



Analysis of competencies and needs for training of potential entrepreneurs for starting own business in the Herzegovina Region

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Introduction- The Problem of Research



- ❖ In developed market economies but also in those economies in transition, a large number of new small enterprises are starting every day.
- ❖ A relative share of small enterprises is increasing constantly by comparison with the total number of enterprises, and the share of small and medium enterprises in the total number of enterprises in the European Union, stands at about 99,79%, out of which 92,30% of micro enterprises, 6,53% of small enterprises and 0,958% of medium enterprises.
- ❖ In the structure of total number of employed persons in small and medium enterprises is 69,73%, out of which 39,39% of employees are employed in micro enterprises, 17,37% in small enterprises and 12,96% in medium enterprises.



Introduction- The Problem of Research



- ❖ Analyzing a life span of newly established enterprises has revealed that on an average 87% of enterprises established survive their first year, 68% of them survive at least three years and 55% of them reach five years of business operation.
- ❖ This means that the bankruptcy rate of new enterprises is very high, and results of researches conducted so far indicate that basic reasons of such bad operating results are based on mistakes of entrepreneurs or management.
- ❖ Attractiveness of some business often makes it conditional to be accepted also those having no experience, knowledge, abilities and skills in that business. However, when they have experience it is often inappropriate, acquired only in one operation array or they do not possess any managerial knowledge or experience.
- ❖ In order to enter in an entrepreneurial undertaking and start own business, apart from entrepreneurial talent and wish to start own business are necessary also some competencies.



Introduction- The Problem of Research



- ❖ In European charter for small enterprises, which was also signed by Bosnia and Herzegovina, members of European Union pointed out the course of actions which should enable becoming the most competitive and developed economy in the world, based on the knowledge, capable of sustainable economy development and opening of numerous working places.
- ❖ One of ten recommended course of actions is improvement of skills availability.
- ❖ In it, it is pointed out that they shall endeavour to ensure that training institutions, complemented by in-house training schemes, deliver an adequate supply of skills adapted to the needs of small business, and provide lifetime training and consultancy.



The aim of research and establishing of hypothesis



- ✚ The defined problem and determined objectives for this research have also established a content of hypotheses for this research that read as follows:

✚ Hypothesis:

- ✚ H1 – Potential entrepreneurs of the Herzegovina Region do not have adequate competencies for starting their own business,
- ✚ H2 – There is a need for organizing of continuous training for potential entrepreneurs in the Herzegovina Region,



Scope of research and methods of data collection



- ❖ Data from original questionnaire prepared within a project “Voucher scheme of training and consultancy services for small and medium enterprises in the Herzegovina Region” implemented by Regional Agency for Economic Development of Herzegovina Region.
- ❖ The research conducted encompassed 100 potential entrepreneurs.
- ❖ The survey included students from final years of study on various faculties, unemployed and employed persons.
- ❖ In the questionnaire questions have been put with offered answers characterized by five degrees of response from 1 to 5 (Lykert’s type scale).



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Research Results



- ➊ Having knowledge about features of the business enterprise one wish to launch
- ➋ Having knowledge and skills in the field of marketing
- ➌ Possessing knowledge and skills in using information technologies
- ➍ *Possessing knowledge and skills in accounting and financing as components of business planning and finance management*
- ➎ *Possessing knowledge of structural forms of the potential business enterprise*
- ➏ Possessing knowledge of the company registration
- ➐ *Possessing knowledge on laws and regulations pertaining to the desired business enterprise and operations*
- ➑ *Having basic knowledge and skills in the field of management*



Having knowledge about features of the business



- ✚ This research attempted to ascertain to:
 - ✚ what extent the potential entrepreneurs are familiar with the technical and technological features of the business enterprise they plan or wish to launch.
 - ✚ The average score when it comes to knowledge of the above-mentioned field of expertise with the potential entrepreneurs is 2.65.
 - ✚ what extent potential entrepreneurs possess the knowledge on products or services being at the focus of their future business enterprise.
 - ✚ The average score when it comes to knowledge of the above-mentioned field of expertise with the potential entrepreneurs is 2.77.



- ❑ Launching one's own business requires a good knowledge of the market (competition, suppliers, buyers etc.) related to the desired enterprise,
- ❑ The average score when it comes to knowledge of the above-mentioned field of expertise with the potential entrepreneurs is 2.43.
- ❑ The average score for having knowledge about features of the business enterprise one wish to is 2,62.



Having knowledge and skills in the field of marketing



- During the research we attempted to establish to what extent the potential entrepreneurs possess knowledge and skills in the field of marketing research.
- The average score when it comes to knowledge of the market research with the potential entrepreneurs is 2.25.
- The average score when it comes to possessing knowledge of the market segmentation and selection of target markets with the potential entrepreneurs is 2.38.



