

Entrepreneurship in Croatia



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Abstract The Republic of Croatia is situated in the southern part of Central Europe and the northern part of the Mediterranean. A good strategic position positioned Croatia throughout history as the backbone of international routes, which contributed to its economic development. Small and medium enterprises are an important segment of the Croatian economy, because of its share in the total number of enterprises (99.7% in 2015), share in total revenues (54%), employment (69.2%) and total exports (50.3%). The results of international research in which Croatia has been involved for many years (Global Entrepreneurship Monitor, Doing Business, Global Competitiveness Report, Corruption Perceptions Index) are pointing out the key challenges for further development of the small and medium enterprise sector in Croatia: insufficient level of activity in new business venture start-up, small share of growing enterprises, administrative obstacles to the implementation of entrepreneurial activity, insufficient development of the financial market and lack of education focused on the development of entrepreneurial knowledge and skills. From the perspective of achieving the targets of Europe 2020 and the perspective of the European Semester, the development of the Croatian economy, and thus the small and medium enterprise sector in the future period, will depend on the responses to the identified challenges.

1 Introduction

The Republic of Croatia is situated in the southern part of Central Europe and the northern part of the Mediterranean. It borders with Slovenia and Hungary in the north, Montenegro in the south, Serbia and Bosnia and Herzegovina in the east and with Italy in the west. The land area is 56,594 km², and the coastal sea area is

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31,479 km², which classifies it as a medium-sized European country (Croatian Bureau of Statistics 2016: 46). Croatia is characterised by an exceptionally rich and vivid history. From the seventh century until independence in 1991, and joining the European Union in 2013, many political structures and communities followed in succession on Croatian soil, which shaped the economy, culture and art and the social life of the population. However, Central European and Mediterranean cultural circles have had the most significant cultural impact.

There is no systematic and concise review of the historical development of entrepreneurship in Croatia, but the rich history allows highlighting relevant events and persons, which could support and enrich the knowledge about the development of Croatian entrepreneurship.

2 Historical Overview

At the beginning of the fourteenth century, Croatia was divided between Venice and Hungary. The 1300–1500 period is characterised by the development of Mediterranean trade and economy on the eastern Adriatic coast, especially in Dubrovnik, which gained independence from Venice in 1358 (Stipetic 2001: 47). The specific location of Dubrovnik allowed for the development of trade, along with which cloth making and coin mint are mentioned, as the two most significant Dubrovnik craft activities of that time. One of the most important historical figures of the fifteenth century is Dubrovnik's Benedikt Kotruljevic. His most famous work "The Book on the Art of Trade" is the first known systematic overview of the basis of market principles, social function of trade and trade practice with suggestions for its improvement. In addition to setting up the foundations of trade and entrepreneurship, emphasising the importance of recording business changes and business bookkeeping of traders of the time, Kotruljevic was the first author in world literature to seriously deal with and promote the use of double entry bookkeeping (Stipetic 2001: 153).

In the late fifteenth and throughout the sixteenth century, Croatia was in a difficult economic situation. Apart from the expansion of boundaries of the Ottoman Empire to the west, it was also faced with the shifting of the centre of world trade from the Mediterranean to the Atlantic. Trade that previously enabled the prosperity of Mediterranean cities was endangered, as well as shipbuilding and some other activities. The continental Croatia was also burdened by similar problems. In addition to war events, it was hit by the plague and great hunger. The unenviable circumstances in which Croatia lived during the sixteenth century put the primary focus on survival on the restless border, while economic development was neglected in this period.

After the Battle of Mohács (1526) and the Ottoman penetration, Croatia severed connections with the east and became increasingly open to the west and north. It is the period it became a part of the Habsburg Monarchy, which largely determined the Croatian institutional framework in the coming years. It is almost impossible to understand the development of the Croatian society during the eighteenth century

outside the political, social and cultural-intellectual environments of Vienna, Buda or Bratislava as the largest urban communities of the Habsburg Monarchy (Horbec 2013: 428).

Croatian National Revival is the name of the national, cultural and political movement that marked the first half of the nineteenth century. It was the answer to the then economic, social and political events, driven by the process of forming European nations that marked the nineteenth century. The goal of the revival was the political and cultural freedom and unification of all Croats. The economic views of the mentioned revival were formulated the most profoundly by Janko Drašković. His work “Dissertation¹” provides a national–political programme that significantly deals with economic policy. It especially elaborates on the trade policy, relationship towards craft, agriculture, education and tax issues.

