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Serbian Journal of Management 2 (1) (2007) 93 - 99

Serbian
Journal
of
Management

Letters to Editor

MANAGERS AND ENTREPRENEURS SKILLS AS KEY CONTRIBUTORS TO SME SUCCESS IN THE FUTURE BUSINESS CHALLENGES

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(Received 12 January 2007; accepted 21 March 2007)

Abstract

In order to get a complete picture how educational level of managers and entrepreneurs affect business success, author stresses that it is necessary to determine general personal knowledge and education, then expert knowledge or various specializations in certain areas and lastly to identify their skills. In total, all this is necessary in order, apart from other (provided financial means, location, equipment, partners and business associates, market and other), to make a final decision for starting a business and define how to manage it. Many scientists think that knowledge is the most important requirement for business success and therefore it is the factor to which the most attention is being paid to. Recent researches in the USA show that business owners who were not educated enough for the business in which they were engaged, were not successful (80% of their businesses failed during the first year of its existence). On the opposite, those entrepreneurs who were educated and who showed constant interest for improvement have increased their business success for 60% after the completion of the basic training programs for entrepreneurship and management. Therefore the author pointed out that the more highly skilled workforce should be beneficial to organisations. Additionally the human capital approach reflects the view that the market value of the firm increasingly depends on intangible rather than tangible resources. The three main components of human capital are described as a) early ability, b) qualifications and knowledge acquired through education and c) skills competencies and expertise through on and off the job training. This would suggest that individual capability is enhanced by greater qualifications and higher skill levels. If this can be accessed and used to good effect in the firm then better human capital should, ceteris paribus, enhance organisational performance. Better organisational performance should, in turn, translate into better national performance.

Keywords: Vocational education, entrepreneurial skills, knowledge, manager, entrepreneur

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1. DETERMINATION OF EDUCATIONAL LEVEL AND THE DEGREE OF ENTREPRENEURIAL AND MANAGERIAL SKILLS

One of those scientists who points out the importance of knowledge for business success is the author of the book "Intellectual Capital: The New Wealth of Organization" Thomas Stewart, who accents intellectual capital as a main determinant of many world companies' wealth. It is important to say that Stewart makes a clear distinction between three types of capital - intellectual capital (human), structural and relational capital.

Among human capital, he puts individuals with high education and high intellectual potentials; structural capital consists of patents, various inventions, databases, etc., while relational capital means good contacts with suppliers and customers. When intellectual capital is broke down like this and when a potential entrepreneur makes an introspection of own capabilities and knowledge, then to this should be added determination of personal entrepreneurial skills, which usually means capabilities for adapting to market demands, self-confidence and certainty in own decisions and similar.

By this identification and by recognition of own intellectual and other potentials for doing entrepreneurial and managerial activities, it is not difficult to anticipate what can be expected from future business and to determine one's place on the road to success.

Besides mentioned, our intention is to turn attention of potential business owners who already at the beginning express certain affinities and prerequisites for founding and running their own company, that, although they rightfully expect success, it does not have to be 100% guaranteed.

Namely, in order for business to succeed,

it is necessary to satisfy many other requirements, but also to eliminate many common mistakes at the start. In addition, it is very important carefully choose business idea and to determine whether it fulfills all the criteria in your case in order to be transformed to a result-giving business. Accordingly, advices form many scientists, but also from business, people state that one should "bet" on good ideas, because only they can bring pr fit. However, with this statement, we must not forget that ideas cannot be realized in practice without the leader abilities of entrepreneurs and managers.

2. HOW TO CHECK OWN KNOWLEDGE AND EXPERIENCES?

In order to check the degree of gained knowledge and practical experience, we can use methodology of Professor Thomas Stewart and his classification of intellectual capital in three significant categories. This classification of intellectual capital can be helpful in determination of whether a person has partial or complete knowledge necessary for the type of business in which person wants to be successful. All the questions listed below could be answered with answers yes or no. In our opinion, this knowledge should be specified and tested by various fields:

Finances

- Is break-even analysis a technique that you have been using before?

- Do you know how to make a financial plan?

