

CLUSTERS AS A MODERN MODEL OF DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES IN THE TRANSITION COUNTRIES

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Abstract: *This paper deals with the issue of cluster as a modern model of development of small and medium enterprises. Clusters as a model for the development of SMEs in recent years are current as in countries in transition, in contrast to developed countries where the model has long been present. It is understandable that clusters are not sufficiently developed in the transition countries, and the reasons should be sought in inadequate development and transfer of innovative technologies, insufficient skills of employees and the lack of partnerships between businesses, which is a critical factor in the development of clusters. The aim of this study is to determine and present factors of cluster development in the application of the concept of small and medium enterprises as a critical factor in economic growth of transition countries.*

Key words: CLUSTERS, SMEs, ECONOMIC DEVELOPMENT, SMALL BUSINESS

1 Introduction

The sector of small and medium enterprises represent an increasingly important segment of the economy of transition countries. For several years now, these undertakings are the most effective part of the economy of transition countries. Backed by foreign direct investment, this sector would in the future could be a significant lever of economic development and the main creator of new jobs. Negative tendencies of the global economic crisis were reflected in the operations of small and medium enterprises. The sector is faced with declining demand, difficult collection of receivables, reduced investment, reduced credit capacity and reduced liquidity, which resulted in a weaker position in the market. These companies are characterized by absence of horizontal and vertical links, or they are not sufficiently linked between themselves in various forms of business associations, such as clusters, and they are not associated with large companies and multinational companies in supply chains. Cooperation and linking companies into clusters, but the clusters and institutional support to contribute to the overall development of the economy transition countries.

Clusters as a modern model of development of small and medium enterprises in a flexible way to trigger development. It has a positive impact on economic development at the local and regional level. However, it also indicates that the conceptual approach to cluster development is relatively complex and therefore can be achieved only with the simultaneous cooperation of representatives of governments, companies as candidates for the cluster, financial institutions, educational and other organizations. The geographical range of clusters can range from a city, region, country or even to the networks of neighboring countries. The structure of clusters is also different and depends on the number of members interested in developing a common strategy.

In practice, small business development model clusters deserves special attention. It proved to be practical in particular for countries that have a tradition in supporting the development of small and medium-sized enterprises. The immediate precursor to the development of clusters and incubators are in fact where there experience with incubators clusters are developing rapidly. In countries in transition the clusters It points in perspective. Transition countries have the chance to cluster development, and that means that we should create conditions for the realization of this idea. It should be borne in mind that the acquired experience in the development of clusters in the EU can be transferred to local practice without wandering, that in the future development was inevitable.

2. Cluster of small and medium entrepreneurship

Small and Medium Entrepreneurship bars represent the backbone of economic development, both in developed countries and countries in transition. One way of raising the efficiency of operations and

effectiveness of small and medium enterprises, and thus the overall economy, is to stimulate the development of clusters. Such a way of connecting companies, especially in the field of industry (as first among equals activities in the field of material production), contributes not only lead to a more balanced regional development, but is the key overall economic development. Especially industrial clusters, in recent decades, in the center of attention not only professional circles, but also policy makers, in terms of creating programs for the improvement of the economic development of transition countries. The focus of the regions which, thanks to the cluster association of small and medium-sized enterprises, achieved significant success in comparison with other regions in the world.

The region of the world where the developed system of networking and cooperation through clusters generate significant economic growth and a rise in living standards of all those who are associated with the cluster in a given territory. In regions where no such organizing, requires significant financial resources to encourage cluster organization as well as the successful development of clusters. Linking education, science and production is a necessary condition for economic growth and stimulating innovation processes. Conquering new technologies, new jobs, new markets, without the support of institutions is difficult to achieve. Therefore, the role of the state is crucial. The European Union, for example, each document of the strategic development of its economy, in the center of policies and measures to encourage the development of small and medium entrepreneurship emphasizes activities focused on innovation, the creation of small and medium-sized enterprises and networking, in particular, on the development of clusters.