In the second half of the nineteenth century, Croatia was still divided into historical provinces, which were ruled by the powers outside Croatia. Dalmatia and Istria were under Austrian rule, and Croatia and Slavonia, together with Medjimurje and Baranja, were part of Hungary. In the economic history of Croatia, the second half of the nineteenth century marks the beginning of a new era, with faster development of the economy on capitalist foundations. The revolutionary events of 1848/1849 brought about the abolition of feudal relations to Croatia: abolition of serfdom and transformation of former feudal and serf estates into private estates (Stipetić 2013: 29). The end of the nineteenth and the beginning of the twentieth century was marked by the increase in agricultural production. For centuries, agricultural production has been focused only on local needs, but thanks to the construction of roads and better traffic connections, the situation changed significantly. Manufacturers are beginning to produce for “far-off” markets and thus enter the world market. The 1870 census shows that 42,450 people were employed in crafts, manufacturing and industry in Croatia and Slavonia (only 1% of active population) (Stipetić 2013: 31). Almost all industry was concentrated in Rijeka, Osijek, Zagreb, Karlovac and Varaždin. Craft processing of wood, stone, leather, metal and iron, fabric and fur was developed in the continental parts of the country, while large companies developed on the Croatian coast. The shipbuilding industry, which was associated with the Austro-Hungarian strategic objective of entering the Mediterranean and other seas, was particularly important. A shipyard was built in Rijeka, which built numerous steamboats, but also met the needs of the Austro-Hungarian Navy, as well as the world’s first torpedo factory, which supplied navies throughout the world (Stipetić 2013: 29). In contrast to large coastal industries, many small companies in wood, textile and construction industries were important in Slavonia and Croatia at the time.

Blaz Lorković, the most prominent Croatian economics writer of the nineteenth century, in his most famous work “Principles of political economy or general economic science”, systematically presents fundamental economic principles and

¹Dissertation, or Treatise, given to the honourable lawful deputies and future legislators of our Kingdoms, delegated to the future Hungarian Diet (1832).

concepts. Lorkovic was the first in Croatia to define an entrepreneur as a person who unifies the necessary production forces (factors) and manages them in order to generate profit, knowingly assuming the danger (risk) that this production can bring. He considers the individual as the carrier of entrepreneurship because his success is a result of a well-chosen job, hard work and perseverance (Skrtic 2006: 4).

The First World War left great consequences on the Croatian economy and caused economic stagnation. Croatia lost 4.1% of its population during the war (Stipetic 2013: 54). Agriculture, which accounted for 50% of the GDP at the time, was characterised by stability, while the non-agricultural sector was experiencing serious problems. Due to the large number of craftsmen who went to war and to the frontlines, the production and construction activity decreased, and the problem of the lack of raw materials needed to carry out production activities was widespread.

After 1918, Croatia was a part of the newly established state—the Kingdom of Serbs, Croats and Slovenes, later the Kingdom of Yugoslavia. The breakup of Austria–Hungary meant the loss of a large internal market for which the Croatian economy was producing. The new market was narrower, considerably poorer and with a different demand structure (Stipetic 2013: 287). Just like the First World War, the Second World War had left consequences. The war events and occupation have destroyed the Croatian economy. Particularly damaged were the railway lines and a large number of locomotives and wagons, which caused major transport problems in the years that followed (Stipetic 2013: 346).

Since the end of the Second World War until the middle of 1991, the Croatian economy performed depending on the functioning of the unique economic system and the framework of the common development policy of the former Yugoslavia (Sirotkovic 1993: 1). The dominance of the political factor in decision-making on investments and the bureaucratic power represented significant obstacles to the development of entrepreneurship in the then conditions. The Yugoslav workforce was concentrated mainly in large companies and there were almost no companies that had 10–100 employees. Such a structure came about because private companies were being restricted in their scope, either by the maximum number of workers, through tax policy and other measures, while in the social sector, due to the very nature of administrative coordination of economic activity, there was a tendency to form only large companies (Njavro and Franicevic 1990: 177). The consequence of such a ratio between private micro and small companies and large state, that is, public companies is the emergence of the socialist black hole. The socialist “black hole” is the absence of economic units that employ between 10 and 100 workers in the structure of the economies of socialist countries in relation to the economies of Western countries (Njavro and Franicevic 1990: 158).

