

Contemporary Forms of Supporting Entrepreneurship and Investments on SMEs: The case of Polog Region in the Republic of Macedonia

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Abstract: *The world economy is facing a variety of financial and economic challenges caused by different economic and political crises. Furthermore, the crises have had a negative impact that has been reflected on the macroeconomic indicators of each national economy. In these circumstances the transition economies, especially the Western Balkan countries needed to cope with the ever growing international competition, increasing unemployment, lack of private initiatives and investments, low level of economic growth and development. As a result, the attention is oriented towards SMEs, the importance of SMEs as a key pillar to sustainable growth and competitiveness on national and global market. The focus of this research is the importance of various contemporary forms which support entrepreneurship in order to increase investments, such as: business start-up centres, clusters, business incubators, economic zones and investment funds. The main objective of this research is to determine and measure the relationship between the SMEs from Polog region and contemporary institutions: business development centre (BDC) and technology park (TP) at SEE University, Enterprise Support Agency (ESA) as a private company and economic chamber of Macedonia which support private initiatives and increase their investments. In order to determine the relationship, a survey on SMEs in Polog region is conducted. The methodology used is cross tabulation two-way tables with measures of association based on data analysis from surveys and processed by STATA software. The main finding of this research is the positive impact of BDC, ESA and economic chamber on Polog region SMEs on the increase of their investments.*

Keywords: *Investments, SMEs, Entrepreneurship, BDC, Growth, Economic Development*

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Introduction

The world economy is challenged by different political, economic and financial issues that impact various negative repercussions on international business and macroeconomic indicators at the national level. Nowadays, the worldwide economies are characterized by high competition, declining trend of private initiatives and weak economic growth and development. The actual economic position of all economies, especially transition countries, offers an opportunity to develop entrepreneurship and gives a greater importance to SMEs. Small and medium-sized companies are a key link of development and economic growth especially for economies with two levels of government, local or regional level and central government. Supporting the SMEs provides a key role in increasing investments and increasing employment and overall well-being at the same time.

What is meant by SMEs? What is included in SMEs will depend on the Company Law of each country which is object of analysis. The Republic of Macedonia has the status of a Country candidate to adhere to EU, and in general the Law needed to adapt to EU law. In this case it will be offer the thresholds related to SMEs in Republic of Macedonia (Company Law, 2006) and EU (EC, 2005), (Appendix Table-6).

According to the Macedonian Company Law the category SMEs includes three types of entities: the micro size commercial entity, the medium size commercial entity and the small size commercial entity.

A micro size commercial entity shall be a commercial entity that, in each of the last two accounting years, or in the first year of business activities, has met the first criteria and at least one of the second or third of the following criteria:

- The average number of employees, based on the number of their full-time working hours, is up to 10 employees; and
- The gross annual revenue acquired from any source does not exceed EUR 50,000 in Macedonian Denars counter-value; and not more than 80% of the gross income of the enterprises acquired from one client/consumer and/or from an individual who is related to this client/consumer; and
- All rights to participate in the micro-company are owned by not more than two natural persons.

A small size commercial entity shall be a commercial entity that, in each of the last two accounting years, or in the first year of business activities, has met the first criteria and at least one of the second or third of the following criteria:

- The average number of employees, based on the number of their full-time working hours, is up to 50 employees; and
- The annual income is less than EUR 2,000,000 in Macedonian Denar counter-value, and the total turnover is less than EUR 2,000,000 in Macedonian Denar counter-value; and/or
- The average value (at the beginning and at the end of the accounting year) of the total assets is less than EUR 2,000,000 in Macedonian Denar counter-value.

A medium size commercial entity shall be a commercial entity that, in each of the last two accounting years, or in the first year of business activities, has met the first criteria and at least one of the second or third of the following criteria:

- The average number of employees, based on the number of their full-time working hours, is up to 250 employees;
- The annual income is less than EUR 10,000,000 in Macedonian Denar counter-value; and/or
- The average value (at the beginning and at the end of the accounting year) of the total assets is less than EUR 10,000,000 in Macedonian Denar counter-value.

The SMEs from Polog region are characterized by a traditional and contemporary entrepreneurial approach. The entrepreneurial approach is a very complex process and composed by the following characteristics: innovation, cooperation with start-up and business centres, risk-taking, decision making, etc. The stated characteristics make the contemporary entrepreneurial approach more different compared to the traditional approach.

The relationship between the business sector and the contemporary forms which support and develop them are different during the different stages of the economic development. In this occasion this research paper tends to offer information about the importance of these forms which have supported the SMEs and would have the possibility to support the same in the Polog region of Macedonia in the coming future.