- Do you know how to use financial software?
 - Do you know when and leasing and factoring is used?
 - Do you know how to use financial software?
 - Do you know when and leasing and factoring is used?
 - Do you know what your long-term capital sources are?
 - Do you have experience in making business plans?
 - Do you have experience in presenting business plans to the financiers?
- Marketing**
- Do you know different ways to determine the price of product and service?
 - Do you know how to analyze market?
 - Do you have experience with product distribution?
 - Do you have experience with product advertising?
 - Do you know how to create a marketing plan?
 - Do you know how to create an advertising plan?
- Do you know how to make teams and how to manage them?
 - Do you have experience with employees training for new jobs?
 - Do you know how to choose the right personnel?
 - Do you know how to determine goals and to set work tasks for employees?
 - Do you have experience related to idea exchange and information exchange with employees?
 - Do you have experience and knowledge related to employees' needs and their satisfaction, that is, do you know how to motivate employees to be more productive?

- Do you know how to create a marketing plan?
- Do you know how to create an advertising plan?

General Management

- Are you familiar with Employment

Once we determine our own knowledge and skills and estimate how much experience for the business we have, we shall have some ideas and more clear picture about what areas we should be working on, that is, in what direction we should engage in order to will in the gaps in knowledge and experience.

It is interesting to note that many entrepreneurs think that they do not need managerial experience, regarding that most of them prefer micro businesses, which do not demand complex organizational management.

We disagree with mentioned opinions, because for a company to grow and advance faster both knowledge and experience are necessary. This is confirmed by the latest researches which prove that knowledge combined with experience is a winning

combination for team selection, business control and business expansion possibility.

3. MANAGER'S AND ENTREPRENEUR'S ESSENTIAL KNOWLEDGE

Professor Katz from Stanford University pointed out the difference between technical and practical knowledge, which every manager and entrepreneur must have. For gaining technical knowledge formal education is needed, while practical knowledge require only informal education, i.e. learning through experience in practice.

It is interesting to mention that many business owners think that they do not need manager knowledge and experience because most of them prefer small businesses that do not require complex organizational management.

However, many experts state that due to the lack of knowledge of organizational management their businesses remain small and do not expand. (Ronstadt, 1984) In other words, for a company to grow fast and to advance, knowledge and business experience is essential. This is confirmed by the latest researches that prove that knowledge united with experience is a winning combination when choosing teams, business control and expansion of business opportunity.

3.1. Vocational education and entrepreneurship education are Complementary

In order to efficiently prepare for fast changes in society and work environment,

vocational education should provide necessary knowledge and practical skills for students which are trained for management and entrepreneurship. Accordingly, students have to be encouraged to creative and logical thinking and included in creation of case studies.

Entrepreneurship education offers students such opportunities by helping them anticipate and respond to change. Students learn that (1) although a job may be successfully accomplished today by performing a given set of tasks, tomorrow an entirely different set of tasks (and skills) may be required; and (2) because businesses are always changing, workers need to find new ways to do given jobs or new ways to do a given job better

(Ashmore 1989). Ashmore promotes brainstorming of potential businesses in the various vocational areas as a means of making students aware of self-employment as another route to success and personal esteem.

The partnerships that typically exist between community business owners and vocational educators offer another benefit to infusing entrepreneurship education in vocational education. Nurturing business creation concepts coincides with the support already provided by business owners who contribute to vocational education by serving on advisory boards and curriculum committees.

3.2. Entrepreneurs' and managers' education through internet e-learning

Having in mind that due to fast changes in technique and technology especially in the last decade of 20th century new kinds of

business and jobs appeared, the need for new knowledge became very clear. Accordingly, everywhere in the world the existing education system is being redefined and educational programs that have to closely relate to practice are being improved. For that sake, "new schools for entrepreneurs and managers" are founded, which are based on modern programs and courses meant for various groups of businesspeople. For instance, some of the courses are meant for entrepreneurs for gaining basic knowledge of business. Their goals are to help them to test their ideas in practice (Manpower Service

Commission in London, Manchester, and Glasgow). Educational centers are also being established, which are especially for women and men between 17 and 24, who do not have enough academic qualification, but who wish to start their own business (Project Fullemmploy, Clerkenwell).

