

14 Some Effects of the European Charter for SME's in the Southern Great Plain Region

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14.1 Introduction

Small and medium-sized enterprises (SMEs) play an important role in both employment and GDP production. At the same time, they are considerably disadvantaged in the competition with large enterprises. In order to compensate for these disadvantages, enterprise development activities are crucial.

The present paper analyses the events that have significantly influenced the development of Hungarian SMEs. Regarding the European Union's enterprise development, the European Charter for Small Enterprises released in June 2000 is of primary importance. The document is a set of recommendations designed in 10 points that aim at orienting the Member States' enterprise development practices, especially the tools of implementation. In the past two and a half years this document has determined the main guidelines for enterprise development in the EU, that is why it is useful to examine its most important consequences just before the accession.

In this paper I will first discuss the recommendations of the Charter are examined in general, and then some of the steps of their implementation will also be introduced. Eventually our own recommendations will be formulated for enterprise development in the Southern Great Plain Region and some proposals will be made according to the Charter about the enterprise development of the region, highlighting the possible role of enterprise development organisations.

14.2 The European Charter for Small Enterprises

The European Union's enterprise development has radically changed in the last few years. The importance of SMEs was already known in the '80s, on the other hand, conscious and serious activities started only in the second half of the '90s. This period was characterised mainly by the launch of independent programmes, for example BEST (EC 1998a, 1998b) or the Round Table of Bankers (DG ENTR 2000). Basically the Multiannual Programmes for SMEs were the only complex

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business development services. The most important questions in the development of SMEs arose only after the endorsement of the Charter.

The European Charter for Small Enterprises was endorsed at Feira European Council in June 2000 (European Council 2000). In the Charter it is laid down that some development actions are necessary to improve the situation of SMEs. Therefore, the countries of the European Union pledged themselves to (European Council 2000: 1-2):

- 'Strengthen the spirit of innovation and entrepreneurship which enables European business to face the challenges ahead;
- Achieve a regulatory, fiscal and administrative framework conducive to entrepreneurial activity and improve the status of entrepreneurs;
- Ensure access to markets on the basis of the least burdensome requirements that are consistent with overriding public policy objectives;
- Facilitate access to the best research and technology;
- Improve access to finance throughout the entire life-cycle of an enterprise;
- Improve our performance continuously, so that the EU will offer the best environment for small business in the world;
- Listen to the voice of small business;
- Promote top-class small business support.'

The signers commit themselves to work along the following lines for actions in the interest of the SMEs (European Council 2000):

- Education and training for entrepreneurship;
- Cheaper and faster start-up;
- Better legislation and regulation;
- Availability of skills;
- Improving online access;
- Getting more out of the Single Market;
- Taxation and financial matters;
- Strengthening the technological capacity of small enterprises;
- Making use of successful e-business models and developing top-class small business support;
- Developing stronger, more effective representation of small enterprises interests at Union and national level.

The importance of the Charter is demonstrated by the fact that an implementation report was written at both the EU and the national level. The first report (EC 2001b), presented only a few months after the endorsement of the Charter briefly summarised the main areas of action since many of these have recently been covered in the Report on the Implementation of the Action Plan to Promote Entrepreneurship and Competitiveness (EC 2002a). Except for that first one, all the Reports contain

detailed descriptions about the efforts made for the implementation of the 10 points of the Charter (EC 2002a, EC 2003b).

The importance of the Charter is also indicated by the fact that nowadays enterprise development activities are evaluated based upon these recommendations. The 2001 edition of the series of documents summarising enterprise development activities (Creating an entrepreneurial Europe: The activities of the European Union for small and medium-sized enterprises) listed the activities according to intervention areas (EC 2001a). On the other hand, the 2003 edition contains a step-by-step survey on the efforts made to implement the recommendations of the Charter. So the logical structure of enterprise development of the EU is basically characterised by the Charter (EC 2003a).

