## III. АЛУКАЦЫЯ, МОЛАДЗЬ I КУЛЬТУРА ВА УМОВАХ СІСТЭМНАЙ ТРАНСФАРМАЦЫІ ГРАМАДСТВА

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# ENTERPRISES IN THE PROCESS OF SYSTEM TRANSFORMATION Tadeusz Kowalewski

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## Introduction

The role of small and medium-size business enterprises in Poland has been growing since the beginning of socio-economic transformation, as more and more companies underwent privatization and market economy started to develop. New laws concerning economic activity made it possible for active people to start their own businesses. The development of small and medium enterprises (SME) was dependent on many factors. One of them was wide offer of academic courses aimed at improving skills and competence of the SME sector staff. Of course, small and medium business employees took mostly extramural and evening courses. Wide and varied offer of educational forms (colleges, postgraduate studies, training courses etc) to a large extent contributed to development of small and medium business. When analyzing the role of the SME sector in the Polish economy, we must take a close look at SME employees' motives, their general attitude towards education and cooperation with scientific centers.

## Legal normalization of the SME status

Defining the small and medium size enterprises was one of the most essential steps taken in the process of economic transformation in Poland. This was done by Freedom of Economic Activity Act of 2 July 2004, which regulated the status of a small businessmen, calling them "micro-entrepreneurs". According to the definition, a micro-entrepreneur is a businessman who, within at least one of the last two working years, met the following criteria:

1. hired average fewer than 10 employees, and 2. whose yearly net turnover of sales of goods, products and services plus financial operations did not exceed the equivalent of 2 million euro (in Polish zlotys)

or: the sum of assets of his balance, calculated at the end of one of the two years, did not exceed the equivalent of 2 million euro.1

Art. 109 contains the basis for unification of the criteria used for calculating the status of an entrepreneur. The first two regulations of this article concern the way of calculating the mean yearly employment converted to full-time workplaces.<sup>2</sup> If the entrepreneur applies for financial help from public funds, he must declare before the appropriate organ that he meets the criteria defined in art. 104-106 of this act and that no other businessman, State Treasury or territorial council units possess 3:

1.00 25% or more contribution, share or stock in his business

rights to 25% or more profit sharing to the contract of the 2

25% or more votes in the shareholders' meeting, the stockholders' general meet-3. ing or general meeting of the cooperative.

<sup>2</sup> Employees taking maternal leaves and employed for training periods only, are not taken into account here, por. art. 109 § 2 of the Freedom of Economic Activity Act, July 2, 2004 (Dz. U. Nr 173, poz. 1807).

<sup>3</sup> Art. 108 of the Freedom of Economic Activity Act, July 2, 2004 (Dz. U. Nr 173, poz. 1807)

Art. 104 of the Freedom of Economic Activity Act of July 2, 2004 (Dz. U. Nr 173, poz. 1807)

A small entrepreneur is a businessman who, within at least one of the last two working years, met the following criteria 4: 1. hired average fewer than 50 employees, and

2. whose yearly net turnover of sales of goods, products and services plus financial operations did not exceed the equivalent of 10 million euro (in Polish zlotys)

or the sum of assets of his balance, calculated at the end of one of the two years, did not exceed the equivalent of 10 million euro. A medium-size entrepreneur is a businessman who, within at least one of the last two

working years, met the following criteria 5: method here here a construction of the second se

 hired average fewer than 250 employees, and
 whose yearly net turnover of sales of goods, products and services plus financial. operations did not exceed the equivalent of 50 million euro (in Polish zlotys)

or, the sum of assets of his balance, calculated at the end of one of the two years, did not exceed the equivalent of 43 million euro.

The application of the solutions concerning the statute of a micro-entrepreneur, small and medium businessmen according to the new act about freedom of economic activity agree with the European Committee recommendation No. 2003/361 / EC dated 6 May 2003. 6

The role of the SME in economic development The sector of small and medium enterprises plays a valid role in the development of Polish economy. It generates more than a half workplaces in the country and almost half. of the GDP (Gross Domestic Product)7. Thanks to the simple and clear organizational structure, quick process of decision making, easy adaptation to current market demands and creativity<sup>8</sup>, the SME sector is crucial in the process of changing industrial structures, developing private ownership of production means, effective functioning of the economic system and infrastructure as well as in using the human potential 9.

Steady rise in the number of small and medium businesses causes increase of employment in this sector. In the year 1999 the sector covered 64,15% of the total employment in the national economy, and in the year 2002 the percentage grew to 68,1%10. The share of this sector in creating GDP has been growing since 1997. Small and medium business produced 40,0% GDP in 1996, 45,3% in 1997, 48,1% in 1998, and 48,2% in 1999 11, achieving the level of 48,6% in the year 2002.12.

