

Tihana Kraljić, PhD student

University J.J. Strossmayer in Osijek, Croatia
Doctoral program in Entrepreneurship and Innovativeness
Phone :+385 (0)48 691 136
E-mail address: tihana.kraljic@kc.t-com.hr

Ivana Bekić, B.Sc. Econ.

VERN' University of applied Sciences
Phone:+ (0) 91 122 2501 Fax: +385(0)1 38 82 813
E-mail address: ivana.bekic@gmail.com

Nerma Saracevic, PhD student

University J.J. Strossmayer Osijek Croatia
Doctoral program in Entrepreneurship and Innovativeness
Phone :+387 (0)32 651 471 Fax: +387 (0)32 650 704
E-mail address: nermasa@bih.net.ba

**IMPLEMENTATION OF MEASURES TO ENCOURAGE
ENTREPRENEURSHIP IN OSIJEK-BARANJA COUNTY
–SLAVONIA NOT NIPPED**

**PROVEDBA MJERA ZA POTICANJE PODUZETNIŠTVA U OSJEČKO-
BARANJSKOJ ŽUPANIJI-SLAVONIJA NIJE ZAKINUTA**

ABSTRACT

The Croatian Government has implemented measures to encourage entrepreneurship through the ministry in charge of the enterprise. In the mandate of the Government from 2008 by 2011 the ministry in charge of the issue was the Ministry of Economy, Labour and Entrepreneurship. The government that was formed in December 2011 founded a new ministry - the Ministry of Entrepreneurship and Crafts. Ministry of Economy, Labour and Entrepreneurship implemented measures to encourage entrepreneurship through annual Operational plans, and the Ministry of Entrepreneurship and Crafts through annual programs named Entrepreneurial impulse. The method in the paper is the method of analysis of paid support from the state level by county, as well as analysis of paid support of active businesses in every county. Normally the prevailing opinion is that, when it comes to incentives from the state level, eastern Croatia and Osijek-Baranja County is deprived. The analysis showed that was not the case with the implementation of measures to encourage entrepreneurship from the state level. Osijek-Baranja County is in the fourth place by the amount of paid support, and third by value of land that was owned by the Croatian Government, and which government has donated to local governments-cities and municipalities for the development of enterprise zones. This indicates that the Osijek-Baranja County as well as cities and municipalities on its territory were active in the implementation of measures to encourage entrepreneurship from the state level, and certainly in these processes played an important role supporting institutions for the development of entrepreneurship in the Osijek-Baranja County - business centers and incubators, and the Regional Development Agency of Slavonia and Baranja. The aim of this paper is to present the implementation of measures to encourage entrepreneurship from the state level in the Osijek-Baranja County since 2008 by 2012 year, and show that Slavonia in these processes has not nipped. The reason for this is the allocation of state aid in a transparent manner and with clear criteria that are applied consistently, and proactive regional and local governments.

Keywords: encouraging entrepreneurship, support, Osijek-Baranja County, supporting institutions

SAŽETAK

Vlada Republike Hrvatske provodila je mjere za poticanje poduzetništva kroz ministarstvo zaduženo za poduzetništvo. U mandatu Vlade od 2008. do 2011. to je bilo Ministarstvo gospodarstva, rada i poduzetništva, a Vlada koja je formirana u prosincu 2011. godine osnovala je novo ministarstvo – Ministarstvo poduzetništva i obrta. Ministarstvo gospodarstva, rada i poduzetništva svoje poticajne mjere provodilo je kroz godišnje Operativne planove poticanja poduzetništva, a Ministarstvo poduzetništva i obrta kroz godišnje programe pod nazivom Poduzetnički impuls. U radu je korištena metoda analize isplaćenih potpora s državne razine po županijama, kao i analiza isplaćenih potpora po aktivnim poslovnim subjektima u svakoj županiji. Uobičajeno prevladava mišljenje da je, kada se radi o poticajima s državne razine, istočna Hrvatska i Osječko-baranjska županija zaključila. Provedena analiza je pokazala da kod poticanja poduzetništva to nije bio slučaj. Osječko-baranjska županija na četvrtom je mjestu po iznosu isplaćenih potpora, a na trećem mjestu povrijednosti zemljišta koje je bilo u vlasništvu Republike Hrvatske, a koje je darovano jedinicama lokalne samouprave-gradovima i općinama za razvoj poduzetničkih zona. To upućuje da su Osječko-baranjska županija kao i gradovi i općine s njezinog područja bili aktivne u provedbi mjera za poticanje poduzetništva s državne razine, a zasigurno su u tim procesima značajnu ulogu i male potporne institucije za razvoj poduzetništva u Osječko-baranjskoj županiji- poduzetnički centri i poduzetnički inkubatori, ali i Regionalna razvojna agencija Slavonije i Baranje. Cilj ovog rada je prikazati provedbu mjera za poticanje poduzetništva s državne razine u Osječko-baranjskoj županiji od 2008. do 2012. godine, te pokazati da Slavonija u tim procesima nije bila zaključila. Razlog tome je dodjela državnih potpora na transparentan način i uz jasne kriterije koji se dosljedno primjenjuju, ali i proaktivnost regionalne i lokalne samouprave.

