

**Journal of Research on Trade, Management and Economic Development**  
**VOLUME 2, ISSUE 2/2015**

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**MAIN DIRECTIONS OF RESEARCH OF SMALL AND MEDIUM-SIZED  
ENTERPRISES IN EUROPEAN COUNTRIES**

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**JEL classification: M10, M21, O10, O20**

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**Abstract**

*The effective policy of development of small and medium-sized enterprises (SMEs) is based on research findings that identify specific problems and needs of the business in a certain territory. In the Republic of Moldova, the small and medium-sized enterprises' research comprises the limited scope of problems and often has an abstract and theoretical character, because the applicative research – surveys and interviews with entrepreneurs – are difficult, time-consuming and expensive to realize. In this situation, given the pro-European vector of development of our country, it is important to study the main areas of research of SMEs which are implemented in the modern Europe.*

*The most important areas of research of SMEs, which are now held in European countries were summarized and systematized on the basis of analysis of the subject and the results of scientific publications of European scientists, materials of international conferences and journals, legislation and policy documents of the European countries. This allows specifying the topics of research of SMEs in Moldova and making them more focused and in demand for policy. The article may be of interest to civil servants involved in the regulation of business and may also be used in scientific and didactic purposes.*

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**Keywords:** *small and medium-sized enterprises (SMEs), research directions of SMEs, business support policy, European countries.*

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## **1. Introduction**

The research of small and medium-sized enterprises (SMEs) covers a wide range of problems, which are mainly aimed at solving practical problems. First of all, the results of studies are focused on argumentation and evaluation of public policies to support SMEs.

In the Republic of Moldova, the research of small and medium-sized enterprises comprise the limited scope of problems and often have an abstract and theoretical character, because the applicative research – surveys and interviews with entrepreneurs – are difficult, time-consuming and expensive to realize. In this situation, given the pro-European vector of development of our country, it is important to study the main areas of research of SMEs which are implemented in the modern Europe.

The purpose of the article was to generalize and systematize the main research areas of the SME sector, which are currently being implemented in European countries. During the research, the theme, results of scientific publications, projects, international conferences and journals, legislation and policy documents of the European countries were analyzed. Certain areas of research outlined in this paper were illustrated by the results of applied research projects carried out in the Republic of Moldova. The article may be of interest to politicians and civil servants involved in the regulation of business and also may be used in scientific and didactic purposes.

## **2. Problem awareness stage**

The first empirical studies of SMEs that draw attention to the important functions that they perform in the economy, on the growth of their role in the creation of jobs, were made in the 70-80-ies of the last century by D. Bolton, head of the committee of the British Parliament and by the American economist D. Birch. Over the past 20 years, the spectrum of research of the SMEs sector has expanded due to the emergence of a group of countries with economies in transition, the deepening of the globalization process, growth of crisis situations and increase of the contribution of SMEs in the development of the regions. A significant role in the development of the theory of small businesses and the justification of action on SMEs policies have had the modern scientists - winners of the World Prize for Research in the field of entrepreneurship - Arnold Cooper, David Storey, Ian K.McMillan, Howard Aldrich, Paul Reynolds, Scott Shane and others [13].

In the Republic of Moldova, the various aspects of SMEs, their characteristics and development trends, the specific of management of the sector, and other peculiarities were partially analyzed by a number of professors and scholars from Moldovan universities and academies - Bugaian L., Cotelnic A., Popa A. Sirbu I., Solcan A., Stratan A., Savga L. and others. Nevertheless, the studies on SMEs are still fragmented. The SMEs sector is often seen as a homogeneous group of companies without detection of specific groups of SMEs. Some studies do not take into account the specific situation in the country and the European context. The context in this case involves not only an assessment of the leading trends in public policy, but also knowledge of the main research areas of the SMEs sector in the modern Europe.

## **3. Applied methods and materials**

The article is based on the analysis of subjects and results of scientific publications of European scientists, materials of international conferences on entrepreneurship, systematization of legislation of the European countries and the EU recommendations. During the writing of the article, the results of the surveys of Moldovan entrepreneurs made by the scientific researchers of the National Institute for Economic Research (NIER) in 2009-2013 were used.

## **4. The main research areas of SMEs in European countries**

Research areas of SMEs in European countries concern many of the pressing problems of the modern economy. For example, given the high proportion of the unemployed people, the research often focuses on job creation, as well as on some features of employment in the SMEs sector [8]. Considerable attention is given to the group of entrepreneurs who have limited capacity to start a business, in particular - women, youth, immigrants and others [7, 12]. Another example of current research of SMEs is the analysis of the impact of the global crisis, which had a negative impact on all aspects of economic activity, including the development of policies to support business [11].