Literature Review

Modern economies have devoted great importance to contemporary forms which support the private initiatives. They developed the business ideas, supporting the creation of business plans with the final goal to most effectively establish SMEs. In transition economies the SMEs are supported especially by central and local institutions sometimes by other state institutions. Unfortunately, in Macedonia and in other transition economies, the contemporary institutions supporting the enterprises are developed slower. Every transition economy needed to create a strategy to develop these forms. The strategies of every transition economy should utilize the contemporary experiences from developed countries and encourage the entrepreneurs from SMEs to increase investments and employment. There is a substantial literature from relevant international institutions, some of which is mentioned in the following text.

Business start-up centre or business development centre is an entity which assists individuals to develop their business ideas from their beginning toward formalizing their real business activities, in other words a new business entity (Mazllami, 2011). The access to business centers is very specific. The SMEs can take different consultations related to very important issues such as: how to start doing business or how to continue business activities, how to implement the business plan as a condition for a successful business. Founders of such business start-ups or business development centres are usually higher education institutions such as universities or faculties, local governments and others.

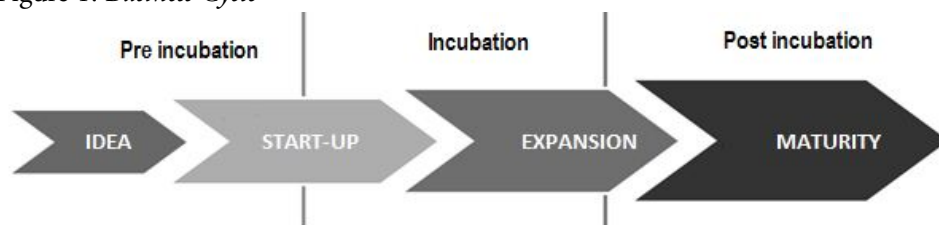
According to the empirical analysis of the newly established 564 companies in Yangtze delta area in China, Tao Chen and Zh. Zhue have managed to conclude that environmental trust has positive effect on the construction of network relationship and network capacity, while the knowledge acquisition was significantly and positively correlated to the start-up firm performance (Zhao, Ordóñez and Tennyson, 2015).

A business incubator is an entity which supports processes that accelerate the successful development of start-ups and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its network of providers (Oklahoma, 2014).

According to the EU Centre for Strategy & Evaluation Services (IBRD, 2010), a business incubator is an entity that accelerates and systematizes the process of creating successful enterprises by providing them with a comprehensive and integrated range of support, including: incubator space, business support services, clustering and networking opportunities; a successful business incubator will generate a steady flow of new businesses with above average job and wealth creation potential.

On a world level, the application of incubators in SMEs began as a method of economic development at federal, regional and local level. Regarding the location where the incubators function, two types of incubators are known: *regional/local incubator and corporate incubator*. According to Davies Mark, the Business incubator has an important impact during the developing process of the new enterprise known as start-up of the business cycle (Figure 1).

Figure 1. *Business Cycle*



Source: Davies Mark: *Mixed-use Incubator Handbook a Start-up Guide for Incubator Developers*, author's design

An economic zone is an entity with a specific specialty to solve problems related to foreign trade, but gradually the focus of their activities is oriented towards production industry, scientific and technical innovation goals. The economic zone can be considered as an independent part of a national economy, but conversely the economic zone is an important part of the developing economic system. Economic zones largely contribute to the accomplishment of national interests whether it is in economic or social plan. The benefits from economic zones are enormous. They usually provide lower customs and taxes rates or charges on imports of raw materials.

According to the traditional approach to economic zones there are three types of economic zones: industrial, commercial and service and mixed economic zone. According to the contemporary approach (IFC, MIGA, and IBRD, Washington 2008) the economic zone is a special economic zone such as: *Free Trade Zone*

(FTZ), *Traditional Export Processing Zone (EPZ)*, *Hybrid Export Processing Zone (EPZ)*, *Freeport*, *Urban Free Zones*, *Single Factory Export Processing Zone (EPZ)*. The principles incorporated in the basic concept of a special economic zone include:

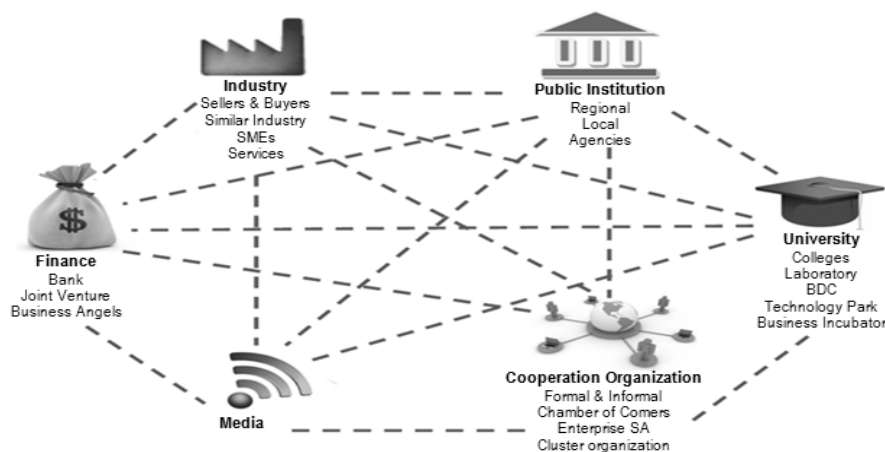
- Geographically delimited area, usually physically secured (fenced-in)
- Single management/administration
- Eligibility for benefits based upon physical location within the zone
- Separate customs area (duty-free benefits) and streamlined procedures.

Technology Park is an organization, physical or virtual, managed by a specialized professional team that provides value-added services, whose main aim is to increase the competitiveness of its region or territory of influence by stimulating a culture of quality and innovation among its associated businesses and knowledge-based institutions, organizing the transfer of knowledge and technology from its sources to companies and to the market place, and by actively fostering the creation of new and sustainable innovation-based companies through incubation and spin-off processes; and provides other value-added services together with high quality premises and facilities (Bellavista and Sanz, 2009).

Creative cluster is a geographic concentration of interconnected companies, specialized suppliers, service providers, firms of related industries, and associated institutions (universities, standards agencies, trade associations) in a particular field that compete but also cooperate. The geographic scope of a cluster relates to the distance over which informational, transactional, incentive, and other efficiencies occur (Porter, 2000). According to Porter's definition, the cluster stages include many types of institutions and different actors. In this case we have identified six main types: firms, financial entity, public institutions, universities, collaboration organizations and media. (Figure-2)

Some authors from UK explain the very important role of anchor institutions (university and business school) to develop the SMEs through consultancy, contract research, professional and human development workshop or seminars, start-ups and others supporting activities for enterprises (Smallbone, Kitching and Blackburn, 2015).

Figure 2. *Network of Institutions-Creative Clusters*



Source: O. Sölvell, *Clusters – Balancing Evolutionary and Constructive Forces*, 2008, author's design

Wim Naude from Maastricht School of management in the paper *Entrepreneurship and economic development: Theory, evidence and policy* (2013), conclude that the entrepreneurship provides a new perspective to develop economies; entrepreneurship influences development outcomes positively as well as negatively; and entrepreneurship is in turn significantly determined by the dynamics of development.

Overview of Business Entities in the Republic of Macedonia: The Polog Region Case

The economy of a country or region includes a complex set of all economic activities as parts of a whole, which are closely related and dependent on one another. All these branches of economic activities in general represent the economy of a country. Activities of social life, which form the economic base, financial and material life of people, and economic reports between people derived from work and satisfaction from work are included within the economy of a country.

According to the new law on territorial reorganization in the Republic of Macedonia, the number of municipalities was reduced from 124 to 85. This regrouping was attempted to achieve an optimal size of municipalities to emphasize the economic potential in terms of realization of economic activities. According to

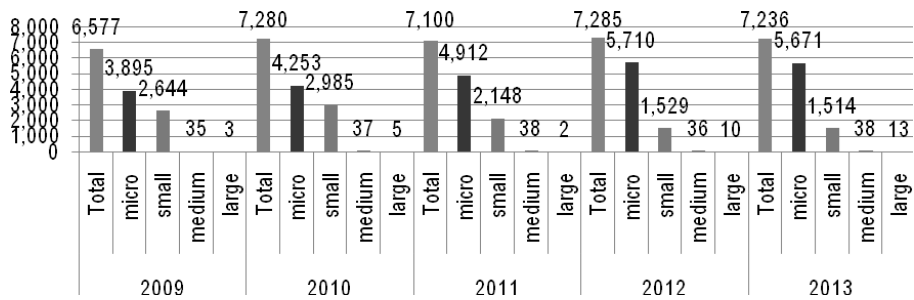
the reshuffling of regional municipalities in Republic of Macedonia and according to statistical classification nomenclature-territorial units NUTS-3 have 8 regions: Vardar, Eastern, North Eastern, Southwest, Southeast, Pelagonija, Polog and Skopje.

The Polog region includes two major cities of Polog valley, Tetovo and Gostivar. The Polog region is known as a region of private initiatives and the executor of many successful businesses.