A characteristic feature of small and medium business sector, which could be observed for a number of years, is that it engages much more strongly in import than export activities. As the supply offer of Polish producers is generally not very competitive, importing goods is more

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<sup>5</sup> Art. 106 of the Freedom of Economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. U. Nr. 173, poz. 1807) and the economic Activity Act, July 2, 2004 (Dz. 1807) and the economic Activity Act, July 2, 2004 (Dz. 1807) and the economic Activity Act, July 2, 2004 (Dz. 1807) and the economic Activity Act, July 2, 2004 (Dz. 1807) and <sup>6</sup> Since Jan 01, 2005 the recommendation of the European Committee of May 06, 2003 concerning the definition of a micro, small and medium size enterprises (2003/361/EC) (Official Journal L 124 of May 20, 2003) replaced the previous one (96/280/EC) from April 03, 1996, see: A. Jankowska, F. Milewski, ZPORR - action 2.5., Biuletyn Portalu e-MSP, Nr 05 (31), September 2004, p. 3 [w.] http://www.e-msp.pl, data from March 21, 2005.

<sup>7</sup> Situation of the small and medium business sector. Press information of February 27, 2003, www.mpips.gov.pl. data from March 6, 2003; Government activities towards small and medium business enterprises 2003-2006. Document accepted by the Government on February 4th 2003, Department of Economy, Employment and Social Politics, Warszawa, February 2003.

<sup>8</sup> Stan sektora małych i średnich przedsiębiorstw w Polsce. Raport za lata 1995-1996, Polska Fundacja MSP, Warszawa 1997, p. 86 w i definition okono v turansky o myski ve slovodiov s miski o w onemić, uzavolak od 17. od <sup>9</sup> Wkład małych i średnich przedsiębiorstw w rozwój gospodarki polskiej, Polska Fundacja MSP, collective work, ed. a

 Wkład Inaych Stednich Przedsjębiolski w rózwoj gospodata postaj, rodata (undaga ner jednich przedsjębiolski w rózwoj gospodata postaj, rodata (undaga ner jednich przedsjębiolski w rózwoj gospodata postaj i ner jednich przedsjębiolski postaj i ner jednich 12 http://www.parp.gov.pl, data from March 22, 2005. A Hard Theorem Hotesware consideration of her her her her 167, profitable for small and medium businesses than exporting them. In the year 2002 the value of import in this sector amounted to 33,5 bln USD (12,1% more than in the previous year), and the value of export - 18,2 bln USD (15,1% more than in the previous year). As the total value of all Polish import in the year 2002 grew by 9,6%, it means that the total growth was lower than the growth in the SME sector alone and the contribution of this sector to the total import grew from 59,4% in 2001 to 60,7% in 2002. On the other hand, in the years 2001-2002 the yearly increase of export in the SME sector was lower than the total indicators (in 2001 8,6% and 14,0% relatively, and in 2000 - 11,6% and 15,5%<sup>14</sup>).

The territorial distribution of small and medium size businesses is by no means uniform throughout the country. The main concentration areas are located around large agglomerations and in districts with well developed and diverse industry. The four largest agglomerations: Warsaw, Katowice, Gdańsk and Poznań, in the year 1998 covered about 29% of all active small and medium businesses. 15,7% of them were situated at rural communes. In rural areas the ratio was 39 firms to 1000 every inhabitants - about 3 times less in comparison to urban areas, where 92 businesses were registered with every 1000 inhabitants.<sup>15</sup>

In the EU there exist 19 million SME. They make up nearly 99% of all EU enterprises and employ over 74 million people. They are a source of employment, innovations, activity and economic growth. In the countries which entered the EU in May 2004, there exist about 6 million companies and most of them are micro-enterprises. SME provide 72% of jobs there. In the extended European Union small business remains the key to economic growth, competitiveness and creating new workplaces.<sup>16</sup>

#### Explosion of higher education

The transition from a totalitarian system to democracy, which started in Poland in the 1980s, not only enlivened economic activity, but also caused liberalization of many legal regulations. Changing of the act concerning higher education in the year 1990 opened the way for 3-year professional colleges giving engineer's or bachelor's diploma. The Act of Higher Professional Education, implemented in 1997, allowed appearance of many new schools of this type. These two acts resulted in a great number of new students of professional colleges.

In the last decade of the 20<sup>th</sup> century a quantitative revolution took place in the Polish higher education system. The act of higher education, accepted in 1990, created the possibility of establishing non-public, paid colleges and universities. In 1990 we had 390 000 students at 112 public universities of all types, which gave Poland the 22nd position in Europe, just before Albania. Our percentage of citizens with university diplomas was the lowest in Europe - 6%, compared to 20% - 40% in well-developed countries of the world. Five years later the number of colleges grew up to 179, and the number of students to 794 000. In the year 1998 we already had 266 colleges and 1,273 million students. In the academic year 1999/2000, according to GUS (Central Office of Statistics), 1,431 million students were educated at 287 schools<sup>17</sup>. The numbers are continually growing. At present, there exist

<sup>13</sup> Raport o stanie małych i średnich przedsiębiorstw w Polsce w latach 2002-2003 (...), op. cit., p. 54.
<sup>14</sup> Ibid., pp. 54-55.

