

THE STATE AND DEVELOPMENT OF ENTREPRENEURIAL ENVIRONMENT IN TRENČÍN REGION

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Abstract

A high-quality business environment is currently the basis for the long-term development of entrepreneurial activity, the sustainable increase in the economy's performance and the standard of living of the population. The current state of the business environment in Slovakia requires versatile increasing demands on business. The aim of the following paper is to characterize the development and state of the business environment in the Trenčín Region, with particular reference to small and medium-sized enterprises. Small and medium-sized enterprises are an important part of a modern market economy. The interest of the Slovak Republic in the development and support of SMEs has been increasing in recent years and new opportunities open up to the EU, but due to the high demands of the customers, the demands on the quality of the businesses and the products provided are greatly increasing. SMEs benefit the region, so the state should support these businesses. One option to help small and medium-sized businesses to develop is to use Eurofunds, further reduce administrative burdens, provide advice and information services, educate entrepreneurs.

Key words

small businesses, middle businesses, business, employment

JEL Classification: M10, O18, O19

Introduction

A favorable business environment is a prerequisite for long-term competitiveness and growth of every market economy. It is an environment in which the state supports and protects competition. State creates clear and stable rules, effectively ensures compliance by all market participants, and at the same time minimizes administrative burdens and requirements towards entrepreneurs.

SMEs are an important part of modern market economy. Interest of Slovak Republic in the development and support of SMEs is growing in recent years and EU membership opened up new opportunities, but the demands on quality of companies and offered products are increased considerably due to high customer requirements.

The Slovak Government has greatly improved the business environment in recent years, so significant barriers to business do not exist today in Slovakia.

According to the Commercial Code is a business defined as "a systematic activity carried out independently by an entrepreneur in its own name and on its own responsibility. for obtain profit." (Act no. 513/1991, as amended).

Business is defined as "an activity or activity that is not one-time but is repeated for the purpose of generating profits. (Daňková 2007, str.8)

Possible legal forms of business are laid down in the Commercial Code and the Civil Code. According to them, it is possible to do business as:

- a natural person not inscribed in the Commercial Register
- a natural person registered in the Commercial Register
- a legal entity - including commercial companies (limited liability company, joint stock company, public corporation, limited partnership, cooperatives) and from 1.5. 2004 legal entities established under the law of the European Communities, if they have their registered office in the Slovak Republic - and a position similar to that of a commercial company.

1 medium-sized enterprises

SMEs are a pillar of the economy of each country. This follows from the fact that SMEs contribute significantly to GDP formation and to the growth of new jobs with high rate.

„Small businesses are the source of innovation in the economy, because a significant number of inventions is from independent innovators or small businesses, in small businesses is less organizational constraints and more scope for individual initiative, innovation are an important condition for survival in the market, managers of small businesses are usually more involved on realization of innovation, innovation is

not always advantageous in large companies“ (Zajac a kol., 2010, str. 22).

Small and medium-sized enterprises perform several functions in the economy:

- *social function* - small and medium-sized enterprises help to build a democratic and thus a free, pluralistic social system. Individual entrepreneurs who build their own independent existence contribute decisively to the creation and maintenance of free thinking and life in every society. Through their philosophy of life, they dynamize and stabilize the democratic and market social order and hence the quality of life of individuals.
- *economic function* - Small and medium-sized enterprises contribute to preserving market competitiveness by providing free choice to market participants, affecting not efficient and uncompetitive businesses. Small and medium-sized enterprises are working under much greater pressure from possible consequences of incorrect business decisions to exclusion from the market. Excessive concentration of businesses represents in this sense a significant economic and political problem.
- *supply function* - small and medium-sized enterprises are not only producers of consumer goods, as well as suppliers of semi-finished products (subcontracting function) and finished products. Small and medium-sized enterprises produce in smaller series, they are able to handle more complex technical problems more cost-effectively. They allow to large enterprises to complete, complement and expand the product range without large expenses. They are able to respond more quickly to the individual wishes of customers who prefer performance and quality. Likewise, they can flexibly search for market gaps and build strong positions in a certain market segment. Higher prosperity of the society increases the company's chances of developing, because the well-being finds its expression in the needs of citizens. The advantage of SMEs is the direct, personal contact with customers, personal advice and information "first hand" to gain confidence in meeting the needs of clients. Small and medium-sized enterprises are an important factor in regional and spatial economic policy. They provide supplies to sparsely populated regions, small towns and peripherals of major cities.
- *occupational function* - The function ensures the maintenance of existing jobs and the creation of new job opportunities. A high share of qualified professionals and less formal, more direct

working relationships allow SMEs to be more resilient to changes in employment.

