
Book Review

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**Entrepreneurship in Central and Eastern Europe.
Development through Internationalization**

by: T. Mets, A. Sauka and D. Purg

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The SME sector in any economy, regardless of the country, plays a significant role in the creation of growth and development processes. Differences between countries, however, appear when the conditions of growth and the development potential of the SME sector are analysed. This is determined by both external and internal factors.

External factors are related to and stimulated by environmental risk, and are particularly strong. Internal factors are state policies and stability, with a focus on policy transparency and how it functions within the enterprise itself. The process of creating and implementing innovative solutions under the state innovation policy plays an important role. A special role belongs to the SME sector and countries after socio-economic transformation, because in these countries, the sector was built and developed completely from scratch.

Enterprises in the SME sector operate in a highly competitive market, where their unitary market share is small and they do not often achieve a dominant position on it. They show great dependence on their own capital. The main source of financing for both the current operations of the company and innovative projects is self-financing, hence the scope and speed of implemented investment projects is much lower than in the case of large entities.

The limited availability of resources means that they usually base their activities on uncomplicated technology. It is characterised by short investment cycles and susceptibility to innovative and capital changes. They use local resources and labour resources, thus constituting an important element of the local economy. The organisational structures of these entities are simple, transparent and flexible. They are characterised by the ability to react quickly to changes taking place in their surroundings, which was clearly demonstrated by the recent economic crisis.

At this point, it is worth emphasising that the socio-economic changes taking place in recent decades have contributed to the re-evaluation of the hierarchy of resources, have been considered the most important in the enterprise. At present, it is knowledge and human capital. These intangible values are important. It is also becoming more important to have access rights over resource ownership.

Enterprises belonging to the SME sector most often constitute individual property or a small number of partners acting as a basic source of income for them and their families. The owner personally manages or significantly affects the company, which is why the company's economic and financial situation and its position on the market are determined by the personality traits of these companies. Empirical research shows that owners of micro, small and medium-sized enterprises that are successful on the market are characterised by creativity and openness, including new, innovative solutions, organising skills, perseverance, the ability to communicate their views and persuade others to them (especially employees), the ability to take risks and work under pressure and resistance to failure. As a rule, these entrepreneurs combine theoretical knowledge with practical experience.

The sector of small and medium enterprises is a huge market for institutions financing business projects, but the sector is burdened with higher risk. National data on the survival of enterprises indicate that large enterprises are among the safest enterprises to invest in. The lower the class, the greater the risk of losing capital by the creditors.

According to the theories given by the authors, in a larger company there is less likelihood of unexpected situations, increasing the level of costs. Owing to their experience, older enterprises are better able to predict the level of both costs and turnover (B. Jovanovic).

Small companies, although better able to adapt to the niche market, are not able to spread risk adequately due to the low portfolio of products. At the same time, large enterprises have a greater advantage due to the economies of scale. It can also create smaller, subordinate entities using the advantages of small companies.

Large enterprises benefit from economies of scope associated with a reduced level of risk associated with the portfolio and an increase in the likelihood of returning the funds invested and the size of the enterprise. The higher death rate of smaller enterprises is associated with the sector in which small and medium-sized enterprises operate.

The SME sector is well described in the literature on the subject. There are many studies raising the multi-layered scientific discussions regarding the organisation, financing, competitiveness and innovation of SMEs. However, there are few publications about the SME sector in post-transition countries.

Authors of the reviewed monograph edited by Tonis Metz, Arnis Sauka and Danica Purg perfectly described and filled the research gap and the gap in the publishing market by providing valuable information and analysis regarding the SME sector in selected countries, using case studies to conduct in-depth research and analysis.

The monograph is devoted to the development of the SME sector in CEE and CIS as well as in Ukraine, that is in countries that have experienced economic transformation, and the SME sector operates in various political, economic and social conditions. In addition to the experience of transformation, the SME sector and its development took place in the era of development of the ICT and internet sectors, and in recent years in the conditions of inclusion, green growth, globalisation and internationalisation.