Also, in Great Britain for some years there is training centers intended for black people who wish to involve in entrepreneurial activities. (New World

Business Consultancy, London). Apart from mentioned above, there are many agencies that specialize different kinds of consulting services. They have their own internet web sites through which one can make a direct contact and get an advice, essential literature, etc. More popular are virtual faculties which are founded all around the world and which enable connection between businesspeople and business students with lecturers from all around the world, no matter where they actually might be.

Participating in courses and testing over internet, essentially change previous way of gaining knowledge in classical classrooms. This way of learning contributes to fast information exchange, more access to the

newest knowledge and experiences in this domain and save the time and money. Thus, in this millennium the classic way of education will be slowly substituted with some other forms of education, in which learning from homes and offices with the help of computers, were true. Interactive education should provide a completely new dimension of gaining knowledge and to make it easier for those who attend certain courses to learn faster and easier.

4. COMBINATION OF SCIENCE AND EXPERIENCE AND CONSIDERATION OF SPECIFIC NEEDS

Beside modern ways of gaining knowledge, practical experience is combined with formal education more than ever. Increasing knowledge level, skill level, and qualifications of employees is the key factor in market competition. Therefore, permanent training is considered to be protection for both the employer and the employee in the non-stop marketing competition. Education and training are continuous processes and, as it was said before, are conducted in many ways - in companies and outside them.

Programs developed for managers and entrepreneurs of both sexes, should be planed in such way to stress entrepreneurial activities and their development. Accordingly, some courses should uncover the secrets of managerial and entrepreneurial behaviour, others to uncover the secrets of business plans, some to show them business strategies, etc. This form of permanent training should encourage creativity, providing good background to businesspeople. Cumulatively, it must

contribute to tendency to innovate production processes, products, or corporative strategies. In order to achieve this, all training should be preceded by a preparation in form of answering at least few questions: To whom this training is intended? How long will it take to complete? What are the results that are expected?

Who will lead the training, depends on answers (scientists, businesspeople or both). Also, it should be known in advance whether the training will be during working hours, how the results will be evaluated, whether the skills presented can be applied in common practical work, what are the costs of training, etc. I would like to mention that skills, once learned, need to be permanently improved, innovated, supplemented and adapted to business demands. However, huge mistakes are made in entrepreneurs' training.

Training often is considered for new employees only. This is a mistake because ongoing training for current employees helps them adjust to rapidly changing job requirements.

Research has shown specific benefits that a small business receives from training and developing its workers, including:

- o Increased productivity.
- o Reduced employee turnover.
- o Increased efficiency resulting in financial gains.
- o Decreased need for supervision.

Training needs can be assessed by analyzing three major human resource areas: the organization as a whole, the job

characteristics and the needs of the individuals. This analysis will provide answers to the following questions:

- o Where is training needed?
- o What specifically must an employee learn in order to be more productive?
- o Who needs to be trained?

When above questions are answered, a final decision is made how will technically this training be realized.

There are two broad types of training available to small businesses:

on-the-job and off-the-job techniques. Individual circumstances and the "who," "what" and "why" of your training program determine which method to use.

On-the-job training is delivered to employees while they perform their regular jobs. In this way, they do not lose time while they are learning.

After a plan is developed for what should be taught, employees should be informed of the details. A timetable should be established with periodic evaluations to inform employees about their progress. On-the-job techniques include orientations, job instruction training, apprenticeships, internships and assistantships, job rotation and coaching.

Off-the-job techniques include lectures, special study, films, television conferences or discussions, case studies, role playing, simulation, programmed instruction and laboratory training. Most of these techniques can be used by small businesses although, some may be too costly.

Training programs should be designed to consider the ability of the employee to learn

the material and to use it effectively, and to make the most efficient use of resources possible. It is also important that employees be motivated by the training experience. Employee failure in the program is not only damaging to the employee but a waste of money as well. Selecting the right trainees is important to the success of the program.

5. CONCLUSION

The availability of management and entrepreneurship skills will have a large impact on enterprise development in the future business. Businesses, and their representative organisations, must be conscious of the direct linkages between skilled management, competitiveness, growth and development. Indeed, there would not be so many successful small businesses if their managers and owners were not getting things right. There is, however, a pressing and compelling need to improve management skills to meet future business challenges. To best meet the needs of SME managers, flexible, practical and often non-formal methods will be needed including mentoring, peer to peer discussions, networks and work-based projects

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