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ENTREPRENEURSHIP IN THE PUBLIC ENTERPRISES IN THE REPUBLIC OF MACEDONIA - CONDITIONS AND PERSPECTIVES

Abstract

Companies that are owned, managed and controlled by the state or local government are called public sector enterprises or public enterprises. The primary goal of these enterprises is to increase social welfare and protect the public interest, unlike private sector companies whose main goal is to make a profit. The satisfaction of citizens as users of public services is crucial for every institution that offers public services. When for a particular service there is a high level of satisfaction from the users (citizens), this means that the service is of high quality. By changing entrepreneurial skills in the operation of public enterprises, the quality of public services and thus the citizen satisfaction is improved, which is reflected by a positive change in their behavior. In this way, the confidence in the public institutions is significantly enhanced and the level of satisfaction of the citizens with the use of these services is increased. Therefore, the promotion of entrepreneurial skills in the operation of public enterprises is of particular importance.

The main objective of the research is to analyze the application of entrepreneurial skills among the public enterprises in the country and to give directions for improvement of the entrepreneurial skills that will result in raising the quality of public services and a greater level of satisfaction among the citizens

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as their beneficiaries.

The subject of the research in the paper is theoretical and empirical elaboration to emphasize the role and importance of entrepreneurship in public enterprises in the modern environment, to set guidelines for its wider application in order to raise the quality of public services and to meet the needs of citizens as users of these services.

Keywords: entrepreneurship, public enterprises, public services, public sector

JEL Classification: H111

Introduction

The public enterprise, unites the elements of publicity on the one hand and the enterprise, i.e. market operation on the other. The elements of the public in these enterprises refer to the following:

- The most important business decisions are taken by the state as the owner of the capital;
- The profits, that is, the loss of operation belong to the whole society;
- The public enterprise is responsible for its operations to the whole society.

The market operations of public enterprises relate to the following:¹

- The public enterprise is expected to be financially stable over the long term. This means that it is constantly under control of the market;
- The prices of services charged by the public enterprise should be based on operating costs.

These elements distinguish a public enterprise from other public activities such as education, health, judiciary, police, etc. However, it should be taken into consideration that public sector enterprises can be a subject to political constraints, which is contrary to their main goal of increasing social welfare. They can receive different subsidies or enjoy additional protection from the state that is not available to competitors of private sector enterprises. In addition, in conditions of financial crises, these enterprises are

¹ Ibid, p.16-22

considered ineffective and can contribute to the outflow of public resources. Therefore, the question of the efficiency of public enterprises is often raised.

Public services are primarily linked to local self-government and the quality of life of citizens. They play a role in the advancement of civil society, in the creation of local policies, the improvement of public services and the quality of life of citizens. The effects deriving from the services provided by the public administration are difficult to assess according to their quality and imply a high level of training of the staff and the level of education, which contributes to improving the cooperation with their target users in the direction of improving their satisfaction. The benefits of achieving this goal are followed:²

- Improving services and increasing satisfaction can increase revenue;
- Improving the services and increasing the satisfaction can support the needs for future funding;
- Improving the services and increasing the satisfaction can improve the efficiency of the work;
- Improving the services and increasing the satisfaction can improve the performance.

There are many entrepreneurial activities that can be implemented in order to fulfill the positive aspects of the process of improving the satisfaction of users from public services, such as supporting employees from providing good services, developing infrastructure, improving the systems for managing relationships with users, discovering the benefits of overall quality management, tracking user satisfaction levels, etc.³

1. ENTREPRENEURSHIP IN PUBLIC ENTERPRISES

Entrepreneurship is most often associated with the private sector, but innovation and entrepreneurial behavior are also important for restructuring the public sector, whether in the field of education, culture, sports, or in the social sphere to help socially vulnerable categories of the population.

In this context, the importance of social entrepreneurship, which is a process of creating socio-economic structures, connections, institutions, organizations and measures that result in sustainable social benefits, can be mentioned.

² Kotler Ph., Lee N., Marketing in the public sector, Datapons, Skopje, 2009, p. 170-174

³ Ibid, p.174-181

It is a model of using entrepreneurial behavior more for social purposes than for profit. In other words, profits are used for certain socially excluded groups, innovations, environmental protection or for the advancement of the social situation.