Ključne riječi: poticanje poduzetništva, potpore, Osječko-Baranjska županija, potporne institucije

1. Introduction

Encouraging entrepreneurship from the state level by the Croatia Government in the period since 2008 by 2011 was conducted through the ministry responsible for entrepreneurship in collaboration with local and regional governments, and supporting institutions: development agencies, entrepreneurial centres, business incubators and technology parks. Line ministry in charge of entrepreneurship from 2008 to 2011 was the Ministry of Economy, Labour and Entrepreneurship. A new government which was formed in December 2012 established a separate ministry responsible for entrepreneurship called Ministry of Entrepreneurship and Crafts. Ministry of Economy, Labour and Entrepreneurship implemented their stimulus measures through annual operational plans to encourage entrepreneurship, and the Ministry of Entrepreneurship and Crafts through annual programs named Entrepreneurial impulse.

2. Paid grants to entrepreneurs through annual Operational Plans for 2008, 2009, 2010 and 2011 and Entrepreneurial impulse for 2012 year

Ministry of Economy, Labour and Entrepreneurship under Operational plans for 2008, 2009, 2010 and in 2011 received a total of 20,383 grants amounting to HRK 901,836,728.00. Grants were given on the basis of Calls Publisher in accordance with the established criteria for each project, and the availability of funds in the budget. Six key areas in which the funds were approved: Competitiveness and Innovation, Entrepreneurial infrastructure, Education for entrepreneurship, Craftsmanship, Entrepreneurship promotion and encouragement of international competitiveness.

Most projects realized in the framework of the Competitiveness and Innovation Programme, namely: Strengthening the competitiveness of small businesses, Competitiveness Through Innovation, Gazelle, Women entrepreneurs, Entrepreneurship young beginners and people with disabilities, Entrepreneurship in culture, Clusters and Cooperative enterprises. In the area of entrepreneurial infrastructure projects implemented by the Construction zones and Entrepreneurial support institutions. Craftsmen have been realized through the Education Project in crafts, Additional training and retraining in trades and Crafts development. Encouraging international competitiveness and internationalization of projects carried out through the Strengthening of international competitiveness and internationalization of the Croatian economy.

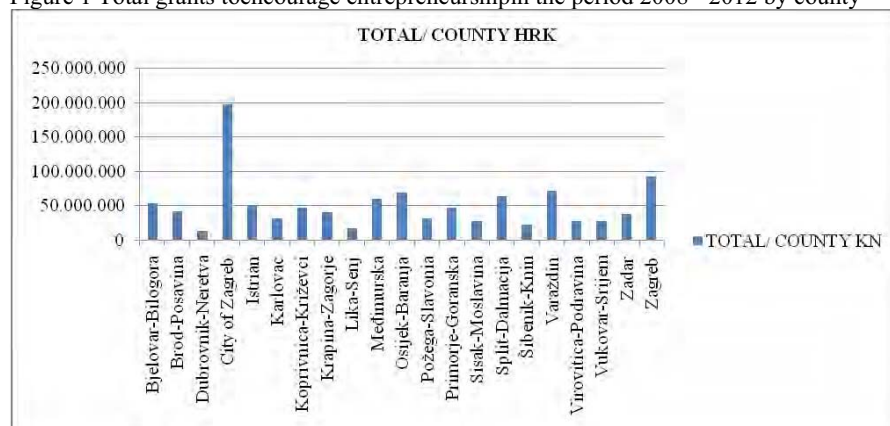
Ministry of Entrepreneurship and Crafts to encourage entrepreneurship in 2012 were provided by the Entrepreneurial impulse for 2012 year. Through it was granted a total of 2,469 grants in the amount of HRK 167,726,022.00. Published public call for 30 projects including: Gazelles, New technologies, Market positioning to success, Strengthening international competitiveness, Clusters in the establishment, Clusters operating, Franchising, Development and application of innovation for innovators and association, Development and application of innovation for small entities Management, Standardization and quality marks, Lifelong Education for crafts, IT competency artisans, Fine schools, Apprenticeship occupations, Furnishing practicum craft vocational school, Scholarships to students in the trades and professions, Entrepreneurship education, Entrepreneurship education for student unions, for entrepreneurs, Business incubators, Development agencies and business centers, Technological parks, Young entrepreneurs, start-up entrepreneurs, Entrepreneurship culture, Women entrepreneurs, The preservation of traditional arts and crafts, Social entrepreneurship and Cooperative entrepreneurship.