Based on the trend of the enterprise category (micro, small, medium and large) in the Polog Region during last 5-years (2009-2013) it could be concluded that (Figure 3):

- The total number of SMEs has increased for 659 entities (from 6.577 to 7236),
- The number of micro business entities has significantly increased for 1776 entities (from 3.896 to 5671),
- The number of small business entities has significantly decreased for 1130 entities (from 2644 to 1514)
- The number of medium and large business entities has shown slower growth compared to other categories.

Figure 3. *The number of SMEs in Polog Region (2009-2013)*



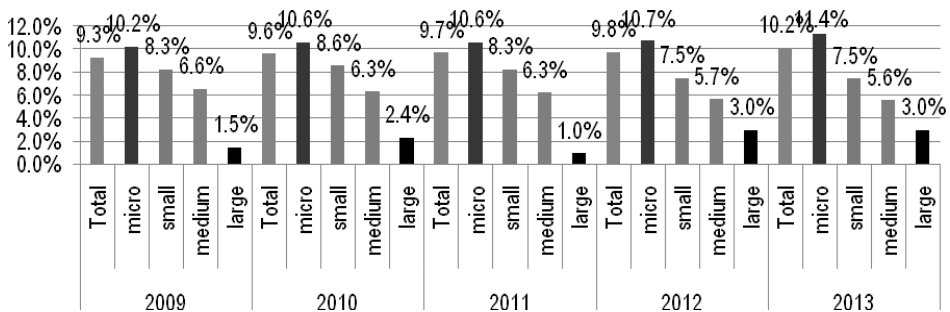
Source: *State Statistical Office of RM, author's calculation*

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The analysis of participation of Polog SMEs as part of the Macedonian economy during 2009-2013 is as follows (Figure 4):

- The percentage of total SMS has increased from 9.3% to 10,2%,
- The higher percentage from SMEs are micro business entities

Figure 4. *The number of Polog Region SMEs as part of RM economy (%) , (2009-2013)*



Source: *State Statistical Office of RM, author's calculation*

There are several contemporary institutions of a high significance to the citizens and the business sector in the Polog region. There are two higher education institutions: the State University of Tetova (SUT) and South East European University (SEEU). In SEEU there are two contemporary institutions which are supporting the SMEs of Polog region: the Business Development Centre (BDC) and the Technology Park (TP). There are some private entities which are supporting SMEs in the Polog region, but of a high relevance and long time experience such as: Enterprise Support Agency (ESA) and Economic Chamber of North-West Macedonia (ECNWM).

The objective of the research is to measure and test the level of relationship between the category of companies (micro, small and medium) and contemporary forms (BDC, TP, ESA, EC) and their impact on them. The focus of the research is the relationship between categories as follows:

1. *Category of companies vs. Institutions which support the entrepreneurship*
 - 1.1 *Category of companies vs. Institutions which support the entrepreneurship (Economic chambers, BDC and ESA)*

2. *Category of companies vs. Service satisfaction about services provided by BDC and ESA*
3. *Category of companies vs. Increasing the services received by BDC, TP and ESA*
 - 3.1 *Category of companies (which increase the investments) vs. Increasing the services received by BDC, TP and ESA*
4. *Attendance of seminars, training, workshops for R&D vs. Trend of investment in the past three years*

Data and Methodology

The research data is generated by a questionnaire conducted in 244 SMEs in the Polog Region, Republic of Macedonia. The questionnaire contains 9 questions which will transform in 9 variables processed by STATA (Appendix Table 6).

The survey sample for SMEs of Polog region on one hand is dominated mostly by business trade activity 41.8%, production 29.1% and in the other 87.7% by micro companies, 9.4% small companies, and only 2.9% by medium companies (Figure 5, 6).

Figure 5. *Business Activity*

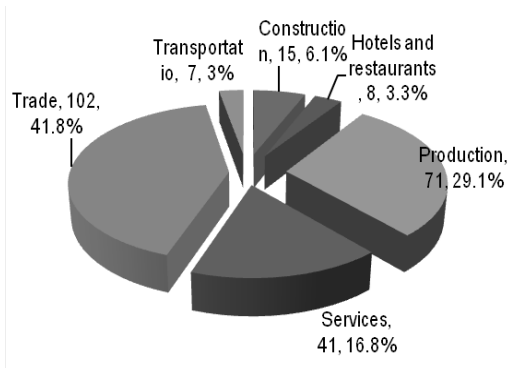
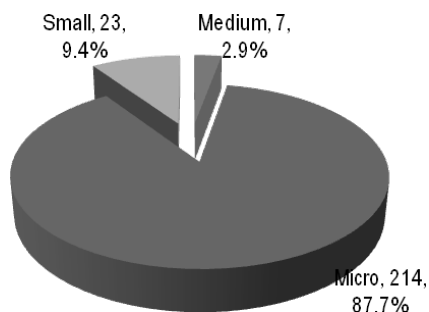