- *export activity* - the share of small and medium-sized enterprises in the export of industrialized countries is not negligible, this share being significantly different between individual sectors and depends mainly on the intensity of subcontracting. Significant is an indirect contribution to the export performance of the economy in the form of sub-deliveries for the final product.
- *growth function* - Technical advances and the degree of qualification of the workforce in the national economy are important factors of economic growth. Small and medium-sized enterprises are exposed to greater competitive pressure than large enterprises. These factors also force small and medium-sized enterprises to foster technological development, which becomes their existence base.
- *educational function* - considerable importance are small and medium-sized enterprises in obtaining practical skills of graduates. Working conditions in small and medium-sized enterprises are better ranked by employees than in large enterprises, despite often longer average working hours and higher earnings of skilled workers in larger enterprises. Small and medium-sized enterprises are attractive to young people from the point of view of professional self-realization. They offer higher managerial posts to qualified candidates in the younger years compared to opportunities in multinational corporations.

Because small and medium-sized enterprises produce more intensively and grow faster than large enterprises, they also contribute significantly to job creation (employment).

The advantage of small and medium-sized enterprises is that they create jobs with relatively low capital costs, their performances are cheaper. They specialize in producing products and services that large companies do not produce because they are not effective for them. SMEs better meet the needs of spatial economy and the fact that they affect a relatively small market segments, they have more promising sales opportunities in comparison to large enterprises that require more space on the market. They also have wider possibilities of technology transfer of results of research and innovation processes.

The disadvantage of SMEs in comparison to large enterprises are irregularities in the information market, lack of equity and the need for management advice. Insufficient amount of experience and lack of

strategic market orientation of the enterprise can become a major risk for the company's survival. Productivity and performance of SMEs compared with large companies is determined by the degree of

their cost disadvantages also. Conditions for the development and support of small and medium sized enterprises depend on the existing business environment. (Turan, 1995, str.5)

Tab. 1 Classification of SMEs

Classification of SMEs				
	Limits			
	Number of employees	Turnover	al ebo	Balance sheet
Micro	< 10	≤ 2 mil. €		≤ 2 mil. €
Small	< 50	≤ 10 mil. €		≤ 10 mil. €
Medium	< 250	≤ 50 mil. €		≤ 43 mil. €

Source: Kráľová, 2016

The favorable development of SMEs depends on the creation of a conducive business environment, favorable conditions for business. It is the small businesses that react to changes in the business environment the most sensitive, the environment is defined by legislative, institutional and financial framework. SMEs are the basis of the European economy. Its current system of support involves many actors.

First of all, it's state administration and the Ministry of Economy is the most important actors. Its responsibilities covered commerce, industry and tourism. State support is implemented in six areas and these are: the area of strategy and development of small and medium enterprises; the area of creation of an institutional environment for the development of SMEs; the area of cooperation with international institutions; area of legislation and regulatory measures to support the business environment as a whole; the area of funding for SMEs; the area of support and development of SMEs at regional level in Slovakia.

The latest legislative measure deals with it, and this Act. 290/2016 Coll. Act on the Promotion Of Small and Medium Enterprises and on the amendment of Act no. 71/2013 Coll. about the provision of subsidies in responsibilities of the Ministry of Economy of the Slovak Republic as amended, valid from 11.07.2016 and with effect from 01.01.2017. The Act regulates the terms bind to SME sector of the European terminology in Slovak legislation for the first time, for example, test of the effects of legislation on small and medium business (ie. Test SMEs), business coaching and mentoring, etc. The ambition of the Act is explicit effort to enforce the principle of 'think small first' (think small first) in the Slovak legal

environment, according to the Ministry of Economy as well. The law regulates the scope of the Ministry of Economy in providing support to the SME sector, defines areas and forms of support, while allowing the implementation of European principles enshrined in the SME development agenda of the European Union, which is oriented to the promotion and development of SMEs, particularly in the so called Small Business Act (The Act on SMEs) or in the document Action Plan for business 2020.