The fall of the Berlin Wall in 1989 marked the beginning of a new, post-communist era. For the countries of Central, Eastern and South-Eastern Europe, including Croatia, this event marked the beginning of the transition process. In 1991, after the conducted referendum, Croatia proclaimed separation from Yugoslavia and proclaimed sovereignty and independence. This act was met with opposition from Serbia, after which the Serbian aggression and the Homeland War (1991–1995) began. Damage caused by war further worsened the Croatian economic situation and

slowed down the transition process. Non-transparent privatisation, which was carried out during the war, was another great problem of the Croatian society. The inherited poor economic structure, political influence on the economy and institutional legacy of communism are the factors that have led to poor implementation of privatisation and created a climate that was unfavourable for the development of entrepreneurship (Haramija and Njavro 2016: 527). Solving the war, transition and privatisation problems neglected the needs of the small and medium-sized enterprise sector, and only in 2002 Croatia has begun to adopt legislation in which small and medium-sized enterprises will find their footing (Kersan-Skabic and Bankovic 2008: 59). The adoption of the Small Business Development Promotion Act was important step, which established the basis for support and development of small and medium-sized enterprises, and the establishment of the Croatian Small Business Agency.

3 Environment for Entrepreneurship

Small and medium enterprises are the backbone of every economy, and their importance is recognised through the share in employment, total revenues and exports. In 2015, there were 106,221 micro, small and medium enterprises (99.7% of the total number of registered enterprises) operating in Croatia, which achieved a share of 54% in total revenues, 69.2% of employment and 50.3% of Croatian exports (Exhibit 1). According to all these three key criteria, small and medium enterprises have increased their share and impact on the economy of Croatia in 2015 in relation to the previous year (Alpeza et al. 2017: 7). Furthermore, it is also significant to mention crafts in the context of entrepreneurship. In 2015, there were 76,222 active crafts in Croatia, which represents 33% of registered business entities. At the end of 2015, active crafts employed 175,942 people (including owners/partners in the crafts and their employees), that is, 13.5% of the total number of employees in legal persons in Croatia (Croatian Chamber of Trades and Crafts 2016).

GEM—Global Entrepreneurship Monitor is the world's largest study of entrepreneurship in which Croatia has been involved since 2002.² GEM research monitors the level of activity in starting business ventures measured by the TEA index.³ Entrepreneurial activity in Croatia measured by the TEA index in 2015 amounts to 7.7%, which is a decline compared to 8% recorded in 2014 and 8.3% in 2013 (Singer et al. 2017). According to this indicator, Croatia slightly lags behind the average of the EU countries (8% in 2015), but significantly lags behind the average of countries whose economies are based on efficiency (to which it belongs), involved in the GEM

²GEM research in Croatia is carried out by CEPOR—SMEs and Entrepreneurship Policy Center in cooperation with the research team from the Faculty of Economics in Osijek, J.J. Strossmayer University of Osijek.

³TEA index represents the number of entrepreneurially active people (it combines the number of people that are trying to start an entrepreneurial venture and the number of owners or owners/managers of enterprises younger than 42 months) per 100 examinees that are 18–64 years old.



Exhibit 1 Small business from Eastern Croatia, producing and exporting bicycle components.
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research (14.5% in 2015). When analyzing entrepreneurial capacity of a country, it is important to observe differences in motivation for entrepreneurial activity, that is, whether starting an entrepreneurial venture is the result of recognising a business opportunity or lack of other opportunities for employment. GEM research measures starting entrepreneurial ventures because of opportunity or out of necessity using TEA Opportunity, TEA Necessity and motivational index. It is desirable that motivational index is as high as possible, because that speaks of potentially better preparedness for starting a business venture and of greater optimism, which is based on recognised opportunity. Motivational index of Croatia in 2014 and 2015 was just slightly higher than 1 (1.1 in 2014 and 1.5 in 2015), which suggests that the number of entrepreneurs who have started a business venture because of perceived opportunity is almost the same as the number of those who have become entrepreneurs out of necessity (Singer et al. 2017). Croatia has the lowest motivational index of all the EU countries involved in the GEM research and a significantly higher TEA Necessity index than the EU average in the observed period.