Figure 6. *Category of company*



The used methodology is cross tabulation two-way tables with measures of association of the survey conducted in the Polog region SMEs processed by STATA software. According to this methodology the following hypotheses will be tested:

- **The null hypothesis (H_0):** *No relationship between variables*
- **The alternative hypothesis (H_a):** *Existing relationship between variables*

The estimation and testing of hypotheses will be realized as follows:

- *Cross tabulation two-way tables with measures of association.*
- *Statistic Testing: X^2 (chi-square) tests (Wolfe, 1999), Cramer's V test, Gamma, Kandall's tau test and Fisher's exact test (Jann, B. 2008).*

Measuring Results and Testing Hypotheses

The focus of this research is testing four main hypotheses and two auxiliary hypotheses as follows:

Hypothesis-1 No relationship between company category and institution type which support entrepreneurship.

According to the cross tabulation results between company category and institution which support entrepreneurship, it could be concluded: (Table 1):

- 31.78% of micro enterprises have declared that local government is supporting their entrepreneurship activities, Banks 24.77%, BDC & ESA 18.22%, etc.
- 30.43% of the small enterprises believe that Local Government and University BDC & ESA Government are supporting their entrepreneurship activities.
- Most medium companies (57.14%) have declared that central government are supporting their entrepreneurship activities.
- In general, according to the sample of Polog region 31.56% of SMEs have declared that local government is supporting their entrepreneurship activities, Banks 23.36%, central government 21.72%, BDC & ESA 18.85% and economic chamber 4.51%.

Table 1. *Category of Companies and Institutions which Support Entrepreneurship*

Company category	Institutions which support entrepreneurship						
	L	Banks	Central Gov	Chambers Com	Local Gov	BDC&ESA	Total
Micro	f	53	44	10	68	39	214
	R%	24.77	20.56	4.67	31.78	18.22	100
	Co%	92.98	83.02	90.91	88.31	84.78	87.7
	Ce%	21.72	18.03	4.1	27.87	15.98	87.7
Small	F	4	5	0	7	7	23
	R%	17.39	21.74	0	30.43	30.43	100
	Co%	7.02	9.43	0	9.09	15.22	9.43
	Ce%	1.64	2.05	0	2.87	2.87	9.43
Medium	F	0	4	1	2	0	7
	R%	0	57.14	14.29	28.57	0	100
	Co%	0	7.55	9.09	2.6	0	2.87
	Ce%	0	1.64	0.41	0.82	0	2.87
Total	F	57	53	11	77	46	244
	R%	23.36	21.72	4.51	31.56	18.85	100
	Co%	100	100	100	100	100	100
	Ce%	23.36	21.72	4.51	31.56	18.85	100

Legend: Frequency (f), Row percentage (R%), Column percentage (Co%), Cells percentage (Ce%)

The testing of correlation between the company category and institution which support the entrepreneurship is shown as follows:

TESTING:

RESULTS :

Pearson chi2 (8) = 11.9107

Pr = 0.155 Because Pr > 0.05 (5%IC) then we accept H(0)

Crammer's V = 0.1562 V: ∈ + or -0.10 to 0.19 then the association is weak

Gamma = 1.0000

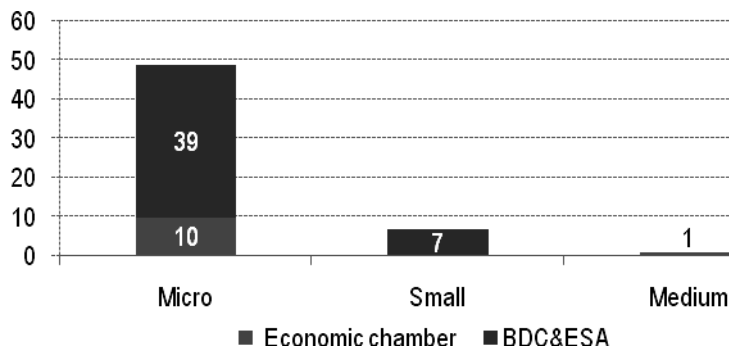
The results from testing hypothesis 1 indicate that in general there is no correlation between the Company Category (micro, small and medium size company) and the type of Institution that supports entrepreneurship (Banks, Central Government, Chambers of Commerce, Local Government, BDC and ESA).

Hypothesis-1.1. No relationship between company categories and institution type which support entrepreneurship with special emphasis on economic chamber, business development centre (BDC) & enterprise support agency (ESA).