Table 1 Paid grants to encourage entrepreneurship in the period 2008 -2012

COUNTY	2008 OP	2009 OP	2010 OP	2011 OP	2012 EI	TOTAL/ COUNTY HRK
Bjelovar-Bilogora	17.046.026	15.377.313	9.518.720	7.608.674	3.499.326	53.050.059
Brod-Posavina	10.458.247	10.607.196	10.043.215	7.715.880	3.359.877	42.184.417
Dubrovnik-Neretva	2.998.080	1.793.590	4.823.500	2.187.830	1.440.411	13.243.411
City of Zagreb	35.739.418	39.571.734	48.592.917	38.072.872	35.744.530	197.721.471
Istrian	12.006.653	6.466.154	13.197.060	9.195.259	8.384.075	49.249.201
Karlovac	9.485.029	4.670.293	6.814.567	4.938.333	5.455.465	31.363.687
Koprivnica-Križevci	11.794.209	12.668.384	13.003.657	6.710.564	3.035.392	47.212.206
Krapina-Zagorje	10.486.235	8.235.409	7.649.100	7.209.062	7.369.068	40.948.874
Lika-Senj	5.848.422	1.927.851	4.899.110	4.266.531	181.932	17.123.846
Međimurska	12.585.119	13.489.394	15.687.040	11.115.366	7.052.811	59.929.730
Osijek-Baranja	19.701.213	11.403.959	15.421.008	10.741.813	11.167.446	68.435.439
Požega-Slavonia	6.417.553	6.366.164	6.827.171	7.214.036	4.443.519	31.268.443
Primorje-Goranska	9.431.815	9.669.431	11.861.065	7.931.429	8.163.011	47.056.751
Sisak-Moslavina	7.939.474	3.788.698	4.509.784	5.663.788	5.564.055	27.465.799
Split-Dalmacija	13.920.221	15.707.509	15.010.007	10.471.876	8.675.444	63.785.057
Šibenik-Knin	5.234.612	4.084.760	2.474.474	3.609.921	6.884.912	22.288.679
Varaždin	13.582.099	16.591.205	16.861.563	11.801.075	13.294.874	72.130.816
Virovitica-Podravina	6.291.601	5.090.258	7.339.212	3.572.891	4.498.910	26.792.872
Vukovar-Srijem	9.511.006	5.649.700	5.498.047	3.915.533	3.196.296	27.770.582
Zadar	9.319.880	11.832.502	7.752.489	4.104.273	4.524.957	37.534.101
Zagreb	16.115.631	18.945.863	21.644.110	14.511.994	21.789.711	93.007.309
TOTAL	245.912.543	223.937.367	249.427.816	182.559.000	167.726.022	1.069.562.750

Source: Register of grants Ministry of Economy, Labour and Entrepreneurship, Ministry of Entrepreneurship and Craft

Figure 1 Total grants to encourage entrepreneurship in the period 2008 - 2012 by county