The relevance of entrepreneurship in the public sector becomes particularly important. The specificity of the entrepreneurial work of public enterprises stems from the opposing commercial and non-commercial goals that are set before these enterprises.

The management is of great importance for any organization, essential for the success of every enterprise on the market. However, entrepreneurship and management in public sector are conditioned by the state. Identifying the necessary entrepreneurial skills and abilities of employees in enterprises in the private sector greatly sets the framework for their identification in public sector.

In general, public and private entrepreneurship share the underlying characteristics, but differ in terms of defining and measuring objectives, stemming from the different goals that private enterprises have in relation to public enterprises.

In economic globalization, entrepreneurs in private as well in public sector need to possess the necessary entrepreneurial skills and knowledge. In a dynamic environment, it is important for entrepreneurs to have the ability to create creative thinking, i.e. constantly seek new solutions to the problems arising from everyday work. As entrepreneurs in public enterprises, which are vital for improving social welfare in the country, they constantly come up with new ideas and make good decisions about opportunities and potential projects. They need to work on their own creativity, develop skills in generating new ideas, and then initiate creative and innovative processes in the organization. It is also necessary to have the ability to perceive different perspectives and to have original ideas. When an entrepreneur can generate a new idea that is feasible and efficient, it gives precedence to competition.

An important skill that builds on the ability for creative thinking, which should be possessed by entrepreneurs in public enterprises, is the ability to communicate. Their success as entrepreneurs is determined by the ability to communicate in order for their ideas to be successfully presented. Communication skills will help them to share and clearly present their ideas and projects.

Also, it is also important to possess entrepreneurial skills that relate to the ability to face and manage risks. Successful entrepreneurs are not only willing to take risks, but are able to identify and assess risks and find alternative plans in the event of the worst possible scenarios. Namely, they should assume the risk of performing an activity before they take it.

Planning as the next skill or ability that entrepreneurs in the public sector should have, entails setting goals and defining when each will be achieved, but also identifying alternative courses of action to achieve the goals. After evaluating the different alternatives, entrepreneurs must make decisions about the way of doing things to achieve the goals. They should formulate the necessary steps and ensure effective implementation of the plans. Ultimately, entrepreneurs who possess the skill of planning need to constantly evaluate the success of their plans and take corrective measures when necessary.

In order to make decisions properly, they need to have the ability to create and apply an appropriate strategy, to make decisions, but also to change or adapt them in a timely manner as a result of new or changing environmental factors.

The entrepreneurial abilities to manage human resources in private enterprises is to maximize productivity of the enterprise by optimizing the effectiveness of employees. In public enterprises, it is important to manage human capital successfully and to maximize productivity, to manage employees within organizations, to care for their training and development, but also to evaluate and reward their activity. The ability to manage human capital may be one of the most important skills and abilities that entrepreneurs, given that human resources are the most important assets of an organization and the business cannot be successful without the efficient management of this resource.

Entrepreneurs in public enterprises, as well as entrepreneurs in the private sector, should have the ability to organize their employees. Organizing is a management function that involves developing an organizational structure and allocating human resources to ensure the achievement of goals. The structure is usually represented by an organizational chart that provides a graphical presentation of the management chain within an organization. Organizing the level of a particular job implies how to design individual jobs for the most effective use of human resources.

As well as private sector enterprises, those in the public sector need entrepreneurial skills, who know how to build and manage a team. Teamwork is the ability to lead and manage the larger number of people who need to work together. Given that it has been proven that the team is able to make better decisions than an individual. Teamwork is important to the success of any organization. To build a successful team, open communication, clear roles and responsibilities, an appropriate team manager, the authorization of team members and a reward system are required. Therefore, it is necessary for entrepreneurs to be able to build the team, motivate team members, and manage the team in order to derive

maximum results from it. Entrepreneurs need to apply creative and practical solutions to overcome communication barriers, to allow for the exchange of ideas and matching diversity within the team. Also, entrepreneurs should have the ability to motivate their members in order to carry out their work responsibilities. Motivation means getting employees to do what they have been delegated as a work assignment, but willingly and without coercion. Good entrepreneurs need to explore what motivates employees, and then try to create conditions in which they will be motivated to work.