According to the cross tabulation results between company category and especially with economic chamber, business development centre (BDC) & enterprise support agency (ESA) the following can be concluded: (Figure 7, Appendix Table 7)

- 23.4% or 57 of 244 SMEs have declared they have used services provided by EC, BDC and ESA
- 20.4% or 10 of 49 micro companies have declared they have used services provided by economic chamber and 79.6% or 39 of 49 micro companies that they have used services provided by BDC & ESA.
- All 7 of the small companies have declared they have used services only provided by BDC & ESA.
- One medium company has declared it has used services provided only by the economic chamber.

Figure 7. *Relation Between Company Category and Institutions Which Support Entrepreneurship (Economic Chamber, BDC and ESA)*



The testing of correlation between the company category and economic chamber, *BDC and ESA*, is as follows:

TESTING:	RESULTS :
Pearson chi2 (2) = 5.8945 Pr = 0.052	Because Pr=0.05 (at 95% confidence) then we accept H(a) There is a relationship between Company categories vs. EC, BDC&ESA.
Crammer's V= 0.3216 Gamma= 1.0000	V=0.3216 ∈ (+ or -) 0.30 or above, this association is strong G=1.0000 then there is a positive strong relationship

The results from testing hypothesis 1.1 indicate that there is a relationship between the enterprises category and EC, BDC and ESA. These results confirm the declarations of SMEs from Polog region that the institution type mentioned above have supported their entrepreneurship activities and in general have improved the entrepreneurship climate in Polog region.

Hypothesis-2 No relationship between company category and service satisfaction of services provided by BDC and ESA.

The most important issue of SMEs in Polog region is the level of satisfaction from services provided by BDC and ESA. As a result of cross tabulation of SMEs related to this issue the following results have been obtained (Table 2):

- 11.2% (24 companies) and 46.3% (99 companies) from all micro companies have declared that they have been very satisfied and satisfied with services provided by BDC and ESA.
- 8.6% (2 companies) and 56.6% (13 companies) of all small companies have declared they have been very satisfied and satisfied with services provided by BDC and ESA and
- 71.4% (5 companies) of medium company have declared they have been very satisfied and satisfied with services provided by BDC and ESA.

Table 2. *Enterprises Category and Service Satisfaction of Services Provided by BDC and ESA*

Company category	Service Satisfaction of services provided by BDC and ESA				
	Very dissatisfied	Dissatisfied	Satisfied	Very satisfied	Total
Micro	45	44	99	24	214
Small	3	5	13	2	23
Medium	0	2	5	0	7
Total	48	51	117	26	244

The testing of correlation between these categories is as follows:

TESTING:	RESULTS :
Pearson chi2 (6) = 4.423 Pr = 0.620	Because $Pr > 0.05$ (at 95% confidence) then we accept $H(0)$ No relationship between Enterprise Category & service satisfaction about services provided by BDC&ESA
Crammer's V = 0.0952	$V = 0.0952 \in (+ \text{ or } -) 0.01 \text{ to } 0.10$ this association is very weak
Gamma = 0.216	$G = 0.2165 < 1.0000$ then there is a positive weak relationship

The results from testing hypothesis 2 indicate that there is no relationship between enterprise categories and service satisfaction about services provided by BDC and ESA. The results do not confirm the declarations of SMEs from Polog region about the service satisfactions of the institution type mentioned above. In this case, as a result of a very poor level of correlation between category types which are the object of study do not relate to the declaration of SMEs concerning this issue.

Hypothesis-3 No relationship between company categories and increasing services received by BDC, TP and ESA

One of the goals of this research is to measure the correlation between SMEs and the process of increasing services received by BDC, TP and ESA. As a results of cross tabulation of SMEs answers related to this issue, the following results have been obtained. (Table 3):

- 59.8% of micro companies, 21.7% of small companies and 55.3% of medium companies have declared that the services received by BDC, TP and ESA will increase in the future.
- SMEs of Polog region believe that in the future these institutions should help and will support more their entrepreneurial activities.

