
Introduction

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We are happy to have an opportunity to present you with this special issue of *International Journal of Entrepreneurship and Innovation Management (IJEIM)* titled 'The lines of growing entrepreneurship in transition economies'. In today's highly competitive business environment, entrepreneurship, innovation and technology are viewed as key strategic resources upon which a firm can develop global dynamic capabilities (Drucker, 1992; Zander, 1999). Globalisation has changed the relationship between Western countries and the transition economies of Central/Eastern Europe (CEE). The accession of eight CEE countries into the European Union (EU) on 1 May 2004 dramatically changed the business landscape in Europe. At the same time, candidate countries like Croatia continue to strive for accession into the EU. As it has evolved, the

EU has grown to the point where it is the largest single market in the world today and the one of the largest forces in world trade. With the cost of doing business still relatively low in the accession countries, USA, West European and Asian companies continue to strive to penetrate these transition economies. The emerging economies of the CEE have embarked on a major transition from state-controlled economies to Western-style market-driven markets. Transitional societies are facing many challenges, none of which are any more dramatic than how to stimulate entrepreneurship and innovation in their countries. The goal of this special issue of *IJEIM* is to explore the foundations of entrepreneurship in transition economies.

This special issue is based upon the contributions of authors and reviewers who are passionate about the opportunities, threats and challenges created by the EU enlargement process for transition countries. The list of contributing authors and their manuscripts are as follows: Timothy Kiessling and Michael Harvey: Globalisation of internal venture capital opportunities in developing small and medium enterprises' relationships; Marina Dabic and Mirjana Pejic Bach: Understanding the foreign direct investment environments in EU 27 + Croatia: current determinants and patterns; David A. Robnison: Keeping pace with change in SMEs: creating and maintaining congruence and consistency in SMEs in transition economies; Domagoj Račić, Zoran Aralica, and Denis Redžepagić: Export strategies as a factor of SME growth in Croatia; Vojko Potocan and Matjaz Mulej Development economics' view on growing entrepreneurship in Slovenia; Besnik Krasniqi, Justina Shiroka-Pula and Enver Kutllovci: Determinants of entrepreneurship and small business growth in Kosova: evidence from new and established firms and Djuro Kutlaca: Innovation infrastructure in Serbia as driving force for development and restructuring of country's S&T landscape.

We hope that selection of the papers in this special issue will provide a starting point for further discussion and stimulate the debate on the value of entrepreneurial ventures in transition economies.

Kiessling and Harvey pointed out the role of SMEs to adjust and develop strategies to compete. Strategic alliances and networks of these alliances appear to be one strategy that SMEs are utilising in the high technology industry to be successful. From a dynamic capabilities perspective, global management capabilities and difficult-to-imitate combinations of organisational, functional and technological skills must be developed to gain/sustain competitive advantage. They explore the development of strong-form trust to maintain and facilitate the advantages of the network members. The use of internal venture capital is suggested to be a superior strategy to develop a network with inherent strong-form of trust. The steps in which the internal venture capitalist may involved for this trust development is outlined: appropriate identification, the funding, network inclusion, TMT inclusion, and communication.

Globalisation and technological innovations create investment opportunities for enterprises worldwide. Foreign Direct Investment (FDI) is one investment option firms choose when expanding into international markets. Dabic and Pejic Bach evaluates the overall economic impact of the expansion on both current EU members and the emerging CEE countries. Specific benefits and challenges are then reviewed based on an in-depth analysis of published and statistical data from EU sources.

In transition economies represent some radical approaches to (non-linear) improvements in technology are needed for an extended period of time to 'catch up' with the industries of the developed economies. The most important factor that can help to bring about such 'quantum' changes in technology, amongst others, is human capital.

Research findings show (Lepak and Snell, 1999; Pfeffer, 1994) today's global leaders are the embodiment of change, but too often they are sent to manage in cultures they know little about. In attempting to forge a work culture that supports high productivity, they may be inclined to fall back on tried and tested approaches from their country of origin, which often prove inappropriate in the adoptive country. Robinson reports on a case where this was successfully accomplished based on the use of a diagnostic questionnaire to assess the effectiveness of current workplace culture, and the extent of change needed to adjust organisational values.

Račić *et al.* analysed situation in Croatia another transition front-runner, despite the favourable trends since the end of the last decade, the weak R&D and innovation performance of the majority of small and medium-sized enterprises due to the lack of necessary resources still causes tensions. The paper explores the main processes and determinants of internationalisations of SMEs in Croatia and empirically explores the data generated through SME Exporters Survey. They concluded that the 'ideal type' Croatian export-oriented SME tend to operate in medium-high technology manufacturing and services, produce specialised capital and consumer goods servicing specific market niches, export independently, sell products directly to specialised customers of special products, cooperate with foreign enterprises, perform intramural R&D activities, innovate product mix by including products with higher-value-added and introduce new technologies but without limiting their innovation activities on acquisition of technology.

In a similar approach Potocan and Mulej develop a critical analysis of and the critical role of growing entrepreneurship in Slovenia. It is important to understand interdependence and the holistic approach in two ways at least. Firstly, it tackles the government, 'academic' and the 'real' worlds. Then suggestions are provided concerning acceleration of the transition now in order to make it real rather than institutional only.

The Krasniqi *et al.* study provides a more in-depth study of important factors explaining small firm growth contextualised in a very unique transition economy – Kosova. Moreover, the study highlights important insights on determinants of small firm growth in a very unique country which embarked latter in transition process towards market oriented economy which can serve as a good testing ground of firm growth theories.

Internationally interdependent laboratories certainly have the potential to reinforce a CEE developing strength at the phase of basic research and science. They can do this both by providing extra funding and by adding further dimensions to the research by positioning it in the wider technological perspectives of the MNC. There are not many spin-off companies originating from knowledge centres Kutlaca's *et al.* paper starts out by presenting Science and Technology (S&T) system in Serbia and offer a conceptual framework for technology parks and their role for R&D. He centre thematically on research issues, and issues relating to research, and in case of university-industry relations increasingly on tangible resources such as money and facilities (Etzkowitz and Leydesdorff, 1997).

As Guest Editors, we would like to thank the authors whose papers are included in this special issue. Without them, who have given their time and intellectual capital as authors, much of what we have accomplished would not have been possible. All papers included in this special issue have been subjected to a rigorous review process by internationally renowned experts in the field. Special words of gratitude are extended to

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