Finally, it is important to emphasize that while the main goal of public enterprises is not to maximize profits, entrepreneurs in these enterprises should have the ability to manage the institution's financial resources. They need to manage cash flows, to assess financial needs and identify sources of capital, just like entrepreneurs in private enterprises.

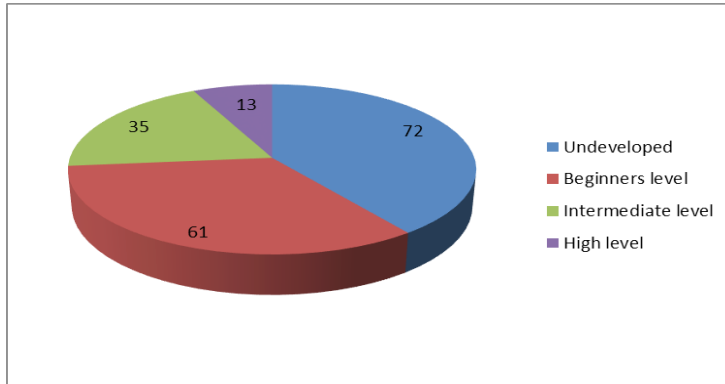
2. RESEARCH AND DISSCUSIONS

In order to determine the level of implementation of the entrepreneurial skills in the public enterprises in the Republic of Macedonia, a survey on a sample of 181 person (85 men and 95 women) was conducted. The respondents are employed in the municipal administration of the Republic of Macedonia. For the needs of the research, a questionnaire was prepared covering all aspects of entrepreneurship and the important skills defined by the entrepreneur (see Appendix 1). In the questionnaire, each entrepreneurial skill is represented through 4 levels of use of the appropriate skill in the daily working obligations of the randomly selected employees in the municipal administration of the Republic of Macedonia, at the same level of management but with different work responsibilities. The purpose of the questionnaire is self-assessment and evaluation of the entrepreneurial abilities of the employees at the same level (intermediate level, management in which the use of all listed entrepreneurial skills in the questionnaire is applicable) in the municipal administration. The analysis shows the level of development of appropriate entrepreneurial skills among the employees in the municipal administration in the Republic of Macedonia, as well as the possibilities for developing their entrepreneurial skills. At the same time, the issues allude to the application of these techniques and skills in carrying out daily tasks in the municipalities. The acquired data from the entrepreneurial skills analysis are presented with graphs. The questions in the questionnaire refer to and cover the use and knowledge of the following entrepreneurial skills:

- Creative thinking (innovation in the implementation of work obligations that leads to more efficient and effective completion of work tasks)
- Planning and research (planning and research in the work tasks in order to increase the performance of work obligations)
- Decision making (making decisions vital to the work of the sector under given conditions)
- Organizing (organizing work and working responsibilities in order to increase efficiency in the work)
- Team Building and Management (Team Creation Process and Demonstration of Leadership Capabilities in its Leadership)
- Marketing (using the methods and process of marketing and market analysis for the needs of the public during the performance of the work tasks)
- Project management (using the project management methods for project implementation for the needs of the public at all during the performance of the work tasks)
- Risk analysis (knowledge of methods for risk analysis and use of them in the execution and management of work tasks and projects)
- Financial management (use of financial management techniques and tools in performing work tasks)
- Human resources management (application of the honey for the re-selection, selection, management and motivation of human resources in performing the tasks)

Below is an analysis of the responses received on the questions from the questionnaire.

