and predictable for the central budget.

Consequences: guaranteed and growing employment, income for the state, development of a competitive SME sector, skilled with professional knowledge and the necessary competences.

The above conditions, fundamental to the success of SMEs, can only materialise and be applied to achieve sustainable and profitable operations if the more developed and stronger forms of collaboration discussed in the article, co-operation, co-ordination and collaboration, are established.

## CONCLUSIONS

This paper will hopefully draw sufficient attention to the SMEs, and highlighted the significance of Human Resources in order to influence factors that are crucial on the bumpy road to success.

We wanted to draw attention to the fact that appropriate knowledge, skilled and competent human resources may only be available for businesses and entrepreneurs, and the entrepreneur will possess these skills and knowledge if they are at all familiar with these and are willing to seriously consider them. The entrepreneur should think about which of the skills and competences should be learned by the entrepreneur and the employees in order to achieve sustainable success.

We believe that in success a key factor is the wisdom, knowledge, without it the business is doomed. Indeed, for businesses - especially for small and micro enterprises - the biggest problem is precisely that they do not know what knowledge they lack, or what they should know at all, to be successful, to be competitive, especially in the long run.

Knowledge of the above is essential. However, this requires appropriately qualified entrepreneurs. This necessitates learning, training business people, entrepreneurs. In addition,

all of these - understanding, cultivating, best design for application of all the value-creating processes - would be required not just before the opening of the company, but steadily, over the company's lifetime. Thus, the business will be able to face the ongoing environmental and timely challenges, expectations and demands and be properly able to adapt and develop the optimal operational strategy.

After all, remember: for the nation, the national economy, the population, the society as a whole the success of SMEs is essential, as by providing jobs and wages they decisively affect the lives of millions of people. The success of SMEs is crucially influence the success and the quality of life, the well-being of the society, the people of the country. . It is therefore particularly important to express the above idea in the present paper.

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