Then there are those institutions:

Ministry of Finance of the Slovak Republic - in the sense of the competencies stipulated by Act no. 575/2001 Coll. as amended, the Ministry of Finance of the Slovak Republic is the central authority of the state administration in the field of finance, taxes and fees, duties, financial control and internal audit. But also in the field of pricing and price control, and through tax authorities as well as the tax authorities. For these competencies, its support is very important. This is reflected particularly in the provision of possible tax reductions and exemptions in business.

The Ministry of Agriculture - support for entrepreneurs in the agriculture sector de facto represents the support of small and medium-sized enterprises, as up to 97% of entrepreneurs in this sector fall into the category of SMEs. In terms of financial support is the most preferred area of primary agricultural production. Under Act no. 543/2007 Z.z. on the powers of state administration bodies in providing support in agriculture and rural development. The Ministry of Agriculture of the Slovak Republic, as the central state administration body for support in agriculture, manages and guides the provision of support in agriculture, food, forestry and fish farming as well as in rural development.

The Ministry of Construction and Regional Development of the Slovak Republic - its support is implemented by designing strategies and programs for financing regional development, creating conditions for the economic and social development of the regions, coordination of ministries and effective use of foreign aid.

Ministry of Labor, Family and Social Affairs - Support for SMEs from the ministry is carried out indirectly through the Center for Labor, Social Affairs and Family in the field of social affairs and employment services and its executive bodies, such as Labor, Social Affairs and Family Offices, as one of the tools of active labor market policy.

In addition to these entities, other institutions are also involved in supporting SMEs, including agencies,

banking institutions and funds, advisory bodies to support SMEs and other SME support institutions.

2 The development of SMEs in the Trenčín Region

Based on the economic structure, the Trenčín Region can be characterized as an industrial region. It has a long tradition especially in the field of engineering, textile, chemical and rubber industry. At present it is among the economically strongest regions of Slovakia. Successful economic and economic development in the region is a key prerequisite for creating a quality and motivating business environment. Relevant information becomes part of the knowledge economy and provides space for the increase of industrial and entrepreneurial activities in the Trenčín Region.

Tab 1: The development of the number of enterprises in the Trenčín Region by size for 2008 – 2015

	2008	2009	2010	2011	2012	2013	2014	2015	Index 2015/2008 (v %)
Small	10039	10149	10690	11072	11356	12379	12664	9429	93,9
Medium	343	330	308	311	277	277	276	303	88,3
Large	98	91	73	76	84	82	78	85	86,7

Source: Statistical Office of the Slovak Republic, own calculations

The Self-Governing Region of Trenčín has no direct competence in the field of industry or business, it is legally responsible for the overall development of its territory (§11 of Act No. 539/2008 Coll. On Regional Development, where it is stated that it supports the development of the business activities of the necessary on the development of the region, Act No. 302/2001 Coll. on Self-Government of Higher Territorial Units, as amended). The aim of The Self-Governing Region of Trenčín is with regard to those laws to assist entrepreneurs in:

- creating an investment and business environment in the Trenčín Region
- promoting the investment environment of the region, focusing especially on small and medium-sized entrepreneurs
- encouraging the emergence of common economic co-operation
- supporting the development of a competitive and innovative environment in the Trenčín Region
- providing information of activities to support the development of the business environment
- providing information on funding opportunities for projects to increase the competitiveness of regions and the business environment.

Tab. 2: The development of large enterprises in the districts of the Trenčín Region in the years 2008 - 2015

	2008	2009	2010	2011	2012	2013	2014	2015	Index 2015/2008 (v %)
Trenčín Region	98	91	73	76	84	82	78	85	86,7
Bánovce n. B.	6	6	6	5	5	4	4	5	83,3
Ilava	15	13	8	10	14	16	14	15	100
Myjava	2	2	2	2	2	2	1	1	50
Nové Mesto n. V.	16	15	13	14	16	11	12	16	100
Partizánske	5	5	3	3	4	5	4	5	100
Považská Bystrica	6	5	5	5	5	5	5	6	100
Prievidza	21	20	12	14	16	15	16	15	71,4
Púchov	7	6	5	8	7	9	8	8	114,3
Trenčín	20	19	19	15	15	15	14	14	70

Source: Statistical Office of the Slovak Republic, own calculations

Table 1 shows the development of the number of individual categories of enterprises by size in the reference period 2008 - 2015. These figures show that small businesses represented more than 96%, medium enterprises 3% and large enterprises less than 1% share in the Trenčín Region during the last year of the given period (2015). We recorded the highest number of small businesses (including micro-enterprises) in 2014 (12,664 business units), while the lowest share was 9,209 business units in the last monitored year 2015. Compared to 2008 and 2015, we can see a decrease of more than 6%. The decline between those

years of the review period was recorded also in the middle (almost 12%) and large enterprises (over 13%).