Generalization and systematization of the problems of European SMEs research revealed the main areas of research related to specific groups of entrepreneurs, activities, regulatory influence of the state and others. In particular, the following directions were identified that differ in the objects of research and, accordingly, the mechanisms of public policy:

1. Groups of entrepreneurs / enterprises that have limited capacity and are in need of special state support;

2. Groups of enterprises and forms of their cooperation that have a significant potential for economic growth;
3. The activity directions of enterprises that cause their competitiveness' growth;
4. The partnership of business and government which is realized in different forms;
5. Resources, access to which is restricted to SMEs;
6. The business environment, including regulatory procedures;
7. Promotion and education of entrepreneurial behavior for the population, development of entrepreneurial skills.

Priorities were identified for each of the selected areas, which specified the object of research. In particular, among the entrepreneurs whose potential is limited, there appear groups of young women, start-ups, senior citizens involved in the family business and others. The main priorities within this area are presented in Table 1.

Table 1: Groups of entrepreneurs / enterprises with limited capacity

№	Research priorities
1.	Youth
2.	Women
3.	Immigrants
4.	Ethnic minorities
5.	Old citizens
6.	Aspiring entrepreneurs at the stages of thinking about business; etc start-ups; the ones that received a second chance
7.	Family business
8.	Companies on the edge of bankruptcy

Source: developed by the author

Selection of each of the priorities set in Table 1 has its arguments. For example, why the development of women's entrepreneurship is seen nowadays as a priority? Studies of women's participation in entrepreneurial activity showed the presence of gender inequality. There are factors that hinder the development of business women, so today in Europe, the share of women entrepreneurs is about 30-40%. Many of them own small businesses, working in traditionally female "low-profit" sector, which do not provide sustainable livelihoods and development prospects.

The study of women's entrepreneurship is important for the Republic of Moldova, where the proportion of women in business is 27.5%. This figure is significantly lower than the proportion of women in the economically active population (49.4%) and the total population of Moldova - 51.9% [1]. Specificity of gender may be partly reflected by the relatively smaller size of the business owned by women; the larger the business is, the higher the proportion of men entrepreneurs is. It is known that relatively smaller companies are in need of special state support, so the identification of gender differences enables the government to develop more reasoned measures to support women's entrepreneurship.

Among other groups of entrepreneurs who have limited capacity in the Republic of Moldova some attention is also given to young and budding entrepreneurs [2], but mainly in practical terms (PNAET program).

Another important area of European Studies of SMEs is the development of enterprises with significant growth potential and forms of their cooperation. An example of enterprise with a potential for development is the enterprise called "gazelles" (according to D.Birch classification),

characterized by high and sustained growth, in particular, annual turnover of at least 20-25% for at least 4-5 years. The main priorities within this area are presented in Table 2.

Table 2: Groups of enterprises with growth potential and forms of their cooperation

<b>№</b>	<b>Research priorities</b>
1.	SMEs characterized by high, stable growth rates (for instance, "gazelles")
2.	Cooperation and integration of enterprises, especially their clustering
3.	Cooperation among public authorities, SMEs sector and the scientific community

Source: developed by the author

*Business clusters* can serve as an example of a promising form of cooperation. Today in developed countries clusters are considered as one of the possibilities of growth competitiveness, especially for SMEs. According to F. Puke, "the real problem of SMEs is not that they are small, but that they are alone" [9]. Being integrated within a cluster, SMEs already act as a serious player in the market, able to compete with large companies. Their access to capital, labor resources, organized training, access to international markets and attraction of investment increases. Thus, clusters provide the members of the enterprises a number of advantages that enhance the competitiveness.

In the Republic of Moldova there are also prerequisites for the development of clusters, among which are the following: (1) limited access of SMEs to all types of resources (financial, human resources, etc.); cooperation can increase their potential; (2) the high geographic concentration of SMEs taking into account the small area of the country; (3) presence of some experience in enterprises' associating, including SMEs, by creating business associations; (4) the activities of public institutions which are able and interested to support the creation and development of clusters; (5) the practice of the EU countries to promote the establishment and successful development of clusters with SMEs' participation, which Moldovan business and government can use. In recent years, Moldova had taken the first steps towards regulation of the process of creating clusters. In particular, the Government approved the Concept of cluster development of the industrial sector of the Republic of Moldova. As a result, enterprises have begun to set up the clusterlike structures.

A great importance in research in European countries is given to such direction of SMEs' activity, which provides competitive advantage, but it is not based on the price factor. It is, above all, on the export of its own products, the introduction of innovation, attracting investment, the development of "green" economy, etc. [10]. The main priorities within this area are presented in Table 3.