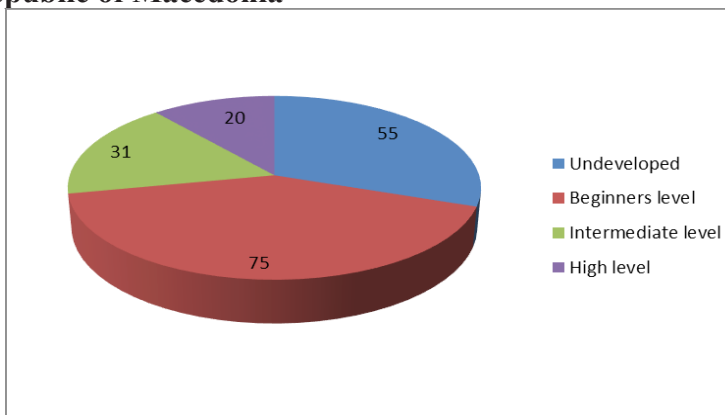
Chart 1 Knowledge and use in the daily work responsibilities of creative thinking as an entrepreneurial skill among public sector employees in the Republic of Macedonia



Source: Own research

The first question which concerns the knowledge and use of creative thinking in the daily work responsibilities of the employees, shows the largest percentage of respondents answered that this knowledge is undeveloped, while the least they think is at the intermediate level (Chart 1)

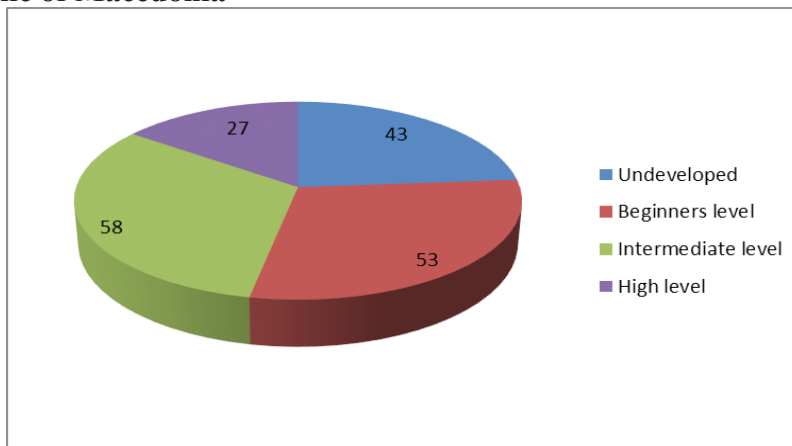
Chart 2 Knowledge and use in the daily work responsibilities of planning and research as an entrepreneurial skill among public sector employees in the Republic of Macedonia



Source: Own research

Regarding the knowledge and use in the daily work responsibilities of planning and research as an entrepreneurial skill among the employees in the public sector in the Republic of Macedonia, 75% of the respondents consider it to be at the initial, beginner's level. It shows that the planning and the research in the work tasks in order to increase the performance of the work obligations they consider as inappropriate and not applicable, which can pose a serious problem for the efficiency of the work. (Chart 2)

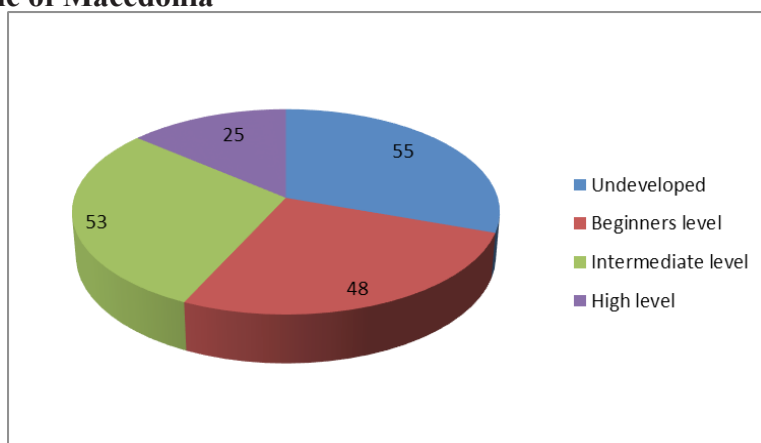
Chart 3 Knowledge and use in daily working duties of decision making as an entrepreneurial skill among the public sector employees in the Republic of Macedonia



Source: Own research

According to the next question, 53% of the respondents think that this knowledge is based on knowledge and implementation at the intermediate level. (Chart 3)