The basis for monitoring the dynamics of the small and medium enterprise sector is the data on the establishment of new and closing of existing enterprises. In 2015, there were 14,283 legal entities established in Croatia, which is 7.5% less compared to 2014. According to the results of the GEM research, the rate of exit from business activity, that is, termination of entrepreneurial activity in 2015 in Croatia, was 1.7% and at the level of the EU average (1.9%) (Alpeza et al. 2017: 19). Furthermore, GEM research also monitors the reasons for cessation of business activity. The most

common reasons for cessation of business activity in Croatia during 2015 were related to issues of tax policy and administrative burden, followed by problems with access to finance and personal or family reasons.

Women entrepreneurship is an important but still underdeveloped entrepreneurial activity in Croatia. Although the share of women entrepreneurs in Croatia recorded a slight increase in the period from 2010 to 2014, the still present gap in activity of women and men in starting entrepreneurial ventures indicates the consistency of obstacles and insufficient efficiency of programmes and measures for the development and strengthening women entrepreneurship in Croatia. Structural, economic and the so-called soft obstacles have been identified as the key problems of development of women entrepreneurship in Croatia (Strategy of Women Entrepreneurship Development in the Republic of Croatia 2014–2020). The major structural obstacles are stereotypes about women in science and technology, traditional views on the role of women in society and the lack of support for women with two jobs (family and profession). The economic obstacles are related to difficult access to finance and low level of networking of women, while the major “soft” obstacles include lack of advice, mentorship, access to networks of female/male entrepreneurs, training, education and qualification programmes for technologically intensive ventures and lack of self-confidence to take risks. Strategy of Women Entrepreneurship Development in the Republic of Croatia 2014–2020 focuses on removing these obstacles with the aim of increasing the entrepreneurial activity of women and reducing the gap between entrepreneurial start-up activities of women and men.

Croatia is characterised by a well-developed market of bank loans intended for small and medium enterprises. In addition to the offer of their own financial products, commercial banks provide additional lines of financing to entrepreneurs, which are based on business cooperation with ministries, Croatian Bank for Reconstruction and Development, Croatian Agency for SMEs, Innovations and Investments, local self-government units, cities, counties and international financial institutions. Despite this, access to financing for small and medium enterprises in Croatia can be rated as very limited, due to lack of financial resources for the riskier stages of development of entrepreneurial ventures, such as venture capital funds and business angels. Microfinance in Croatia, compared to best international practice, is also underdeveloped, and the following were identified as the main problems: restrictive regulatory framework, inadequate guarantee schemes, inadequate offer of financial products and services (credit unions cannot perform payment transactions, savings are not insured by the Croatian National Bank) and low level of awareness of clients about financial products.

Improving entrepreneurial skills, as one of the priority areas of action aimed at increasing competitiveness of small and medium enterprises, with further implications for the overall economy, has been highlighted by the Government of the Republic of Croatia within the Ministry of Economy, Entrepreneurship and Crafts Strategic Plan for the Period 2015–2017. The said plan emphasises the importance of improving the quality of vocational education, developing entrepreneurial competences, creating stimulating entrepreneurial climate for the growth and development of entrepreneurship, and increasing competitiveness of the Croatian economy.



Exhibit 2 Improving entrepreneurial skills of young, self-employed people. © 2017 BIOS—Business Incubator

Furthermore, the role of lifelong learning is emphasised, as a response to economic problems and increased unemployment, entailing the integration of formal, non-formal and informal learning. Entrepreneurship education has a more significant role at the tertiary level of education than at primary and secondary levels. Students in Croatia are offered the possibility of choosing study programmes in entrepreneurship at undergraduate, graduate and postgraduate levels, university and professional studies at universities, polytechnics and colleges. Furthermore, there is a significant number of institutions in Croatia outside the system of formal education that offer education for beginner entrepreneurs and/or already operational enterprises (Exhibit 2), such as centres for entrepreneurship, business incubators, Croatian Chamber of Economy, Croatian Employers' Association and private enterprises active in the sector of adult education.

Entrepreneurial infrastructure in Croatia comprises of entrepreneurial zones and business support institutions, which include development agencies, centres for entrepreneurship, business incubators (Exhibit 3) and accelerators, business parks, science and technology parks and competence centres.

Their role and criteria for their establishing are described in the Act on Improving Entrepreneurial Infrastructure. The purpose of this Act is to enable start-up and implementation of entrepreneurial activities in standardised conditions of high level of infrastructural equipment within entrepreneurial zones and business support institutions, with the possibility of using a transparent system of incentive measures and benefits. Infrastructure is intended for entrepreneurs in the phase of initial investment and those who are in the phase of expansion of investment activities and operate within the entrepreneurial infrastructure (Exhibit 4).