Table 3: Areas of activity of enterprises that determine the growth of competitiveness

<b>№</b>	<b>Research priorities</b>
1.	Exports, in a broader sense - the development of all forms of internationalization of SMEs, including cross-border cooperation
2.	Development and implementation of all types of technical and technological innovations in SMEs
3.	Attraction of investments, primarily high-quality, venture, long-term and foreign ones
4.	Production of environmentally friendly products, and in general, the development of "green economy", including the economical use of energy resources

Source: developed by the author

It makes sense to pay attention to one of the lesser-known research priorities - the development of cross-border cooperation. The ongoing integration of the EU Member States, the increasingly transparent borders between them, along with the increased independence of local communities, has increased attention to cross-border cooperation. Identification of factors that contribute to or

hinder the establishment of cross-border cooperation, analysis of the most acceptable forms of development, as well as the need to develop institutions that promote cooperation between enterprises of neighboring countries are one of the priorities of the development of SMEs in Central and Western Europe. For the Republic of Moldova cross-border cooperation has significant importance, given that one of the neighboring countries - Romania is a member of the EU.

A promising area of research in Europe in recent years is the partnership of business and the government. The partnership involves different types of relations, including the dialogue among the business environment and public authorities; social partnership, based on social responsibility of the companies; public-private partnership directed on solving social important issues made by joining resources and sharing of risks among the parties. The main priorities within this area are presented in Table 4.

Table 4: The forms of partnership between business and government

№	Research priorities
1.	Public-private partnership
1.	Social partnership
2.	Dialogue between business and government

Source: developed by the author

One form of partnership is the development of a dialogue between business and the government, public authorities. Dialogue among enterprises and public authorities is now seen as an important condition for an effective public policy. N. Pinaud made a study for the OECD, in which under the public-private dialogue one can understand any form of interaction between the state and the private sector, relating to matters of public policy, in particular: improving the business environment, the issues of business regulation, etc. [5]. Strengthening of the dialogue can lead to many positive effects: the correspondence between the real business problems and implemented policy measures increases; an atmosphere of trust between the private sector and public administration is established; civil society is strengthening; transparency and good governance increases.

In the Republic of Moldova there are certain prerequisites for the development of a dialogue [3]: the legal framework has been established, business association with certain experience in protecting and promoting the interests of business are operating, some businessmen and officials are aware of the importance of dialogue. However, there are serious obstacles to dialogue that were identified on the basis of surveys and interviews: unpreparedness of the business community to consolidation; distrust of entrepreneurs in authorities, low interest in dialogue among some of the representatives of public authorities; unpreparedness of business and the government representatives to organize activities related to dialogue; lack of information about the activities of business and government institutions. In order to have not only a formal dialogue, there is a need for a serious work on the part of entrepreneurs and public authorities.

A considerable attention from European researchers is paid to the analysis of the types of resources to which SMEs access is limited. These resources are traditionally: finance, personnel, technology, consulting (see. Table 5).

Table 5: Types of resources, access to which is limited to SMEs

<b>№</b>	<b>Research priorities</b>
1.	SMEs funds - through venture capital and other credit products, the combination of credit and equity
2.	Staff of certain professional qualifications that have entrepreneurial skills. Providing access to business education throughout life
3.	New technologies, intellectual property
4.	Information and advice related to the participation in public procurement, as well as legislation, market condition, quality standards for the EU single market and foreign markets

Source: developed by the author

In the Republic of Moldova, problems related to access to resources are very important: the results of surveys of entrepreneurs have demonstrated that they are experiencing multiple problems that persist for several years [4]. In particular, while assessing the complexity of the Moldovan SMEs related to resources, entrepreneurs marked on the first two places: access to finance (73.3% of respondents) and problems related to personnel (45.9%). Specifying the reasons for difficult access to financial resources, entrepreneurs often mentioned the relatively high percentage of the loan and the significant cost of processing the loan (82.8% of respondents). The complexity of the staff recruitment is primarily caused by the outflow of skilled and most active people outside the country, as Moldova cannot offer those jobs with appropriate working conditions and wages.

An important area of research in the analysis of SME is the trends in the business environment, including regulatory actions. In this case, it was analyzed the situation in the EU [8], other groups of countries from Central and Eastern Europe [11], as well as those with transition / emerging economies. [6] The main priorities within this area are presented in Table 6.

Table 6: Assessment of the business environment, with a focus on regulatory influence of the state

<b>№</b>	<b>Research priority</b>
1.	Business registration
2.	The transfer of the business (which will save more job places than the creation of new companies)
3.	Simplifying procedures and reducing the time for issuing licenses and other permitting documents
4.	Closing a business
5.	Overall reduction of the administrative burden on business - on time and cost

Source: developed by the author

In the Republic of Moldova the absolute majority of employers (91.9%) indicated that they face barriers in fulfilling the requirements of the legislation. [4] Responding to the question, what regulatory procedures create major problems for them, the largest share of respondents pointed to the taxation of business (64.0% of businesses), as well as inspections / assessment of the companies (58.8% of respondents)

Regarding the issues of taxation, 44.4% of respondents relate their decision with the reduction of tax and contributions rates, primarily on the value added tax, contributions to social and health security. In order to solve the problems associated with the inspection and verification, according to entrepreneurs, it is necessary, above all, to regulate more clearly the procedure of inspections and audits (47.8%) and improve the quality of work of the persons, who carry out them (20.6%).