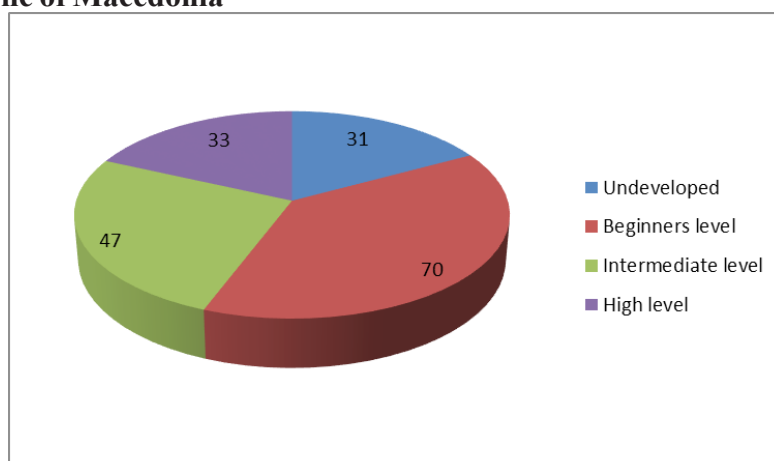
Chart 4 Knowledge and use in the daily working duties of organizing as an entrepreneurial skill among the employees in the public sector in the Republic of Macedonia



Source: Own research

For the organization of work and work obligations for the purpose of greater efficiency in the work, the answers are almost equalized according to which the respondents consider it to be still undeveloped as a skill or that it is at the intermediate level. (Chart 4)

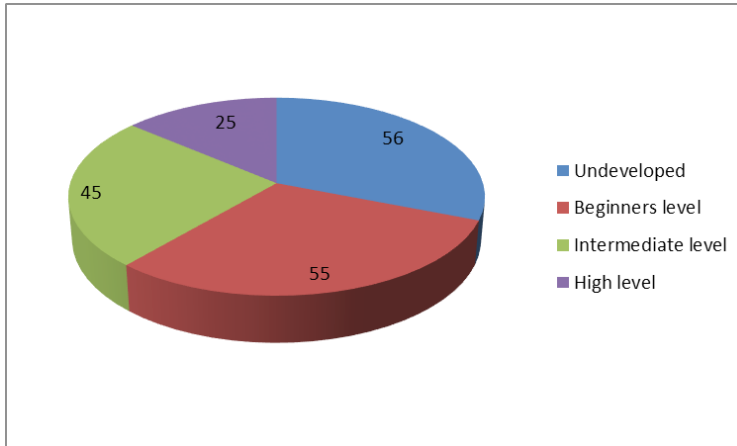
Chart 5 Knowledge and use in daily work duties of building and managing a team as an entrepreneurial skill among public sector employees in the Republic of Macedonia



Source: Own research

Regarding team building and management (process of team building and demonstration of leadership skills in management), the largest percentage of respondents answered that this skill is at the initial, beginner's level (Chart 5).

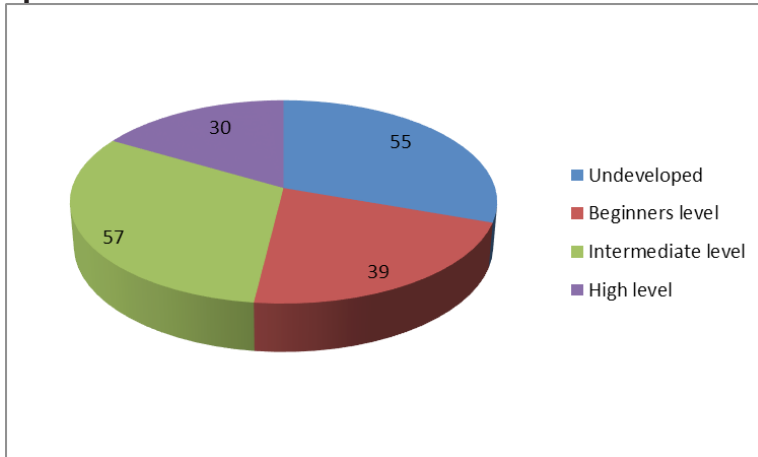
Chart 6 Knowledge and use in daily working duties of marketing as entrepreneurial skill among public sector employees in the Republic of Macedonia