Exhibit 3 Entrepreneurial incubator BIOS, Osijek, Croatia. © 2017 BIOS—Business Incubator



Exhibit 4 Young self-employed people in business incubator in Croatia. © 2017 BIOS—Business Incubator

4 Towards the Future

The quality of business environment and its impact on the competitiveness of the national economy are the subject of numerous international studies. The studies in which Croatia has been involved in (Global Entrepreneurship Monitor, Doing Business, Global Competitiveness Report, Corruption Perceptions Index) are mutually reinforcing and for many years indicate the continuity of the following obstacles to the development of the small and medium enterprise sector in Croatia (Alpeza et al. 2017):

- Administrative obstacles, especially those related to long and expensive procedures for start-up and termination of enterprises.
- Inefficiency of the judiciary.
- Lengthy ownership registration procedures.
- Inadequacy of educational content for building entrepreneurial competences.
- Underdevelopment of informal forms of financing start-up and growth of business ventures.

The presence of the same obstacles over many years indicates a lack of long-term structural reforms needed to encourage productivity and entrepreneurship in order to initiate economic growth, on which both the standard of citizens and the reduction of unemployment depend.

The analyses of the state of the small and medium enterprise sector needs to be observed on the perspective of achieving the Europe 2020 goals, which is provided by European Semester reports. The European Semester report on the state of the economy in Croatia from 2016⁴ state that Croatia came out of its 6 year recession in 2015, with GDP growth of 1.8%. Between 2008 and 2014, real GDP contracted by more than 12%, and the unemployment soared from less than below 9% to more than 17%. The recovery of the economy started at the end of 2014, mostly influenced by the recovery of domestic consumption and to some extent by the investments initiated thanks to the increased absorption of funds from the European Union Funds. The forecast economic growth in the forthcoming period will still not be enough to bring the economy back to pre-recession levels. Strengthening the growth potential requires deep structural reforms in the labour market, interventions in the area of specialisation (which would ensure participation in global value chains), improving productivity and competitiveness (not only through the cost component, but also through improving quality).⁵ Without such reforms, Croatia's economy is

⁴Communication from the Commission to the European Parliament, the Council, the European Central Bank and the EUROGROUP 2016 European Semester: Assessment of progress on structural reforms, prevention and correction of macroeconomic imbalances and results of in-depth reviews under Regulation (EU) No 1176/2011 {SWD(2016) 71 to SWD(2016) 96} and {SWD(2016) 120}, Brussels, April 07, 2017 COM(2016) 95 final/2.

⁵Commission Staff Working Document Country Report Croatia 2016 Including an In-Depth Review on the prevention and correction of macroeconomic imbalances, Brussels, March 03, 2016 SWD(2016) 80 final/2.

set to return to its long-term potential growth, which is currently estimated at below 1%. Without strengthening the growth potential, the rhythm and intensity of removing macroeconomic imbalances will be slow and insufficient.

From the perspective of achieving the targets of Europe 2020 and the perspective of the European Semester, the development of the Croatian economy, and thus the small and medium enterprise sector in the future period, will depend on the responses to the identified challenges.

5 Case Study: Vitta LTD, Croatia⁶

Introduction

Vitta Ltd., an innovative company from Croatia that produces innovative IT solutions for the pharmaceutical industry, is at a crossroads of future development and market positioning. In order to keep its leader position, it needs to make some strategic decisions regarding future product development, target markets (geographically, in terms of customer size and the industry they operate in), and the company's organisational and financial resources.

Company Description

In the beginning, Vitta Ltd. was a supplier of video surveillance equipment, but after some time they have developed a system for monitoring staff attendance, which was a legal requirement in Croatia at the time. Through communication with its largest customer, Vitta Ltd. has recognised the need for development of quality specialised products for the pharmaceutical industry that would allow measurement of temperature and humidity in facilities where pharmaceuticals are stored. After 2 years of development, based on its own resources, Vitta Ltd. started selling its new product VITTO to the customer they were developing it for and later broadened their market and started selling the product to other customers in the pharmaceutical industry. The sales growth and further and constant product and company development were based on rigorous requirements of the pharmaceutical industry for accurate and real-time measurement of humidity and temperature throughout the entire process of storage of medicines.