The monograph consists of five parts. The first part presents the theoretical framework and general conditions and concepts of SME functioning in international conditions, with focus on the challenges facing the SME sector in the CEE and CIS countries in the era of internationalisation. In this part of Smallbone and Do, they identified SME internationalisation paths and the challenges facing SMEs pointed to the limited human resources and capital, asymmetry and quality of information as well as the lack of public and government support.

The second part contains an analysis of the cases of three companies that made the organisational transformation as well as the products and services they offered. Transformation was determined by the need to carry out adaptation processes to the changing needs of the market and the environment. Each of the companies recorded clear benefits from the activities carried out. Among the presented cases of companies were: a 100-year-old food manufacturing company described by Arnis Sauka (Latvia), a food industry company being the subject of business analysis presented by Osvaldas Stripeikis and Irena Bakanauskiene (Lithuania), and a logistics SME founded after the fall of the Soviet Union, which became the subject of considerations undertaken by Tonis Mets and Alena Apiakun (Estonia).

The third part of the book is devoted to 'born global' enterprises, which began to function in countries after the fall of the Soviet Union and faced a technological gap and technological backwardness. This required rapid development and implementation of new technologies, especially ICT. This gap was largely filled with entrepreneurial ICT start-ups. The following chapters of the third part present problems regarding business development in Estonia, with particular emphasis on conditions for the development of start-ups (Chapter 1, Tonis Mets), determinants and key success factors for ICT companies in Poland (Chapter 2, Ewa Lechman), development of the ICT sector in Serbia (Chapter 3, Sanja Marinković, Jovana Rakićević, Milica Janović and Jasna Petkovic), and internationalisation of companies in Slovakia (Chapter 4, Peter Džupka and Miriam Sebova).

The fourth part deals with the issue of highly innovative companies and their impact on local economies. References were made to companies that found a niche market or diagnosed specific market needs and responded to them. This section contains three chapters, the first of which presents a pharmaceutical company operating on the Hungarian market since 1901 (Katalin Antalóczy and Magdolna Sass). The authors pointed to the niche fanatics of the company's operations and drew attention to the innovative aspects of management and the international position of the company that influenced internationalisation trends in the Hungarian economy.

The next chapter by Danica Purg, Iztoc Seljak and Alenka Bracek Lalić addresses the problem of internationalisation of companies in Slovenia. It was pointed out that the internationalisation process began in the Balkans after the breakup of Yugoslavia. The analysed company significantly increased its export revenues after 1991 and became one of the most innovative companies in Europe. The last of the chapters in the fourth part presents an unusual example of a company from the sector, embracing the local nominations of the dental industry, which, contrary to the common trends, has been internationalised (Iryna Tykhomyrova, Natyliya Golovkin and Mykola Radlinskyy).

The fifth part of the book, prepared by Tonis Mets, contains a summary of discussions and conclusions from analysis, among which the author indicates that the development of the entrepreneurial ecosystem is strongly conditioned by the level of economic development of the country and its political choices. He also points out that the open and international SME sector and the business system have a positive impact on the economic development and competitiveness of countries and their economies.

The monograph is an interesting and valuable voice in the discussion of the changing role of SMEs in the economy, links between the SME sector, its level of development, structure and socio-economic development of countries. The paths of internationalisation of companies are shown in an interesting way, pointing to certain trends and patterns.

The book is one of the few studies that undertake the evaluation of the SME sector in the context of processes of internationalisation stimulated and taking place in countries after economic transformation. The study is a valuable contribution to the discussion of business models of companies in the context of new phenomena and trends in the economy. Not only internationalisation and globalisation, but also innovation growth, greening the economy, CSR trends in the context of inclusion, share economy and circular economy.

The monograph is targeted at people whose interests focus on the issues of SME sector enterprises both professionally (the sphere of practice) and as a hobby. It is also recommended to researchers, students, PhDs, government officials, politicians and policy-makers.

The authors reveal a deep knowledge and understanding of SME sectors and the necessary conditions for internationalisation and globalisation. The monograph, although somewhat narrow in scope, focused on selected SME issues and is worth recommendation. It may be a good start for further research and discussion about SMEs' role and development conditions in changeable and challenging environments.