An important area of study of SMEs in Europe is the propaganda and education of the population with the entrepreneurial spirit, the development of entrepreneurial skills. The main priorities within this area are presented in Table 7.

Table 7: Propaganda and education of the population with the entrepreneurial spirit, the development of entrepreneurial skills

№	Research priorities
1.	The propaganda appeal of self-employment, creation of SMEs, the value of doing business among all segments of the population
2.	Positive attitude to the use of entrepreneurs of the second chance after bankruptcy
3.	Entrepreneurship education and development of entrepreneurial skills at all levels of education

Source: developed by the author

In the Republic of Moldova, entrepreneurship and development of entrepreneurial skills at all levels of education have attracted more and more attention in recent years. For example, the training course "Fundamentals of Entrepreneurship" was introduced as a compulsory course two years ago in secondary vocational institutions. After graduation, young people have not only the professional knowledge, but also the necessary skills to start their own business. Training course on the basics of doing business is also planned to be entered into the education system in universities in the coming years.

## 5. Main results and conclusions

1. On the basis of analysis of scientific publications of European scientists, themes from international journals and conferences, legislation and policy documents of the European countries, the issues were systematized and the research priorities of SMEs were specified. A number of the identified research priorities have been illustrated based on the Moldovan materials.

2. The stated directions and priorities of support, implemented today in European countries allow to specify more reasonably the topics of research of SMEs in Moldova and other countries with emerging economies, to make them more focused and in demand in the course of improving business development policies.

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#### **Rezumat**

*Politica eficientă de dezvoltare a întreprinderilor mici și mijlocii (IMM) se bazează pe rezultatele cercetărilor care identifică problemele specifice și nevoile de afaceri într-un anumit domeniu concret. În Republica Moldova, studiile întreprinderilor mici și mijlocii cuprind un domeniu limitat de probleme și, de multe ori, au un caracter teoretico-abstract, dat fiind că cercetările aplicative și anume interviurile și chestionarele cu antreprenori sunt dificil de a fi realizate, consumatoare de timp și costisitoare. În această situație, având în vedere vectorul pro-european de dezvoltare a țării noastre, este important să se studieze principalele domenii de activitate ale IMM-urilor, implementate în uniunea Europeană contemporană.*

*În baza analizei subiectului și rezultatelor publicațiilor științifice ale savanților europeni, materialelor conferințelor internaționale și revistelor, legislației și documentelor politice ale țărilor europene au fost sistematizate cele mai importante domenii de cercetare pentru IMM-uri, care sunt în prezent în țările europene. Acest lucru va permite de a specifica subiectele de cercetare ale IMM-urilor în Republica Moldova, pentru a le face mai concentrate și pasibile pentru politici. Articolul poate prezenta interes pentru funcționarii publici implicați în reglementarea activităților antreprenoriale, precum și poate fi utilizat în scopuri științifice și didactice.*

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**Cuvinte-cheie:** *întreprinderile mici și mijlocii (IMM-uri), direcții de cercetare a IMM-urilor, politici de suport pentru business, țările europene.*

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#### **Аннотация**

*Эффективная политика развития малых и средних предприятий (МСП) базируется на результатах научных исследований, выявляющих специфические проблемы и потребности бизнеса на определенной территории. В Республике Молдова исследования малых и средних предприятий охватывают ограниченную сферу проблем и нередко имеют абстрактно теоретический характер, поскольку аппликативные исследования - опросы и интервью с предпринимателями - реализовать достаточно сложно, трудоемко и дорого. В сложившейся ситуации, учитывая проевропейский вектор развития нашей страны, важным представляется изучение основных направлений исследований МСП, реализуемых в современной Европе.*

*В статье на основе анализа тематики и результатов научных публикаций европейских ученых, материалов международных конференций и журналов, законодательства и документов политики европейских стран обобщены и систематизированы наиболее значимые направления исследований МСП, которые сегодня проводятся в европейских странах. Это позволяет конкретизировать тематику исследований МСП в Молдове, сделать их более целенаправленными и востребованными для политики. Статья может представлять интерес для госслужащих, занимающихся регламентированием бизнеса, а также использоваться в научных и дидактических целях.*

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**Ключевые слова:** *малые и средние предприятия (МСП), направления исследований МСП, политика поддержки бизнеса, европейские страны.*

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