Candidate Countries (CCs) joined the Charter in 2002. At the Maribor Conference these countries endorsed the Maribor Declaration, which says that they acknowledge the Charter as the basis for their actions to support and develop small enterprises. They announced that 'they will inform the European Commission on the completion of the internal procedures to endorse the European Charter for Small Enterprises in their respective Countries' (CC BEST Conference 2002b: 1). According to this Declaration CCs will also release Implementation Reports, which the EU will integrate into a single report (EC 2003c). In the framework of the recommendations of the Charter several areas of intervention were covered at the Conference like the Access to Finance, Education for Entrepreneurial Society (CC BEST Conference 2002a). Besides the organisation of the Conference and the endorsement of the Declaration, these special discussions also prove that CCs aim at harmonising their enterprise development activities with the objectives of the Charter.

In the light of the above process, it is clear that Hungarian experts in enterprise development must pay particular attention to the Charter. After joining the EU, the objectives of the Charter will constitute the logical frame of Hungary's enterprise development.

The Charter contains general recommendations while the Implementation Reports investigate the activities at the national and EU levels, but the particular regional specialities might also have an important role in the realisation of the objectives of the Charter. Although the Charter itself, the Maribor Conference and the Implementation Reports all target the national and EU levels, the realisation of some recommendations of the Charter are carried out at the regional level. This is needed partly because differences in the needs of SMEs are much better identified at the regional level. Enterprise development organisations are the ones that are expected to measure these needs as thoroughly as possible in order to improve the efficiency of the provided services. That is one reason why it is definitely useful to study the different types of enterprise development activities, the differences in the needs of SMEs and the connections between these.

14.3 The support needs of SMEs

Firstly enterprise development services are surveyed according to the classification of the Committee of Donor Agencies for Small Enterprise Development (CDASED). Almost every significant association is a member of the Committee, which currently has 39 bilateral and multilateral agencies as members. (The importance of the Committee is justified by such institutions as the World Bank Group, the European Commission, the European Bank for Reconstruction and Development, the Organisation for Economic Co-operation and Development, etc.) The Committee plays a very important role in enterprise development since its announced guidelines are basically the summary of the participating enterprise development institutions' opinions.

The Committee's objective is to promote small enterprises in developing countries by (CDASED 2001):

- exchanging information on the programmes of participating agencies in the field of small enterprise development;
- sharing experiences and lessons learned during the implementation of projects; and
- coordinating efforts and establishing common guidelines in these fields.

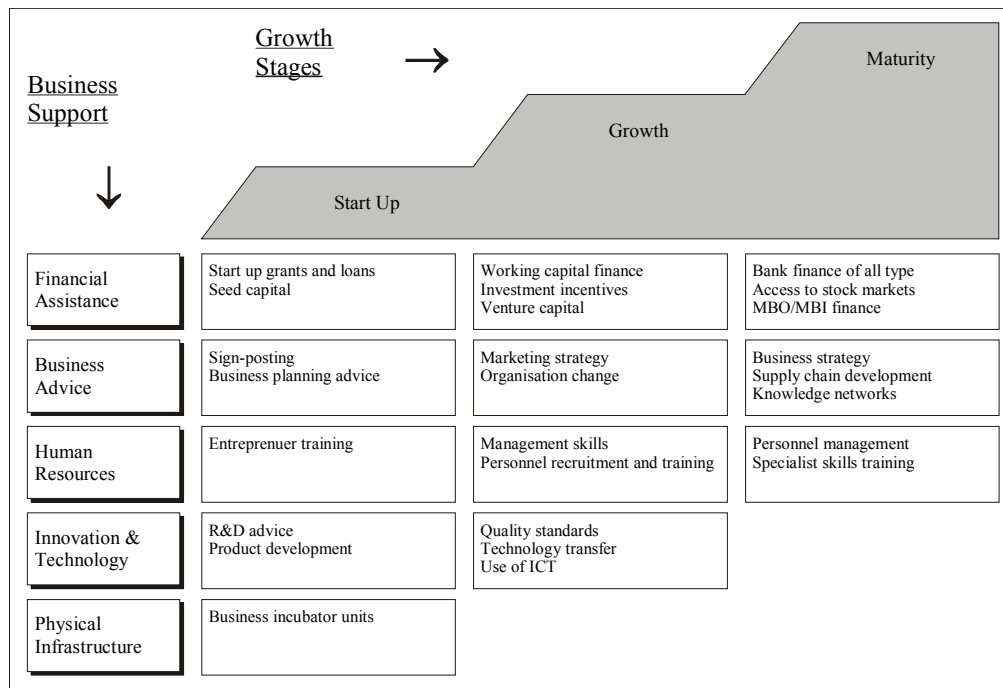
For the sake of the above objectives significant trade papers have been released which are crucial in the theoretical background of enterprise development. The definitions presented below are also based on such a trade background paper. The Committee classifies the instruments of enterprise development as follows (CDASED 1997):