Average score for elements of marketing mix



- ❖ Product - The average score when it comes to possessing knowledge of the above-mentioned field of expertise with the potential entrepreneurs is 2.18.
- ❖ Price management - The average score when it comes to possessing knowledge of the above-mentioned field of expertise with the potential entrepreneurs is 2.28.
- ❖ Possess knowledge and skills in the field of distribution channels, sales and sales skills related to products and services
- The average score when it comes to possessing knowledge of the above-mentioned field of expertise with the potential entrepreneurs is 2.42.
- ❖ Promotion - The average score when it comes to possessing knowledge of business promotion as a marketing mix element with potential entrepreneurs is 2.53,
- ❖ **The average score for having knowledge and skills in the field of marketing is 2,32.**



Possessing knowledge and skills in using information technologies



Using information technologies	The average score
standard Office Programs	3,17
usage of E-mail	3,16
usage of Internet - collect of informations	4,06
usage of Internet -different types of transactions	1,61
Total -Average	3



Possessing knowledge and skills in accounting and financing as components of business planning and finance management



- ❖ which extent the potential entrepreneurs are capable of conducting their independent financial planning – 2,48
- ❖ which extent the potential entrepreneurs are capable of making a calculation of business operation success indicators on their own, whether related to predictions or results achieved – 2,55
- ❖ financial segments of business plan or some other investment project – 2,36
- ❖ Business plan – 2,43
- ❖ know financial institutions, market and other possibilities and preconditions for financing a business enterprise – 2,63
- ❖ Management of the working capital – 2,29
- ❖ Calculating operational costs and cost management – 2,49
- ❖ The average score for possessing knowledge and skills in accounting and financing as components of business planning and finance management is 2,46.



Possessing knowledge of structural forms of the potential business enterprise



- ❖ what extent potential entrepreneurs are familiar with a variety of structural forms and structural form selection opportunities when registering their business enterprise,
- ❖ Average score with regard to possessing knowledge in the above-mentioned area of expertise is 2.62.



Possessing knowledge of the company registration



- what extent the potential entrepreneurs are familiar with the legal regulations applicable to registration of a handicraft business, a company or other structural forms, and whether they were able to go through the registration process by themselves, without being assisted by anyone else - 2.56
- In addition to company registration, there is a number of other activities one needs to know and perform in order to start one's business, including employees' retirement and health insurance fund-related registration, opening a transaction account, obtaining the Identification Number, Customs Clearance Number etc. – 2,65
- Average score is 2,61



Possessing knowledge on laws and regulations pertaining to the desired business enterprise and operations



- During the research we attempted to establish to what extent the potential entrepreneurs are familiar with laws and regulations pertaining to a potential business enterprise – 2,40
- The research also focused on finding out to which extent the potential entrepreneurs are familiar with the implementation of taxation or other regulations like value added tax, income tax, contributions etc. - 2,75
- The average score for possessing knowledge on laws and regulations pertaining to the desired business enterprise and operations is 2,57.



Having basic knowledge and skills in the field of management



Having basic knowledge and skills Average score (2,54)	% potential entrepreneur s
None – I need additional education in management	27%
Very little – I need additional education in management	38%
Fair – yet, I need additional education in most segments	22%
Considerable—I need a specialized education	10%
Exceptional - just occasional and special education	2%
Other	1%



Conclusion



- ❖ The research outcomes have shown that the average score with regard to potential entrepreneurs' competences for starting up their own business is 2.54.
- ❖ They scored **most poorly with regard to management competences, scoring only 2.17**, followed by **marketing 2.32**, **finances and accounting 2.46**, then awareness of law and regulation pertaining to a business they wish to start 2.57, and entering company into a register of businesses with 2.61.
- ❖ The participants polled **scored best with regard to their competences in the field of information technology scoring 3** on average, then on a business enterprise they wish to launch with 2.62, and the equal score of 2.62 related to awareness of the structural forms of a business enterprise they wish to start up.



Conclusion



Based on obtained research results there can be confirmed hypothesis set out for this research as follows:

Hypothesis:

- ❑ H1 – Potential entrepreneurs of the Herzegovina Region do not have adequate competencies for starting their own business,
- ❑ H2 – There is a need for organizing of continuous training for potential entrepreneurs in the Herzegovina Region,



Conclusion



- Having in mind the research outcomes and the fact that no business center, business zone or technological park, or any other center offering education for potential entrepreneurs exists in the region of Herzegovina, and considering other results produced by this survey, it is highly recommended to set up an educational center as soon as possible to organize training of potential entrepreneurs, as well as other business people and managers coming from small and medium-sized companies.
- Also, potential entrepreneurs should be offered continuing consultations and professional assistance for specific activities for which they would presumably need further assistance once they finish their short-term training courses.



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THE END

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