<sup>15</sup> Male i średnie przedsiębiorstwa w Polsce w 1998 roku, Polska Agencja Rozwoju Przedsiębiorczości, www.parp.gov.pl/index 2, 06.10.03.

<sup>16</sup> http://europa.eu.int/comm/enterprise/enterpreneurship/ space was added as a constant of the second state of the second st

<sup>17</sup> See: T. Kowalewski, Zmiany w polskim szkolnictwie wyższym - dylematy rozwojowe (in:) Zmiany jako czynnik rozwoju organizacji, M. Lisiecki (ed.), Wydaw: KUL, Lublin 2003, pp.63-71; also:

T. Kowalewski, Edukacyjne uwarunkowania rozwoju gospodarczego Polski (in:) Systemy gospodarcze i ich ewolucja. Model polskiej gospodarki w kontekście przyszłego członkostwa w Unil Europejskiej, S. Swadźba (red.),Wydaw. Akademii Ekonomicznej im. Karola Adamieckiego w Katowicach, Katowice 2002, pp.217-231. H. Żyliński, Przyszłość szkoły wyższej, "Konspekt" 2001, No 6

168

458 colleges<sup>18</sup>, out of which 198 are state universities and 260 - private universities, with the total number of students amounting to 1.8 million. (Over 60 non-public schools have achieved suitable authorizations and can grant the M.A. diplomas. The number of non-public students is 0.5 million<sup>19</sup>, which constitutes 30% of the total number of students in Poland). This huge quantitative growth was possible due to the appearance of non-public colleges, and also to increase in the number of extramural and evening classes at state universities.

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Education of the SME employees the production of the SME employees.

The dependency between university education and behaviour of SME employees is shown in the results of empirical research conducted by GFK Polonia for Polish Agency of Enterprise Development on 3-14 September 2001. The aim of the research was to specify the condition of small and medium business. The respondents were owners or managerial personnel of the SME sector. Most of the employees of this sector are graduates of technical high schools. Almost one half of the firms questioned employs such staff. 30% of the companies employ staff who finished general high schools, and 27% - vocational training schools.

Polish firms prefer technical high schools graduates. Such are the expectations in nearly half of the companies. A positive fact is that 1/5 of these firms employ college oraduates. A very interesting factor is the education of the owners of small and medium businesses. It could be expected that the less educated they are themselves the less eager they would be to employ college graduates. This phenomenon could be very unfavourable for the development of the society as a whole. At the turn of the century, in the years 1999 -2001, the number of unemployed with a college degree in Poland rose from 30 000 to 70 000<sup>20</sup>. The number is still growing, but it seems to be a marginal phenomenon. Conclusions TOP TOP HETATOR STOREMENTED DOWN RIGHT CONTROL & REAL POLICE

The transformation of national economy in Poland, which started in 1989, began a process of liberating of enterprising attitudes and this has become one of the most important factors of development of small and medium enterprises. The contribution of the private sector within the SME has been growing constantly. Dynamic development of this sector indicates success of the Polish transformation. It turns out that small and medium business is most flexible in meeting the demands of market economy and fulfilling the customers' needs. Moreover, it is able to implement new technologies and to be competitive. Growing demand for college level education during the transformation process had a rather profitable influence on the development of enterprise in Poland.

ЧЕРТЫ ОТНОШЕНИЙ УЧАСТНИКОВ СФЕРЫ РАЗВИТИЯ В ШКОЛАХ ЛИТВЫ

新闻教育研究 植物性教育的 化化化合成 化电影传导器 化电影振行 化

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Во все времена учителю (его личности) предъявлялись особые требования: только личность может развить личности. После важнейшего исторического перелома в Литве (получение независимости), изменились темпы развития общества. При смене социума, меняются все социальные институции. Особенно быстро меняется система обра-

18 The data seems to be exaggerated, as "Rzeczpospolita" on Feb. 09, 2004 states ( backing it up with GUS data), that in the academic year 2002/2003 there are 377 colleges existing - see: A.Paciorek, Nadchodzi czas egzaminu, "Rzeczpospolita" No 33(6716), Feb.09,2004 动物动物 机动物的 19 http://www.uczelnie.pl/found1.asp?typ\_uczelni=0&typ\_szkoly=0 from Feb.02, 2004 as the asterna in the second state of the se <sup>20</sup> H.Żyliński, op.cit. 表最近的目的。CPEXPERSIONA