- The *micro level* (i.e. the level of SMEs): In this case enterprise development instruments used at the micro level are delivered directly by development organisations to SMEs. (For example, training, consultancy and counselling, developing commercial entities, business linkages, etc).
- The *meso level* (i.e. the level of intermediary enterprise development institutions): In this case the objective is to enhance the efficiency, effectiveness and sustainability of local or national business development organisations through institutional development or capacity building. (For example, improving services, adding new services or expanding their target group, establishing new organisations or developing networks of organisations, etc).
- The *macro level* (i.e. the level of policy and regulation): In this case the interventions help to develop a 'market-friendly' macroenvironment. (For example, tax reform, financial sector reform, competitive micro-economy, encouraging foreign investment and the transmission of technologies, etc).

It is obvious that enterprise development can be realised simultaneously at different levels. The defined interventional levels are also strongly connected to

regional questions while in the case of micro and meso level enterprise development services, the regional differences are of crucial importance (Lengyel 2001a). Concerning the direct services offered to enterprises, the investigation of special local needs is one highly important part of a successful programme. Two areas must be precisely analysed. First, the specialities of enterprises in the region must be investigated, and then the enterprises must be segmented according to their objectives. In most cases the reason for the failure of a training programme lies in the fact that these programmes are usually designed for all entrepreneurs in general and do not focus on special groups of them. Therefore, the investigation and segmentation of the needs for support is a determining factor of the success or failure of a training programme (Mészáros and Pitti 2003, Szirmai 1997). In the case of meso level enterprise development services those development organisations must be supported which are the most suitable for the specialities of the region and fit the given environment. In the regions the necessary support must be investigated and the associations able to satisfy these needs must obtain priority (Lengyel 2001a, Szerb and László 2000).

Figure 14.1 SME support needs at different stages of development



Source: Ernst&Young (1999)

Besides the levels introduced above, there are other ways to classify SMEs that may highlight other differences in their needs. Another possible classification can be based on the stage of SMEs' development, which their needs greatly depend on. During their life cycle, SMEs usually need different means of support, therefore the enterprise structure of the region must also be considered when the offered services are developed (Figure 14.1). According to SMEs' life cycle the following phases can be defined (Ernst&Young 1999):

- *Start up Phase:* SMEs usually need a full range of support services, ranging from start-up finance to the provision of suitable and affordable premises.
- *Growth Phase:* SMEs need typical development service, for example financing, developing their markets and improving management skills.
- *Maturity Phase:* SMEs need special development service, for example exporting, helping with the development of supply chain and integration into knowledge networks.