Source: Authors

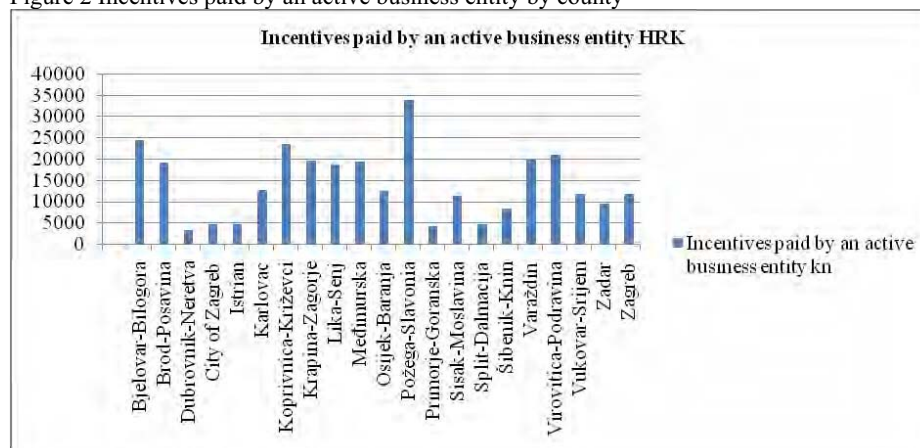
If we consider the grants paid by counties and in the context that we look at the Osijek-Baranja County, then it is in fourth place behind the City of Zagreb, Varaždin and Zagreb County with paid HRK 68,435,439.00 grants in the observed period. The largest amount of grant paid out in the City of Zagreb the HRK 197,721,471.00 or 18.5%. Although the Osijek-Baranja County is at high fourth place, one gets the impression that the city of Zagreb, with 18% of paid grants was favoured compared with other counties. But is it really so? To get a more realistic picture we compared total grants paid by the county with the number of active businesses in the county.

Table 2 Number of active business entity/county, Incentives paid/ an active business entity, Ranking

COUNTY	TOTAL/ COUNTY	%	Number of active business entity	%	Incentives paid by an active business entity	Ranking County
Bjelovar-Bilogora	53.050.059	4,9	2.171	1,69	24.435,77	2
Brod-Posavina	42.184.417	3,9	2.202	1,7	19.157,31	8
Dubrovnik-Neretva	13.243.411	1,2	4.189	3,3	3.161,74	21
City of Zagreb	197.721.471	18,6	43.112	33,4	4.568,22	17
Istria	49.249.201	4,6	10.856	8,61	4.536,59	19
Karlovac	31.363.687	2,9	2.448	1,9	12.811,96	10
Koprivnica-Križevci	47.212.206	4,4	1.997	1,5	23.641,56	3
Krapina-Zagorje	40.948.874	3,9	2.073	1,6	19.753,43	6
Lika-Senj	17.123.846	1,6	918	0,7	18.653,42	9
Međimurska	59.929.730	5,6	3.090	2,4	19.394,73	7
Osijek-Baranja	68.435.439	6,4	5.492	4,3	12.460,93	11
Požega-Slavonia	31.268.443	2,9	920	0,7	33.987,43	1
Primorje-Goranska	47.056.751	4,4	11.310	8,7	4.160,63	20
Sisak-Moslavina	27.465.799	2,6	2.421	1,8	11.344,81	14
Split-Dalmacija	63.785.057	5,9	13.998	10,8	4.556,72	18
Šibenik-Knin	22.288.679	2,1	2.643	2,0	8.433,10	16
Varaždin	72.130.816	6,7	3.632	2,8	19.859,80	5
Virovitica-Podravina	26.792.872	2,5	1.274	0,9	21.030,51	4
Vukovar-Srijem	27.770.582	2,7	2.345	1,8	11.842,46	13
Zadar	37.534.101	3,5	4.002	3,2	9.378,83	15
Zagreb	93.007.309	8,7	7.837	6,2	11.867,71	12
TOTAL	1.069.562.750	100	128.930	100		

Source: Central Bureau of Statistics, Author

Figure 2 Incentives paid by an active business entity by county



Source: Authors

When we look into grants paid by an active business entity we get a completely different picture. In the first place with the HRK 33,987.43 paid by active support enterprise is Požega-Slavonia County, followed by Bjelovar-Bilogora, Koprivnica-Križevci and Virovitica-Podravina. Osijek-Baranja County with HRK 12,460.93 paid by active business entity located in 11 places, and the City of Zagreb with paid HRK 45,68.22% per active business entity located just at 17th place. The city of Zagreb operates 43,112 active businesses or 33.4% of all active businesses operating in Croatia. Osijek-Baranja County with 5,492 active business entities account for only 4.2% of the total number of active businesses in Croatia.

3. Development of Enterprise infrastructure in Osijek-Baranja County

For Development Entrepreneurship in Croatia and for the successful implementation of incentive measures is of great importance the development of enterprise infrastructure. Under the entrepreneurial infrastructure refers to enterprise zones and supporting institutions.