Tables 2 and 3 show the development of the number of large and medium-sized enterprises in the individual districts of the Trenčín Region. In the case of large enterprises, their situation is more stable, only in Myjava we recorded a decrease of 50% (but this represented a decrease by one enterprise) and in the Púchov district we recorded an increase of 1 enterprise, which represented an increase of 14.3%.

Tab. 3: The development of medium enterprises in the districts of the Trenčín Region in the years 2008 - 2015

	2008	2009	2010	2011	2012	2013	2014	2015	Index 2015/2008 (v %)
Trenčín Region	343	330	308	311	277	277	276	303	88,3
Bánovce n. B.	27	26	22	25	25	22	23	24	88,9
Ilava	38	38	40	40	29	32	34	38	100
Myjava	24	23	21	21	19	18	18	20	83,3
Nové Mesto n. V.	36	33	34	38	32	32	30	33	91,7
Partizánske	16	17	18	16	14	18	17	15	93,8
Považská Bystrica	35	32	29	30	26	28	27	33	94,3
Prievidza	63	61	61	59	52	49	44	50	79,4
Púchov	26	25	24	21	21	21	25	34	130,8
Trenčín	78	75	59	61	59	57	58	56	71,8

Source: Statistical Office of the Slovak Republic, own calculations

For medium-sized enterprises, we saw declines in all districts except Púchov, where the number of these enterprises increased by almost one third compared

with the first year of the period under review, and Ilava district, where the number of medium-sized enterprises is more stable for the whole period.

Tab. 4: The development of tradesmen in the districts of the Trenčín Region in the years 2008 – 2015

	2008	2009	2010	2011	2012	2013	2014	2015	Index 2015/2008 (v %)
Trenčín Region	44429	43864	43553	42153	40355	39035	36921	34619	77,9
Bánovce n. B.	2725	2701	2712	2645	2563	2417	2256	2187	80,3
Ilava	4688	4472	4438	4214	3970	3783	3572	3370	71,9
Myjava	1879	1827	1851	1831	1762	1742	1661	1580	84,1
Nové Mesto n. V.	4241	4125	4117	4039	3880	3785	3526	3307	78,0
Partizánske	3568	3571	3574	3481	3261	3092	2964	2796	78,4
Považská Bystrica	6239	6164	6103	5892	5710	5528	5236	4826	77,4
Prievidza	9559	9567	9519	9161	8828	8605	8105	7787	81,5
Púchov	2827	2811	2775	2702	2592	2525	2412	2184	77,3
Trenčín	8703	8626	8464	8188	7789	7558	7189	6582	75,6

Source: Statistical Office of the Slovak Republic, own calculations

The development of the number of traders who make up the highest share of registered natural persons in the Trenčín Region and also in its individual districts has a decreasing trend throughout the monitored period, as can be seen in Table 4. If we look more closely at other groups of natural persons (self-employed farmers and freelancers, who make up 0.6% of the registered natural persons), we can find stable, in the latter case, a slightly increasing trend.

Overall, in the year-on-year comparison, we can see that the total number of active small and medium-sized enterprises has decreased, which was probably due mainly to the introduction of a new methodology of Statistical Office of the Slovak Republic for determining the activity of the entity and the introduction of a tax license for legal entities. Tax license is the minimum tax that a legal entity has to pay for doing business at all, regardless of whether it is doing business, whether it is in a loss, whether it has a zero profit or only a small profit.

The automotive, mechanical, electrical and electronic industries, the chemical industry represent the most important branches in the Trenčín Region in terms of structure. The production of machinery was mainly focused on weapons in the past.

New progressive sectors are also developing in the region. Electrical production in Nová Dubnica accounts for more than 75% of the city's industrial output. Foreign investors represent the most significant investment in the production of cable harnesses and controls.

AUO Corporation, one of the largest LCD panel manufacturers in the world, has invested 191.3 million in Trenčín, that it will create 1300 direct and around 2000 indirect jobs.