During the different stages of development SMEs have different absorption abilities so the type and amount of support that they are able to use can vary (Lengyel 2002):

- In the Start up Phase the position of most SMEs is unstable, their objective is usually not market expansion, the main goal is survival. This means that they can absorb types of support that correspond to their objectives or that help to start their development.
- In the Growth Phase SMEs not only ask for support, but can also use it very effectively as they know exactly what they need to speed up their development and increase their competitiveness.
- In the Maturity Phase enterprises already need special, often individual services, moreover, they usually ask for support to help their further growth.

The specialities of Hungarian SMEs are also significant, which can constitute a further basis for the classification of them. According to these, two classifications are presented below.

SMEs form a group containing heterogeneous enterprises. Concerning the services offered, three types of SMEs have to be distinguished and the different types need different interventions (Lengyel 2000):

- *Enterprises corresponding to global enterprises, industries;* these are usually suppliers.
- *Innovative, knowledge based SMEs;* these SMEs take part in the global competition individually or in clusters.
- *Enterprises on the local and regional market;* they usually satisfy the demands of local households.

In a similar classification more categories of Hungarian SMEs can be created. The classification is based on the roles played by SMEs in the international economy (Török 1997):

- *Passive enterprises* with a wage system: they perform little added value on outgoing materials.
- *Active enterprises* with a wage-system: they perform more added value activities, and often produce end-products for the national market.
- *Passive supplier enterprises*: these enterprises have stable business relations, and in these cooperations they have greater bargaining power. They do not have their own R+D activities.
- *Active supplier enterprises*: these enterprises already have their own R+D activities, but they greatly depend on dominant partners.
- Enterprises, which are *capable of independent development*: they have considerable R+D backgrounds, and have the possibility to choose their partners.
- Enterprises, which are *independently competitive on the market of end-products*: their competitiveness is based on their own products; unfortunately there are only a few of these enterprises among Hungarian SMEs.

In this section it has been shown that, based on the heterogeneity of SMEs, the participants of enterprise development face different support needs. In order to realize the objectives of the Charter, it is worth investigating the special characteristics of the regions as well as examining those points that may have regional effects. To offer a better insight into regional specialities a short overview of the characteristics of the Southern Great Plain region is made and the activities so far achieved by its enterprise development organisations are briefly presented. Once a deeper view of their roles played so far is achieved, it is much easier to define in what areas they can operate effectively.

14.4 Enterprise development organizations in the Southern Great Plain Region

Among the regions of Hungary the Southern Great Plain region has some special characteristics. Firstly, the triple border (Hungary-Romania-Serbia) considerably increases the importance of this region. Secondly, the biggest regional university is situated in Szeged, which also increases the importance of the region. Thirdly, this is Hungary's only region where the proportion of big companies is the smallest regarding employment.

In Hungary, big companies contribute the most to regional development, which is a special feature of the country (Table 14.1). This is why SMEs need special attention in the Southern Great Plain region because they can substitute the role of big companies both in employment and in regional development.

Some branches of the industry have serious traditions in the region, craft activities are the most typical (textile and pottery), but industries based on agriculture (food industry and canning industry) are also significant. In these areas some cooperations have been started ('red pepper-cluster', 'hemp-cluster' and 'canning-cluster') among the SMEs to decrease the disadvantages of economies of scale. Unfortunately these initiatives were not really successful.

Table 14.1 Proportion of employed work force at companies in Hungary's regions

	Micro enterprises	Small enterprises	Medium enterprises	Large enterprises	Total
Central Hungary	20	14	16	50	100
Central Transdanubia	15	16	20	50	100
Western Transdanubia	16	17	26	41	100
Southern Transdanubia	19	20	27	34	100
Northern Hungary	18	19	26	37	100
Northern Great Plain	18	20	29	33	100
Southern Great Plain	20	23	30	28	100
Total	19	17	22	43	100

Source: Kállay and Köhegyi (2001)

In recent years, the number of companies and employed work force have decreased in the region. This worrying fact underlines the importance of enterprise development here. The three main enterprise development organisations are introduced in the following paragraphs:

- Progress Enterprise Development Foundation,
- DUTIREG PLC,
- Southern Great Plain Regional Development Agency.