2.1. Clusters as a modern model of development of small medium enterprises transition countries

Business enterprises in modern conditions of business is based on quality, innovation, speed, flexibility, connectivity, building a critical mass of capital and product or service potential. This new style of business requires a team approach at the local level - the so-called cluster approach. English word cluster (a collection, a flock, a cluster group) was first used by an American composer (to denote a set of simultaneous, densely arranged tones), and this term was popularized by M. Porter[6], in his famous work. Around the world, companies tend to gather in clusters, and had a lot earlier than the term cluster entered the economic literature. Basically this idea is cooperation, as well as joint action at least two enterprises in order to increase business performance, and achieving synergy - when the combined effect is greater than the sum of the individual effects. The companies are not isolated entities but in the exercise of their activities generate interaction with customers, suppliers, competitors and public institutions. Be sure that the quality of the connection and the system of relations that the company establishes with other operators can substantially affect its competitive advantage.

By participating in the cluster, enterprises raise the level of competitiveness, allowing them to exit the broader markets, access to funding and favorable loans. The cluster is different from other types of connections within its geographic boundaries on the grounds of: [1]

- Development and utilization of resources;
- Information management (chains of knowledge);
- Means of exchanging goods and intermediate goods and
- On the basis of importance of connection method.

Clusters should be understood as a regional system and the "geographic concentrations of interconnected companies, specialized suppliers, service suppliers, companies from related industries, and associated institutions (eg, universities, agencies, tourist and trade associations) that compete but also cooperate".[5]

The strong competitive advantage in a global economy lie mainly in local things - knowledge, relationships, motivaciji- differences that competitors can not easily copy, which can best be developed through clusters. The very definition of cluster emphasizes the fore the importance of the local environment, the importance of the connection member and bordered by geographical, despite the growing process of globalization and the ever increasing development of the so-called virtual economy. One of Porter's short definition is that clusters of a critical mass of enterprises and institutions in one place, unusual competitive success in certain fields. [8]

Cluster development is the most effective way to stimulate the development and quality of the local environment, to raise the economy of the region to a higher level, and to improve the diamond of national competitiveness.

3. Factors and conditions for the successful development of clusters

There are a number of determinants shared by all successful clusters, regardless of what branch of activity represented or how many members had. Basic determinant successful clusters are: [8]

- formal and informal leadership;
- understanding the difference between the concepts of competitiveness and competition;
- solid interconnection of businesses;
- equal relations between members and good communication.

3.1. Quality leadership

Even the largest clusters are usually small specialized organizations composed of narrow teams. In practice, leaders of business associations representing the president of the cluster and the cluster manager. The President led members on the basis of his knowledge, authority and experience, and the cluster manager is the neutral operative who carried out the goals. Cluster initiative at the outset often have all the functions integrated in one person who has a vision and previously informal authority among members. The leader of the initiative launches basic projects and transmit their vision of the organization to others. Growth and development of clusters by operating, Official functions gaining more weight and comes to the institutionalization of the cluster.

3.2. The difference between competitiveness and competition

It often happens that experienced experts are not entirely sure of the difference between competitiveness and competition. Competitiveness directly determines the technology you use for product development or the level of service you can provide. Human resources are an important element of competitiveness. The competition refers to businesses competing in the same market, identical or similar products or services. Healthy competition encourages higher quality and a prerequisite for creating competitiveness.

3.3. Business cooperation

Strong historical relations between economic entities is the foundation of any association. The distinguish two aspects - the relationship within clusters and cluster connections with institutions. Interconnection members is based on the previous

business ventures and / or joint interest. Connection cluster with the official institutions of the state is equally important.

3.4. Equality between cluster members

Successful clusters always seek to ensure fair and equal attitude to every member. Integrity is the foundation of mutual trust, and trust is the foundation of the business association. Equality is primarily reflected in the ability to express their own interests. The clusters are voluntary co-operative enterprises, and members primarily protect the legitimate interests of his own company.

3.5. Communication

Perhaps the most important determinant, which is associated with all other communication. The dialogue between all actors in an attempt to solve existing business problems, improve competitiveness and become more innovative is a feature of any successful clusters. A lot depends on the leader who must be able to anticipate conflicts before they occur, and if it comes to the problem must have ready solutions. Communication skills leaders largely determine the speed of cluster development.