3.1 Enterprise zones in Osijek-Baranja County

Table 3 The allocation of state land for the development of enterprise zones by county

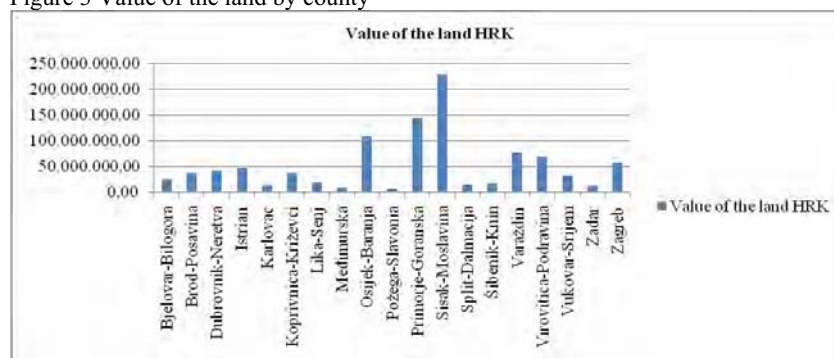
COUNTY	Total land area m ²	Value of the land HRK	Ranking County /by value
Bjelovar-Bilogora	1.019.435,98	24.189.400,46	12
Brod-Posavina	2.000.765,00	36.387.214,88	9
Dubrovnik-Neretva	175.487,00	41.590.419,00	8
City of Zagreb			
Istrian	431.048,25	46.574.768,77	7
Karlovac	201.505,79	12.870.900,04	16
Koprivnica-Križevci	1.148.633,00	36.061.943,00	10
Krapina-Zagorje			
Lika-Senj	312.412,57	16.857.853,48	13
Međimurska	589.492,00	7.731.062,14	19
Osijek-Baranja	3.675.706,50	108.640.254,77	3
Požega-Slavonia	258.598,00	5.208.859,00	18
Primorje-Goranska	314.965,00	144.009.330,21	2
Sisak-Moslavina	4.970.825,00	229.491.285,34	1
Split-Dalmacija	292.722,00	14.728.530,00	15
Šibenik-Knin	276.692,00	15.144.648,00	14
Varaždin	3.155.769,00	77.695.334,00	4
Virovitica-Podravina	3.509.120,00	67.398.332,19	5
Vukovar-Srijem	2.451.337,00	31.259.766,00	11
Zadar	594.416,00	10.474.959,00	17
Zagreb	1.793.648,00	56.619.443,01	6
TOTAL	27.172.578,09	982.934.303,29	

Source: Register of grants Ministry of Economy, Labour and Entrepreneurship, Ministry of Entrepreneurship and Craft

When we talk about the development of enterprise zones in the Osijek-Baranja County, we must first look at how the Osijek-Baranja County passed in the allocation of state land for the development of enterprise zones.

The process of allocation of public land owned by the city and the municipality was of crucial importance for the development of enterprise zones in Croatia. The government has given cities and municipalities ownership in land total area 27,172,578.09m² in the value of HRK 941,034,303.29.

Figure 3 Value of the land by county



Source: Authors

Krapina Zagorje County and the City of Zagreb did not get state land for the development of enterprise zones. In the first place according to the value of the obtained land is Sisak- Moslavina County with the amount of HRK 229,491,285.34. In the second place is Primorje-Goranska County with the amount of HRK 144,009,330.21. Osijek-Baranja County is again on high third place with the amount of HRK 108,640,254.77. This means that local governments-cities and municipalities in

the Osijek-Baranja County was very active, and successful in the presentation of its plans for the development of enterprise zones.

Table 4 Approved support for enterprise zones in the period 2008-2012 in Osijek-Baranja County