(a) Progress Enterprise Development Foundation

The Progress foundation plays an outstanding role in Csongrád County (one of the three counties of the Southern Great Plain region) in the field of enterprise development. It is member of the Hungarian Enterprise Development PBC (Magyar Vállalkozásfejlesztési Kht.), an organisation represented by local enterprise centers in each of the Hungarian counties. The main roles of Progress are the following:

- elaborating overall strategies for the key sectors of the county,
- contributing to the growth of SMEs through programmes,
- developing enterprise culture in the county,
- working out complex training programmes,
- promoting information flow,
- supporting SMEs' entry into foreign markets.

The realisation of the foundation's general tasks is carried out through a number of specific programmes and services among which are the following:

- providing business information and databases,
- technical assistance network,
- loan programmes,
- incubator house programme,
- organising vocational events,
- suppliers' programme,
- microcredit programme.

To sum up the foundation's activities and goals, the following can be said: Progress is considerably active in the field of enterprise development, but it is involved in too many activities of this kind and that is why there are not enough resources eligible for crucially important issues. Taking into account the foundation's wide range of activities, at least according to the available public information, there are no defined priorities within the set of goals.

From all its activities, Progress's management of specific programmes and the utilisation of resources eligible through tenders still play a primary role. In parallel, due to the expected decrease in the above-mentioned resources, another way of organisation development has started which would shift the profile of the Progress Foundation towards a much more market oriented package of services.

The renewed dynamic leadership, the better trained employees and the lean network organisation system all contribute to the success of the realisation of this new future image. Obviously only this sort of operation can sufficiently function and gain a leading role in the long-term enterprise development of the county.

(b) DUTIREG PLC

DUTIREG PLC (Duna-Tisza Regionális Fejlesztési Rt. – Danube-Tisza Regional Development PLC) also operates in the field of enterprise development, in well-defined areas. DUTIREG as a financial investment corporation undertakes the co-financing of starting or growing companies through buying shares in them for 1 to 5 years. The company is profile neutral, it only selects among enterprises on the basis of the expected rate of return. As a supplement to its capital investment branch, and also as independent activities, the company also deals with leasing and wholesale. The third significant group of its activities includes consultancy services, with special regard to the preparation of business plans and feasibility studies, company audits, organisation development strategies and also plans and consultancy in the field of regional development.

Among the activities of the DUTIREG group the 'Quasi Risk Capital' activity is extremely important. It has a significant role in providing capital to SMEs. The

company usually purchases business share in developing SMEs, and after a few years it sells its business share, usually to the original owner. According to the leader of the organisation the main problem is that there are only a few enterprises, which satisfy every aspect of the expectations. In most cases extra risk management solutions are necessary. (Sometimes, in the worst cases even the operative control of the enterprise is taken over; this condition is usually stipulated in the contract.)

On the whole, it can be said that the activities of DUTIREG mainly focus on the area of financing without any discrimination on sectoral bases, thus rendering general financial services to enterprises. Also, in the case of DUTIREG, EU-granted projects play a remarkable role. The company takes part in these as co-ordinator or researcher.

(c) Southern Great Plain Regional Development Agency

The Southern Great Plain Regional Development Council (Dél-alföldi Regionális Fejlesztési Tanács – DARFT) founded the Regional Development Agency (RDA) on December 1, 1997 with its own judicial rights. This act aimed at creating a professional organisation beside the decision-making body that is responsible for preparing and following programmes. In the past few years, DARFT RDA has become a primary participant of regional enterprise development. Its main areas of operation are: management of tenders, foundation of different consortia and, in general, leading development activities.