The automotive industry is represented by companies - Continental Matador Truck Tires s.r.o., Púchov, Continental Matador Rubber, s.r.o., Púchov, LEONI Slovakia, spol. s r. o., Trenčín, Halla Climate Control Slovakia s.r.o, Ilava, YURA Corporation Slovakia, s. r. o., Lednické Rovne, MAGNA SLOVTECA, s.r.o., Nové Mesto nad Váhom.

Extraction industry - brown coal mining - Hornonitrianske bane Prievidza, a.s. v skratke HBP.

Electrotechnical and electronics industry - Elektrotechnický výskumný a projektový ústav (EVPÚ), Nová Dubnica, Elster s. r. o., Stará Turá, HellaSlovakia Front-Lighting s.r.o., Kočovce, Delta Electronics (Slovakia), s.r.o., Dubnica nad Váhom.

Engineering industry - PSL, a.s., Považská Bystrica, TRENŠ,a.s., TrenčínKonštrukta – Industry, a.s. Trenčín, Konštrukta Defence, a.s., Trenčín, BOST SK, a.s., Trenčín, VIPO, a.s., Partizánske, Chirana Medical, a.s., Stará Turá.

Food industry – MILSY, a.s., Bánovce nad Bebravou, Nestlé Slovensko s.r.o., Prievidza, Považský cukor a.s., Trenčianska Teplá.

Shoe industry - Gabor spol. s r.o., Bánovce nad Bebravou, RIALTO s r.o., Partizánske, Novesta, a.s., Partizánske.

Building industry - SKANSKA BS, a.s., Prievidza, Keraming a.s., Trenčín.

Thanks to the geographical characteristics of the region, the forestry has played an important role in it. Beech, oak and pine trees cover almost 49% of its total area. Agriculture is the most developed in the district of Prievidza.

The natural resources of the Trenčín Region are rich and varied. There are deposits of brown coal in Handlová and also bearings of various building materials - sandstone, limestone, gravel and brick clay. Mineral water sources are also important for the development of a spa.

3 Recommendations for the development of SMEs in the Trenčín Region

Small and medium-sized enterprises not only in the Trenčín Region, but also in all other regions of Slovakia, significantly affect the economic growth of the state, its prosperity and stability, employment, or competitiveness. The main role of the state should be to support these enterprises, given that they bring benefits to the region.

One option to help the development of SMEs is:

- *Drawing of EU funds.* - At present, there is an ongoing call from the Ministry of Economy of the Slovak Republic entitled "Support for new and emerging micro, small and medium-sized enterprises", where the subsidy amount is between 30,000€ and 200,000€, which may be claimed by the private sector and also by small and medium-sized enterprises. The call is to enhance the competitiveness of SMEs and new businesses. Another project challenge is „Improve the Competitiveness and Technology Level of Businesses through Innovation“ - companies and traders can apply for finance to buy software and other real estate to innovate processes and products. A similar challenge is "Innovation through Industrial Research and Experimental Development", the result will be a prototype, developed software, and so on. Although subsidies from Eurofunds represent significant financial aid to enterprises, they carry high administrative burdens and increased initial project costs. Company always has to reckon with the risk that the project will not be successful.
- Another option is to *provide consulting and information services* from the state, training entrepreneurs. The Ministry of Economy of the Slovak Republic has developed a startup program for the years 2017-2020, which is to provide support services and counseling to develop an

interest in entrepreneurship so that it is an attractive career choice. The aim of support is in particular natural persons - non-entrepreneurs who are considering entering a business. The program helps to increase your chances, to market and to create competitive ideas. Most importantly, it is appropriate to set initial business plans to reduce the risk of their failure. The maximum amount of support is 25,000€. (www.economy.gov.sk)