	City / Municipality	Name of the zone	Approved support for enterprise zones HRK
1.	Municipality Bizovac	Zone Small Business Sajmište	450.000,00
2.	City Valpovo	Zone Small Business Valpovo	620.000,00
3.	City Valpovo	Economic zone business purposes K-VI	2.000.000,00
4.	City Valpovo	Industrial Zone	500.000,00
5.	Municipality Erdut	Enterprise zone Bijelo Brdo Erdut	1.568.277,00
6.	City DonjiMiholjac	Industrial Zone Janjevci Donji Miholjac	3.450.000,00
7.	Municipality Petrijevci	Economic zone for small and medium businesses	300.000,00
8.	City BeliManastir	Industrial Zone Beli Manastir	2.900.000,00
9.	Municipality Antunovac	Zone Antunovac	500.000,00
10.	Municipality Semeljci	Business Zone Municipality Semeljci	450.000,00
11.	Municipality Kneževi Vinogradi	Enterprise zone MunicipalityKneževiVinogradi	3.907.918,00
12.	City Našice	Economic Zone Našice	1.650.000,00
13.	Municipality Koška	Zone Small Business Zadar	250.000,00
14.	Municipality Feričanci	Dračica 1	480.000,00
15.	Municipality Darda	Zone crafts SMEs	2.950.000,00
16.	City Osijek	Economic Zone Tenja	1.100.000,00
17.	City Osijek	Industrial Zone Nemetin	130.000,00
18.	Municipality Marijanci	Enterprise Zone Črnkovci	1.590.000,00
19.	Municipality Podgorač	Enterprise Zone Podgorač	200.000,00
20.	Municipality Bilje	Economic Zone Sjever	1.900.000,00
21.	Municipality Trnava	Business Zone Trnava	89.000,00
22.	Municipality Čepin	Enterprise Zone Vinogradi	500.000,00
	TOTAL		27.485.195,00

Source: Register of grants Ministry of Economy, Labour and Entrepreneurship, Ministry of Entrepreneurship and Craft

Except land cities and municipalities are receiving grants for infrastructural equipping zone through annual Operational plans of Ministry of Economy, Labour and Entrepreneurship and through annual programs Entrepreneurial impulse of Ministry of Entrepreneurship and Crafts. Between cities and municipalities developed a competition for grants and to attract investors. Cities and municipalities that have been successful in obtaining grant funding and which attracted investors to invest in their zone altered the economic picture. Putting into operation of enterprise zones is a long process, but the reward is development their community.

Twenty-two zone in Osijek-Baranja County in the period since 2008 by 2012 received a grant from the Ministry of Economy, Labour and Entrepreneurship and from Ministry of Entrepreneurship and Crafts. The total amount of the aid granted is HRK 27,485,195.00.

3.2. Supporting institutions in Osijek-Baranja County

Support institutions to foster entrepreneurship in Croatia are development agencies, business centers, business incubators and technology parks.

In the Osijek-Baranja County was established:

- one regional development agency- Development Agency of Slavonia and Baranja
- six business centers- Center for Entrepreneurship Belišće, Center for Entrepreneurship Osijek, Miholjac Business Center, Business Center BeliManastirLtd.,Valpovo Business Center and Cooperative and Entrepreneurial Network Bilje.

- two business incubators- Business Incubator BIOS Ltd. Osijek and Business Incubator Osvit Donji Miholjac.

These institutions have played a very important role in the implementation of incentive programs for business development of national, regional and local levels. Ministry responsible for enterprise organizes annually National Conference for SME, where awards the best entrepreneurs and the best supporting institutions. Both business incubators from Osijek-Baranja County have received awards for best business incubator. Business Incubator BIOS Ltd. Osijek was awarded 2008th year and business incubator OsvitDonjiMiholjac was awarded 2011th year.

4. Conclusion

Analysis of the implementation of encouraging entrepreneurship at the state level by counties shows the position of Osijek-Baranja County in these processes. Contrary to expectations and the usual opinion it was shown that the Osijek-Baranja County has not been deprived. Just the opposite, research has shown that the Osijek-Baranja County at the top by paid grants by counties.

Osijek-Baranja County is in the fourth place by grants paid by counties behind the City of Zagreb, Varaždin and Zagreb County with paid HRK 68,435,439.00 grants.

Osijek-Baranja County is on high third place with the amount of HRK 108,640,254.77 according to the value of the obtained land for the development of enterprise zones.

Encouraging entrepreneurship in Croatia is conducted in a transparent manner and with clear criteria. This has given an equal opportunity to all counties, and Osijek-Baranja County and its cities, municipalities and entrepreneurs knowhow to use it.

REFERENCES

Ministry of Entrepreneurship and Crafts <http://poticaji.minpo.hr/objava.aspx> (accessed 15 January 2013)

Ministry of Economy, Labour and Entrepreneurship <http://poticaji.mingorp.hr/objava.aspx> (accessed 15 November 2012)

Central Bureau of Statistics <http://dzs.hr> (accessed 28 February 2013)

Osijek-Baranja County <http://www.obz.hr/hr/index.php?tekst=468> (accessed 18 February 2013)

Osijek-Baranja County <http://www.obz.hr/hr/index.php?tekst=469> (accessed 18 February 2013)