The regulatory system of Phare programmes usually puts the participating parties to difficult tasks, and that is a reason why the agency's information and training programmes are often inevitable for the region's development. In order to disseminate knowledge on handling Phare projects, a great number of vocational forums and meetings are organised where the agency's experts meet delegations of non-governmental organisations, industrial parks and all kinds of interested managers to provide them with useful theoretical and practical information. Besides the Phare programmes the agency aims at leading an outstanding activity in other fields of interest, for example, it builds intensive cross-border relationships with RDAs in the neighbouring countries.

Successful operation is carried out through a number of programmes, the most significant of these at the moment is the Regional Innovation Strategy and Programme, in the framework of which partners with a very wide range of activities co-operate in order to lay down the region's innovation strategy (Varga 2002). An expected result of the programme will be the clear understanding of the needs of SMEs, the overview of the co-operation between direct technology services and SMEs, and finally the composition of a coherent and concrete programme package.

All in all, it is evident that the agency has become an approved and appreciated participant in the region and in its economic development. On the other hand, it is

also clearly seen that this organisation operates in a specifically defined area, namely in the managing and operative execution of EU-granted projects. This is why its direct enterprise development role is not crucial. Moreover, as a consequence of this, the whole existence of the agency would be threatened by the possible decrease of these resources.

The enterprise development organisations of the region can have a significant part in the realisation of some specific recommendations of the Charter. It is useful to examine to which points of the Charter these organisations could contribute already at the regional level. Moreover, it is important to introduce the possible roles for these organisations in the future by defining which organisations can reach the specific objectives the most effectively.

14.5 The regional effects of the Charter in Hungary

There are many possibilities at the regional level to move towards realising the Charter's objectives in the following four areas:

- availability of skills,
- financing,
- getting more out of the Single Market,
- more effective representation of small enterprises' interests.

(a) Availability of skills

Besides the development of the general entrepreneurial skills, it would also be important to examine the specialities of the region. On the one hand, it should be examined how the enterprises of the region can be segmented, and what type of training and consulting services are demanded by the segments. This segmentation would result in more successful programmes (Szirmai 1997).

Those clusters that are likely to have a distinguished importance in the regional economy must also be chosen. Training could be organised in accordance with the needs of these clusters (i. e. first point of the Charter: education and training for entrepreneurship). In this case, specific information could be transferred by the appropriate experts. Experience shows that the time of general programmes is over and usually not much interest is shown towards these services.

The first problem is the investigation of the needs for support. It is difficult to characterise the demands of the enterprises in clusters. As regards the human resources of a region, it seems that the development of the required high quality educational material for the special training programmes will cause further problems. In this question, adoption of the best EU practices can be a solution. Enterprise development organisations should already perform much more serious

benchmarking activities. (Successful examples can be found in every industry, and this is true not only for consulting activities but for enterprise development services in general.)

The activities of Progress Enterprise Development Foundation should be improved in this area, as currently this organisation is the determining factor in offering micro level services, and as for the local branches and Progress has the strongest connection with entrepreneurs.

(b) Financing

Concerning the traditional financing ways, the Phare SME Finance Facility Programme is a novel possibility. The goal of the programme is to encourage the Hungarian financial system to subsidise SMEs. This is a national programme, but naturally local branches support local enterprises, thus the advantages of local financing (personal contacts, awareness of the local problems) might help SMEs to obtain some capital (Szerb and Ulbert 2002).

It is interesting that the increasing financial competition also helps the development of traditional ways. Especially local savings banks have problems with the outplacement of capital, therefore local SMEs naturally attract their interest, which also promotes the development of local financing.

Among non-traditional ways of financing, enterprise development organisations can play a very important role. Progress Enterprise Development Foundation has managed the microloan programme, and it is very likely to play an important role also in the reorganised version of this programme. Significant changes are not expected.