Source: Own research

One of the key issues is the application of marketing in organizations in the public sector, which is important for both internal and external environment. For this, the largest percentage of respondents answered that this activity is at the initial level, i.e. the use of the methods and the process of marketing and market analysis for the needs of the public sector in the fulfillment of the work tasks is at the initial level (Chart 6)

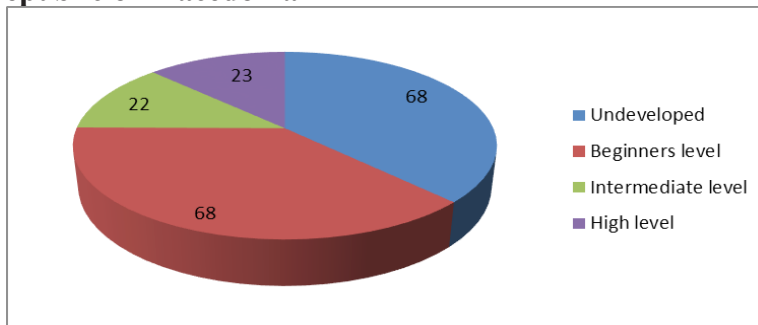
Chart 7 Knowledge and use in the daily work responsibilities of project management as an entrepreneurial skill among public sector employees in the Republic of Macedonia



Source: Own research

Regarding the knowledge and use in the daily work responsibilities of project management as an entrepreneurial skill among public sector employees in the Republic of Macedonia, the responses show that the largest percentage responded that this activity is underdeveloped, but almost the same percentage responded that they can apply this skill on the intermediate level. This shows that there is still a difference regarding the application of project management in certain public enterprises. (Chart 7)

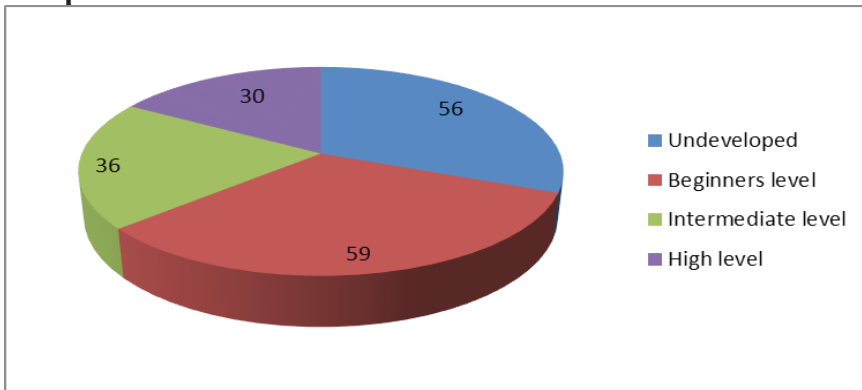
Chart 8 Knowledge and use in the daily working obligations of methods for risk analysis as entrepreneurial skill among public sector employees in the Republic of Macedonia



Source: Own research

For the knowledge and use in the daily working obligations of methods for risk analysis as an entrepreneurial skill among the public sector employees in the Republic of Macedonia, the largest percentage of respondents consider it to be underdeveloped, and the same percentage (68%) is at the initial level. And this suggests a different perception of the application of this tool in the operation of public enterprises. (Chart 8)