4. European experience in the formation of clusters

Specific effects related to the formation of clusters (especially in industry) in the EU, the region and the state, could be summed up in a few advantages: [3]

- significantly increased industrial production;
- began on a positive restructuring of the industry;
- boosted the development of entrepreneurship and the SME sector;
- increased competitiveness of industry and the economy as a whole;
- increased exports;
- allowed the revival of traditionally underdeveloped regions and
- created the possibility of integration with other clusters.

Cites as an example the experience of some European countries in the formation of clusters - Spain, Slovenia and Italy.

4.1. Spain

Spain has been developed as a developed democracy divided into 17 autonomous regions. It is characterized by a high standard of living and economy of size, measured by the nominal GDP, ranks ninth in the world. In the period of 1970-2000 in the context of industrial clusters, took place the process of institutionalization. The existing industrial clusters have fit into the institutional framework, in parallel with the development of new institutions and new industrial development policies. In this way, attracted the attention of policy makers and ensure political support and stimulation. Today in Spain there are the following regional clusters in the region of Basque Country - in the sectors of automotive, machine tool manufacturing, electronic appliances, household appliances, energy and paper pulp; in the region of Catalonia - in the automotive industry, chemical industry, metallurgy and metal products, textile and garment production and leather products, engineering, various mechanical and mechanical equipment, transport machinery, graphics - publishing, electrical equipment and appliances, food industry, wood processing and furniture production; in the region of Valencia - in the automotive industry, production of shoes, furniture, toys, textile and chemical industries. [5] Privacy cluster development in Spain can certainly assess such initiatives primarily determined by the regional government. Regarding the public sector, its degree of involvement in encouraging the formation and development of clusters varies depending on the particular region.

4.2. Slovenia

The process of cluster development in Slovenia is based on a distinctive model of "dynamic concentric circles" bottom-up approach and principles-based learning experiences. In this model around the big, so-called base, the company set up networks of

small circles SMEs, which then form potklastera based on specialization and geographical concentration. Bottom-up approach allows a very efficient adaptation institutional arrangements actual needs of the cluster, in various stages of development. In addition to formal, Slovene reality is characterized by a number of small, mostly informal clusters. The formation of informal clusters takes place spontaneously as a result of past or current initiatives, and / or activity of catalysts tend to group or independent companies and institutions. [3]

4.3. Italy

Italian clusters are mainly developed spontaneously, mostly in labor-intensive industries and within family businesses. What, indeed, it should be noted that Italy is characterized by a high concentration of small and medium-sized enterprises, as well as the longest experience in the development of clusters in the world. Particularly interesting is the film cluster that was located near the Cinecittà studios in Rome, founded in 1937. The emergence of television has certainly led to the diversification of production and, at the same time, the crisis in that part of the cluster dealing with film production. In view of the development of digital technology, the Rome Film cluster lags behind the cluster of Milan, and increasingly in relation to clusters of Naples and Turin.

5. Conclusion

Small and medium entrepreneurship in the of clusters as modern model of development in the transition countries is a lever of development. This sector is the most promising jobs. Although there has been progress in the development of clusters, it is also obvious that the problem exists. They are located in an insufficient number of companies in this organizational form, inadequate labor force, administrative barriers, and inadequate regional distributional patterns.

In transition countries, the biggest problems are: the lack of financial resources and legal regulations, the lack of adequate qualities of workers, non-compliance with the requirements of business quality standards.

Securing financial resources represents one of the main problems the sector of small and medium enterprises, as lending in

transition countries difficult and expensive. Despite all this, SMEs form the basis of the development of new business ideas. It must be seen as the main drivers of innovation, employment as well as social and local integration in Europe. For this reason, it should be modeled on Europe, to create the best possible environment for the needs of small and medium enterprises.

And according to the experience of the EU countries develop the overall economy can significantly increase the connectivity of enterprises in clusters, especially in mature industries, where the state has an important role in the development of systems and institutions to support their development.

The success of cluster development, however, depends largely on the willingness of the cluster members to share the knowledge they have and enrich their knowledge base with new knowledge. Clusters in all sectors of economy in the transition countries are effective instrument for overcoming the problems or international competitiveness of enterprises and basic key and lever to future economic development.

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