There are more considerable possibilities in alternative ways of financing. Innovative SMEs based on the intellectual resources of research institutes and universities are already significant participants of the economy of the region. These enterprises are preferred targets of Business Angels and risk capital, therefore they have good possibilities to build up such cooperations. The main problem is the lack of information (Mészáros and Pitti 2003). Enterprise development organisations have possibilities in the following areas:

It is important to provide enterprises with useful practical information as they must be informed about financing possibilities. On the other hand, it would be very useful to prepare an investor database about the enterprises, and make this database available to potential investors. Finally, they should organise business meetings, forums, where potential partners can meet. This is the area where DUTIREG should increase its activities since have a lot of experience in financial issues.

(c) Getting more out of the Single Market

In addition to the basic activities performed on the national market, the Hungarian SME sector and also the as well as enterprise development organisations must face an extra challenge, which is the EU accession. Unfortunately Hungarian SMEs are still unprepared and inactive, they are still not aware of the importance of the changes (Szanyi 2002). The results of a recent survey are interesting. According to this survey 10% of Hungarian enterprises claimed to be well informed about the EU accession, furthermore 25% of enterprises stated that they were basically completely uninformed. Concerning the preparations for the EU accession, the situation is even worse: 61% of the interviewed enterprises practically still have not started the planned preparations (Eurochambers 2002). It seems that serious problems are to be expected because of the weakly prepared enterprises even if Hungary does its best at the national level for the utilisation of the advantages present on the Single Market. In the current situation a large part of the enterprises will consider the EU accession as a problem and not as a possibility, and one of the reasons will be their lack of information.

It is likely that SMEs and these organisations are both responsible for this situation. Regarding SMEs it is surprising how small interest they show in relation to this question, on the other hand, as it is shown by the Austrian EU accession, SMEs consider short time periods and are not interested in programmes which start too early compared to the date of accession (Némethné 2002). On the other hand, enterprise development organisations are also responsible although they started more programmes to help the preparation for the EU accession on both the regional and national levels and published some studies, these programmes usually had very limited success.

The main problem is the same considering the preparation for the EU accession as with developing entrepreneurs' abilities in general. It is very hard to determine what special information enterprises need in relation to the EU. Based on the available experience, it seems that no real interest is shown towards general educational programmes so it makes no sense to start more programmes of this kind. Special knowledge related to the most significant sectors of the region must be synthesized and distributed in a form which can be used easily by the entrepreneurs. It would be the duty of these organisations to precisely investigate the areas where the SMEs of the Southern Great Plain region have backwardness and where knowledge is necessary to exploit the advantages of the Single Market. Then a serious marketing must follow to convince the local participants that they really need this knowledge. Successful programmes can only be organised this way.

In this area the Regional Development Agency should play the main role through its basic activities, or as a potential partner Progress Enterprise Development Foundation may also be involved since this organisation has the best network of formal and informal connections among the enterprises.

(d) More effective representation of small enterprises' interests

According to the experts of the region it proves to be a serious problem that the interests of the local enterprises are not at all represented at higher decision making levels just as the development programmes realised at micro, meso and macro levels usually offered to Hungarian enterprises. Experience shows that these general programmes can solve the special problems of a backwarded region only to a lesser degree. Here every enterprise development organisation should participate very actively but in the current situation it seems that DARFT RDA will play the determining role at both the national and EU level.

Since the specialities of the sectors might influence the realisation of the above-presented first three recommendations, it could be useful to organise the activities of enterprise development organisations not along the recommendations of the Charter. These organisations might focus on particular sectors, and these specialised Development Agencies may offer their services in specific areas (financing, training, information, etc.). In the next part a solution will be presented to that.

14.6 Other opportunities: Real Service Centre (RSC) model

Italian industrial districts can serve as an example of the development of Hungarian SMEs for several reasons. Firstly, local economy both in Italy and in Hungary relies greatly on SMEs and that is why it is crucially important to promote the development of this sector. Secondly, the dominant activities of industrial districts are based on traditional crafts. Thirdly, the strong informational network connections seem to be similar in these two countries. The Italian experience, after adjustment and refinement, could be used in the regional enterprise development of the Southern Great Plain region.