Product

Today, VITTO is the main product of Vitta Ltd., generating 80% of company's total revenue. Other activities still include video surveillance and the staff attendance monitoring system. Vitta Ltd. has protected the name and its product VITTO in Croatia. The design of names, logos, and promotional materials is exclusively

⁶The names of the company and the owner have been changed. However, the presented story and the challenges the company has been facing are real.

The case is prepared by Suncica Oberman Peterka and Mirela Alpeza, Faculty of Economics in Osijek, J.J. Strossmayer University in Osijek, Croatia. Published with the author's permission.

focused on the use of this product in the pharmaceutical industry (production, distribution, sales of pharmaceutical products), although it is possible to customise the product for other industries. The company assembles the final product within its premises. Components come from China, and are sent to the partner in Zagreb, which puts the components together using a CNC machine. The company plans to establish its own accredited calibration laboratory, for which they have already bought parts of the equipment and have invested more than 25,000 euros (they are currently using the services of calibration laboratories in Zagreb and Ljubljana). By establishing their own laboratory, they will be able to provide certification services to other companies. The company's main objective is to manage the entire process: from the manufacture of the product, through its installation at the end user's facility, to regular product maintenance.

The VITTO product is currently at the technological maturity stage of the product life cycle, and it is necessary to work on its improvement, but the company has no available funds to finance development. It was determined that an investment of 10,000 euros was necessary for the improvement and development of a new product. One of the sources of funding should be the profits generated through aggressive sales of VITTO in the next period. The search for alternative sources of financing is quite sporadic. Previous attempts were not successful, which has, together with demanding and time-consuming documentation, further discouraged the company from trying to apply for grants or co-financed funds for innovation.

Organisation of the Company

The owner of the company (Luka) is a computer and electronics technician. His first work experience was in a small company that deals with video surveillance. He found out that he could do a better job, and in 2002 he decided to start his own company with his colleague. They were offering video surveillance services, but they split up after a while, and Luka established Vitta Ltd., together with another colleague. In 2007, they decided to part ways, and Luka finally started to work independently with three employees who decided to stay with him. They are still employees of the Vitta Ltd. company. The company today has ten employees. When employing people, Luka is looking for young, bright people who are willing to work and learn new things. Since this is a specific industry, the character of the person and the willingness to learn and work are of particular importance. The company compensates its employees with a fixed salary and incentives, which are determined by the company's owner and manager on a monthly basis. The owner of the company believes that all employees are important and that it would be really hard to find a replacement for any of them. They are the main resource of the company. In 2015, the company moved to new premises with new offices, warehouse, laboratory and future laboratory for calibration of probes and common areas.

Market

The majority of pharmacies (about 300 pharmacies) in Croatia are already users of the VITTO product and thus customers of Vitta Ltd. Luka and his closest employees believe that it is time to broaden their market to pharmaceutical wholesalers. They have already contacted the Croatian Chamber of Pharmacists and informed them

about the product they offer, so the Chamber could recommend them as a supplier that has a product that meets the legal regulations within the industry. Furthermore, in cooperation with the Croatian Chamber of Pharmacists, they have organised a training course where they have presented VITTO to potential customers. The limiting factor for greater penetration of the pharmacy market is insufficiently clearly and firmly defined legislation, as well as currently very flexible monitoring of compliance with legislation by inspectors. There are several competitors in Croatia that offer similar, but technologically less advanced products.

Currently, the biggest challenge for the company is the entry into foreign markets, but they have yet to solve the issue of technical support and equipment installation in foreign markets. They plan to further simplify the device and produce a “kit” allowing self-installation of the device.

Challenges for the Company

The owner of the company is satisfied with development of the VITTO product that meets the criteria of demanding legislative regulations in the pharmaceutical industry. At the same time, the company is aware that they need to constantly develop and innovate their products and services and they are considering two possible alternatives: entering foreign markets with the existing product with improved technological performances (self-installation kit) and offering similar products with the capability to measure other parameters in other industries to new customers.

Although the superior market position of VITTO in Croatia in terms of technology, compared to the competition, is evident, its market potential is only partially exploited (15/200 wholesalers and 300/1000 pharmacies).

Considering the fact that VITTO has reached the stage of maturity in the product life cycle (in the technological sense), there is pressure to maximise profits from sales and generate resources for further development, which requires investing considerable effort into sales.

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