Table 3. *Company Category and the Increasing of Services Received by BDC, TP and ESA*

Company category		Increasing the services received by BDC, SEEU Tech Park and ESA		
		YES	NO	Total
Micro	F	128	86	214
	R%	59.81	40.19	100.00
Small	F	5	18	23
	R%	21.74	78.26	100.00
Medium	F	2	5	7
	R%	28.57	71.43	100.00
Total	F	135	109	244
	R%	55.33	44.67	100.00

The testing of correlation between these categories is as follows:

TESTING:	RESULTS :
Pearson chi2 (2) = 14.2680 Pr = 0.001	Because Pr=0.001<0.05 (at 95% confidence) then we accept H(a)
likelihood-ratio chi2 (2) = 14.6491 Pr= 0.001	Relationship exists between Enterprise Category & Inst. which support entrepreneurship
Crammer's V=0.2418	V=0.2418 ∈ (+ or -) 0.20 to 029, this association is moderate
Gamma= 0.3928	G=0.3928<1.0000 then there is a positive moderate relationship
Fisher's exact = 0.000	Here we reject the (H ₀) and conclude that there is a relationship between variables

The results from testing hypothesis 3 indicate that there is a positive relationship between enterprise categories and increasing services received by BDC, TP and ESA. These results confirm the declarations of SMEs from Polog region as a significant issue that the services received by BDC, TP and ESA will have a positive trend and will support more their entrepreneurship in the future.

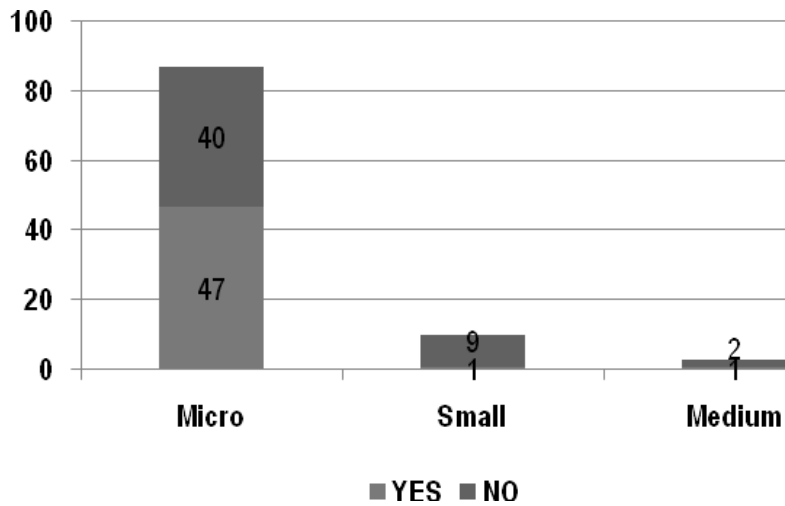
Hypothesis-3.1 No relationship between category of enterprise (which increased the investments in the last three years) and increasing services received by BDC, TP and ESA

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According to the cross tabulation answers of SMEs which increased the investments in the last three years and increasing services received by BDC, TP and ESA we have obtained the following results: (Figure 8, Appendix Table 8)

- 40.98% or 100 of 244 SMEs have declared that during the last three years have increased their investments.
- 54.0% or 47 of 87 micro companies, 1% or 1 of 10 small companies and 33.3% or 1 of 3 medium companies are declared parallel to their investment increase have increased the services received by BDC, TP and ESA.

Figure 8. *Enterprise Category with Increased Investments in the last 3 Years and BDC, TP and ESA*



The testing of correlation between these categories is as follows:

TESTING:	RESULTS :
Pearson chi2 (2) = 7.2595	Because $Pr=0.027 < 0.05$ (at 95% confidence) then we accept $H(a)$
likelihood-ratio chi2 (2) = 8.2249	There is relationship between company category with increased investments & institution type BDC, TP, ESA)
Pr = 0.027	
Pr = 0.016	$V=0.2694 \in (+ \text{ or } -) 0.20 \text{ to } 0.29$, this association is moderate
Crammer's V = 0.2694	
Gamma = 0.5526	$G=0.5526 < 1.0000$ then there is a strong relationship
Kendall's tau-b = 0.1973	
Fisher's exact = 0.015	$F=0.015$ near 0, we conclude that there is a relationship between variables

The results from testing hypothesis 3.1 indicate that there is a positive relationship between SMEs which have increased their investments in the last 3-years and increasing services provided by BDC, TP and ESA. These results confirm the strong opportunity of SMEs of Polog region to increase their investments being supported by BDC, TP and ESA. In general, this will improve the investment climate in region and broader.

Hypothesis-4 No relationship between company categories which have attended seminars, training, workshops for R&D and trend of their investments in the last three years.

According to the cross tabulation answers between categories mentioned in hypothesis 4, we can conclude as follows: (Table 4)

- 56.1% or 137 of 244 SMEs have declared that have attended seminars and workshop on research and development (R&D).
- 51.0% or 51 of 100 SMEs which have increased their investments during last 3 years declared that have attended seminars, training, workshops and R&D activities.
- 3.6% or 5 of 137 SMEs which have attended the seminars, training, workshops and R&D activities have declared that have had significant increase of investments.