Italian industrial districts are a special form of spatial concentration of the economy. Besides the geographical concentration, socio-cultural connections are also of primary importance, just as the common historical background that gives a special characteristic to these local co-operations (Amin 1998, Belussi 1996, Paniccia 1999, 2000). Industrial districts have long existed, Marshall already wrote about them in 1890, that is the reason why the Italian districts started to attract interest in the 1970s are often referred to as 'new industrial districts'. These districts were the capable of realising remarkable economic growth in the 1970s when, due to the economic recession in the world, traditional industrial districts and large companies over the developed world suffered great losses both in revenue and in employed work force.

According to the United Nations' analysis of Italian industrial districts as an example for less developed local economies, their main characteristics are the following (UNIDO 2001):

- geographical concentration of SMEs,
- sectoral specialisation,
- dominance of SMEs,
- innovation based on competition between the firms,
- socio-cultural identity promoting the development of mutual trust,
- active self-promoting organisations,
- supportive regional and local government.

The concept of 'real business service' (RBS) is closely linked to the concept of Italian industrial districts according to which enterprises should be provided with real, high quality service for which they are ready to pay the market price. This seems to be the only enterprise development system sustainable in the long run. 'Real service centers' (RSCs) play an outstanding role in the dynamic development of Italian industrial districts.

RSCs render a wide range of services among which the following are the most frequent:

- credit guarantee,
- organising fairs and exhibitions,
- information on the development of the market and of technologies,
- consulting and training
- quality certification,
- product development,
- improving innovation,

RSCs are usually owned by the local production companies, the local municipality, various SME agencies and the consortia of these. According to analyses and evaluations, RSCs show four different characteristics built upon one another (UNIDO 2001):

- effective area of operation,
- customer orientation,
- embedded autonomy,
- growing governing potential.

The experience of RSCs may be used in the enterprise development of the Southern Great Plain region so that the recommendations of the Charter may be realised under this scheme. The advantage of this solution is that these RSCs offer real business services, for which SMEs are ready to pay. Therefore a change in the approach to enterprise development would slowly appear in the region, which would help the development of efficient maintainable services (Kállay 2002).

14.7 Conclusions

Based on the processes presented in this paper it is clear that the Charter is significant in Hungarian enterprise development as well. Besides national level programmes, *regional level interventions* can also facilitate the efficient realisation of the principles, but unfortunately not enough attention is paid to regional effects in the Hungarian practice. Apparently the development organisations of the region can definitely help local SMEs.

Taking a closer look at the most significant participants of the southern Hungarian enterprise development organisations, some unique characteristics of them could be defined. First of all, organisations lack the specific definition of their activities. All the three introduced organisations, just as the other ones not mentioned in the present study, are involved in a wide range of activities, often creating competition. But unfortunately this competition is of an ad hoc type and the fight for clients completely lacks any *conscious classification* regarding the existing needs of potential clients and thus of clients themselves. Applying one of the classifications introduced above might provide them with a tool to define and segment their activities.

Still, there have already been signs of differentiation in their operations: Progress Foundation specialises in consultancy, training and the direct support of SMEs, DUTIREG concentrates on financial aspects while DARFT RDA is involved mainly in the co-ordination of Phare projects and helps enterprises to prepare for future EU projects. All the three organisations are starting to find their own profile in which they can be the most efficient although this process is at a very early stage at the moment. Since these organisations lacked specialisation in the early period, professionalisation did not develop either. Designing a better-defined set of tasks and goals, they could probably be more effective and thus could contribute to realising the recommendations of the Charter to a greater extent.

The Real Service Centre model cannot be used in the current regional situation. Such industrial districts, clusters that demand special business development activities have not been developed, and the income of enterprises is not enough to maintain such systems. This is likely to be the next stage of development because once the clusters and networks get stronger in the region, it will be possible to realise the guidelines of the Charter with the help of such specialised organisation systems.

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