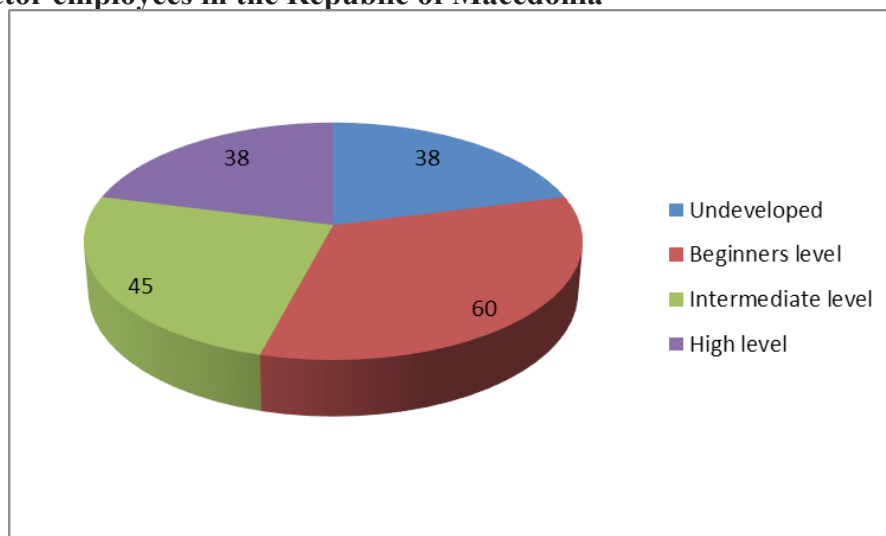
Chart 9 Knowledge and use in the daily work responsibilities of financial management as an entrepreneurial skill among public sector employees in the Republic of Macedonia



Source: Own research

For the knowledge and use in the daily work responsibilities of financial management as an entrepreneurial skill among the public sector employees in the Republic of Macedonia, the largest percentage consider it to be underdeveloped, and a smaller percentage is on the intermediate level. (Chart 9)

Chart 10 Knowledge and use in the daily work responsibilities of human resources management as an entrepreneurial skill among the public sector employees in the Republic of Macedonia



Source: Own research

Regarding the knowledge and use in the daily work responsibilities of human resources management as an entrepreneurial skill among public sector employees in the Republic of Macedonia, the percentage of those who believe that this tool is at the initial level of its application (Chart 10) is the highest.

Conclusion

From theoretical elaboration and analysis of the results of the research, it can be concluded that the majority of the employees in the public enterprises at the municipal level have an initial level of knowledge and use of entrepreneurial skills. Creative thinking, more precisely the ability to innovate the work process to improve efficiency and effectiveness of the work proved to be the least developed entrepreneurial skill of the offered ones. Planning and research as entrepreneurial skills are at the initial level. There is an intermediate level of knowledge and the opportunity to use decision making as an entrepreneurial skill of the employees in fulfilling the tasks in the municipal administration, while the human resource management is known and applied by the public employees at the highest level. A particular negativity is the poor application

of marketing in this segment, which should be one of the basic activities for successful communication and meeting the needs of the citizens.

Entrepreneurial skills are important for the development and improvement of the efficiency and effectiveness of employees in public enterprises. Their knowledge and implementation in daily work can significantly improve the work of the public sector and additionally improve public services. Unfortunately, the survey shows a low prevalence of entrepreneurial skills in public enterprises, which is a worrying fact about their effectiveness and effectiveness.

In order to overcome this situation, one of the possibilities is the transformation and re-training of employees in order to strengthen and raise their entrepreneurial abilities. By doing so, they would achieve greater efficiency and effectiveness in their work, and citizens would receive better and more qualitative services that will increase the level of their satisfaction and loyalty as users of services of public enterprises.

Annex 1

Survey questionnaire for determining the entrepreneurial skills and knowledge of the employees in the public sector in the Republic of Macedonia

Gender: _____

Age: _____

Last completed education cycle and title:

Entrepreneurial skills and knowledge	Under-developed	Beginners level	Intermediate level	High level
Creative thinking (I'm constantly finding new solutions to solve the problems that arise in day-to-day work)				
Planning and research (I know how and where to find information and how to use them)				
Deciding (studying all the possibilities I make decisions that affect the entire or parts of the work process)				
Organizing (setting priorities and organizing the units in order to achieve them)				

<p>Building and managing a team (I know how to create and motivate a team to carry out work responsibilities)</p>				
<p>Marketing (I know how to present my ideas from the point of marketing and to realize them)</p>				
<p>Project management (I can start and realize a project along with all its parts, with team support)</p>				
<p>Risk analysis (I can guess what the risk of achieving a certain activity will be before I take over)</p>				
<p>Financial management (I can make a budget and manage the funds in the institution)</p>				
<p>Human Resources Management (I can manage human capital, delegate and direct the project towards the whole and its realization)</p>				

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