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Table 4 *Companies which have Attended Seminars, Training, Workshops and the Trend of Increasing Investments during last 3 years*

Attendance of seminars training, WSH – R&D	Trend of investment during last three years					
	K	Decrease	Increase	Sig.Increase	The same	Total
YES	F	30	51	5	51	137
	R%	21.90	37.23	3.65	37.23	100.00
No	F	14	49	12	32	107
	R%	13.08	45.79	11.21	29.91	100.00
Total	F	44	100	17	83	244
	R%	18.03	40.98	6.97	34.02	100.00

The test results of the relationship between companies which have attended seminars, training, and workshops for R&D & Trend of investment during last three years are as follows:

TESTING:	RESULTS :
Pearson chi2 (3) = 9.5457 Pr = 0.023	Because Pr=0.023<0.05 (at 95% confidence) then we accept H(a)
likelihood-ratio chi2 (3) = 9.6539 Pr= 0.022	There is relationship between attendance of seminars, training, WSH –R&D & trend of investments last three years
Crammer's V= 0.01978	V=0.01978 ∈ (+ or -) Less than 0.10, this association is very low
Gamma= 0.0338	G=0.0338<<1.0000 then there is a strong relationship
Kendall's tau-b = 0.0198	
Fisher's exact = 0.023	Here we reject the (H ₀) and conclude that is a relationship between variables

The results from testing hypothesis 4 indicate that there is a positive relationship between companies which have attended seminars, training, workshops on R&D and positive trend of investment in the last three years. SMEs from Polog region believe that if they attend more training and workshops for R&D in the future, it will improve their entrepreneurial performance and will impact the overall entrepreneurial performance of the region.

Conclusion

According to the estimates, results and testing of the answers and feedback from questionnaires conducted for SMEs of the Polog Region in Republic of Macedonia, the research leads to the following conclusions:

There are good entrepreneurs in the Polog region who need support especially by public institutions as well as banks and contemporary forms of business support. In general, there are insignificant relationships between company categories of Polog region and all institutions which support entrepreneurship such as: banks, local and central government, economic chambers, technologic parks, business development centres and enterprise support agencies.

The economic chamber, BDC and ESA have a positive impact in supporting and assisting the development of SMEs. But unfortunately, the SMEs of Polog region do not have an adequate service satisfaction related to the services provided by BDC and ESA, even though they continue to receive services from them.

SMEs of Polog region which have had increasing investments in the past three years have received increased the services received by BDC, TP and ESA such as: seminars, training, and workshops. These activities are conducted in order to research and develop their company and to achieve a positive trend of their investments.

Universities, BDC, business start-up agencies, technologic parks should provide services according to the SME needs. This approach will create new opportunities for entrepreneurs and more chances to develop the existing or new companies. The entrepreneurs should understand that the relationship with contemporary institutions is meant to give them more benefits and profit.

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Appendix:

Table 5. *Thresholds of Enterprise Category EU/MKD*

Country	Enterprise category	Headcount	Turnover	Total balance sheet
EU	Medium-sized	< 250	€ 50 million	€ 43 million
	Small	< 50	€ 10 million	€ 10 million
	Micro	< 10	€ 2 million	€ 2 million
MKD	Medium-sized	50 → 249	€ 10 million	€ 10 million
	Small	10 → 49	€ 2 million	€ 2 million
	Micro	1 → 9	€ 50 thousand	€ 50 thousand

Source: *SMEs EU Envoy Report 2005 and Company Law of MKD, author’s design*

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Table 6. *DATA Describe*

Variable	Storage type	Display format	Variable label
var1	str22	%22S	Business Activity
var2	str6	%9S	Enterprise category
var3	str18	%18S	The reasons for opening of enterprise
var4	str22	%22s	Institutions which support your entrepreneurship
var5	str17	%17s	Service Satisfaction from Universities and ESA
var6	str27	%27s	Associations which needed to protect your interests
var7	str3	%9s	Attendance of seminars, trainings, workshops for R&D
var8	str22	%22S	Trend of investment in the past three years
var9	str3	%9S	Increasing the services received by BDC, SEEU T. Park and ESA

Table 7. *Category of Companies and Economic Chamber, BDC, ESA*

Enterprise category	Institutions which support the entrepreneurship		
	Economic Chambers	BDC&ESA	Total
Medium	1	0	1
Micro	10	39	49
Small	0	7	7
Total	11	46	57

Table 8. *Enterprises Category with Increasing Investments last 3 Years and BDC, TP & ESA*

Enterprise category	Increasing the Services received by BDC, SEEU Tech Park and ESA		
	YES	NO	Total
Medium	1	2	3
Micro	47	40	87
Small	1	9	10
Total	49	51	100