- *Reducing the administrative burden*, not only in establishing itself, but for the life of the company can help the development of enterprises. There is currently no link between the social insurance company, the health insurance companies or the trade licensing office. Companies equip in all institutions the same information. Communication can facilitate the electronic environment in which all institutions are linked. Significant aid for businesses is the electronisation of public administration where businesses deal with various submissions (complaints, applications, bills) electronically on the basis of a guaranteed electronic signature.
- Support for business development can be a *reassessment of tax and levy burden*, The negative impact was the introduction of a tax license, which is the minimum tax to be paid to the tax office. For business development, this license must be revoked or the conditions for its payment need to be adjusted. Greater confidence in the state and its use of public funds can contribute to reducing the tax burden and, on the other hand, the willingness of business entities to pay compulsory taxes and not to reduce their artificial tax base, which will contribute to larger state revenues. Slovak legislation allows for ten-year tax holidays for large foreign corporations entering the Slovak market but SMEs do not have this option even if they employ the largest number of employees in the whole economy.
- *Creating a Business Incubator* - in the Trenčín Region is a technological incubator in Prievidza and business incubator in Handlova. It would be appropriate to set up a business incubator directly in Trenčín, where a large part of the enterprises are concentrated. The main activity of a business incubator is advice (financial, economic, legal, tax), business plans and various services, such as conference services - rent of lecture and conference room, economic service that represents bookkeeping, personnel and wage planning; office service that includes printing, bind binding, burning on a CD. Internet services in the incubator are also important.

The Trenčín Self-Government Region has developed a Real-Estate and Business Opportunities Database from which businesses can use information. It also has open areas, halls and work spaces that are located in former businesses. They are called brown parks, the advantage of which is to provide built-in engineering networks that greatly facilitate the creation of new companies.

Established industrial parks - At present, there are 8 industrial parks in the Trenčín Region: Trenčín Industrial Park, Partizánske, Bánovce nad Bebravou, Chochoľná Veľčice, Trenčín - Opatovce, IP Nováky, Rakoľuby, Horná Streda. Their common feature is the ability to use available engineering networks and also companies can rent or buy land.

Improvements that are already in progress.

- The new railway bridge in Trenčín above the Váh river: The old bridge no longer meets the conditions for the construction of a fast track, so a new railway bridge is being built in Trenčín. The goal of the city of Trenčín will be to negotiate with the railways of the Slovak Republic to bring the bridge into the city's property. The aim is that the bridge will be designed for cyclists and pedestrians. It has new features like small services, snacks, greenery, views, and so on. The new bridge has not only accelerated rail transport, but also the attractive city of Trenčín for businesses and their potential employees.
- Road infrastructure: In the Trenčín Region there is also a satisfactory road infrastructure thanks to the construction of motorways running around Trenčín, Púchov or Považská Bystrica. There is no need to build bypasses on the roads of the first class, therefore there is no collapse and distribution flows of goods and materials for companies are not jeopardized. Trenčín, in its Plan of Economic and Social Development for the years 2016-2022, considers public transport infrastructure constructions, namely the I / 61 road section in the stretch from the highway to the Váh and the termination on the II / 507 road, the Vážska Waterway located on the route sections of the Vážsky Electricity Channel, water reservoirs and the natural Váh river basin and public airport of trans-regional significance in Prievidza (the airport with the status of

international transport) and in Trenčín (the airport recommended to obtain the status of international transport).

- Reconciling training programs with employers' requirements: It is very important that there is enough workforce to be taught in the required field of industry. At present, dual education is ongoing. In the school year 2016/2017, companies offered the opportunity to engage in dual education for more than 500 high school students in the Trenčín Region. During the second year of this project, 12 secondary vocational schools and 36 employers were involved. It is an attractive education system, which has the advantage of acquiring working habits and, last but not least, signing an employment contract in the future. Trenčín requires most mechanics - setters. This study program can be studied in Dubnica nad Váhom, Prievidza, Považská Bystrica and New Meste nad Vahom and in dual form in companies such as Matador, Continental, Askoll, Emerson or RONA. Students can continue their studies at the University of Alexander Dubcek in Trenčín, at the Faculty of special technology programs such as special engineering technology, special equipment or machinery.

Conclusion

SMEs benefit the region, so the state should support these businesses. One option to help small and medium-sized businesses to develop is to use Eurofunds, further reduce administrative burdens, provide advice and information services, educate entrepreneurs. Using business development can also be a reassessment of the tax and levy burden, or the creation of a business incubator directly in Trenčín. Beginning entrepreneurs can easily obtain supply and sales contacts and technical equipment in incubators. Higher education institutions, municipalities or private business entities, both domestic and foreign, are usually the founders of incubators. Their purpose is to promote employment and economic development. Thus, we can say that a business incubator is the place where the newly created businesses are concentrated in a limited space. The aim of the incubators is to increase the chance of survival of small and medium-sized enterprises and to promote their growth.

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