

# THE COMPETITIVENESS OF SLOVENIAN AND CROATIAN ENTREPRENEURS WITHIN DIFFERENT STAGES OF THE COMPANY LIFECYCLE

Karin Širec, PhD, Associate Professor<sup>8</sup>

Branka Crnković-Stumpf, PhD, Full Professor<sup>9</sup>

## Abstract

*This paper examines the different levels of competitiveness and highlights its determinants across Slovenian and Croatian early stage and established entrepreneurs, i.e. through different stages of companies' lifecycle. Since many socioeconomic differences between the two countries exist, the objective of the study was to establish potentially important differences between early stage and established entrepreneurs who (according to the proponents of blue ocean strategy school of thought by Kim and Mauborgne, 2005) enter markets with high (red oceans—many competitors) or low (blue oceans—few or no competitors) competition in terms of their demographic and human capital characteristics. This enables us to explore the extent to which entrepreneurs with different background characteristics enter different types of markets (i.e., high versus low competition markets).*

*Our data show that early stage and established entrepreneurs in both countries enter both types of markets, but to a very different extent. Early stage entrepreneurs are overrepresented on low competitive markets whereas established entrepreneurs on high competitive markets. We have investigated several demographic and human capital characteristics of early stage and established entrepreneurs that might play a role in finding and exploiting niche markets. It appears that female entrepreneurs are overrepresented in markets with limited competition, although the difference is not significant. We confirmed that younger established entrepreneurs enter markets with rather low competition (blue oceans) and also that more educated entrepreneurs tend to enter new niche markets. The significant relationship among the investigated variables was confirmed for the entire sample and for established entrepreneurs from Croatia. Furthermore, those who have entrepreneurial skills appear to find and exploit niche markets a bit more often, suggesting that these skills might facilitate finding blue oceans. Overall, certain characteristics of early stage and established entrepreneurs differ between investigated countries. The results leave room for further investigation. Policymakers need to bear in mind that human capital specific characteristics could be supported and systematically developed. Nurturing them could help to stimulate more quality entrepreneurial engagement, since companies willing to innovate, export and consequently grow their companies do have many specific needs that must be addressed appropriately.*

*The data were obtained from the 2014 Global Entrepreneurship Monitor (GEM) Adult Population Survey (APS). Our analysis is based on a sample of 467 cases from two countries; 250 from Croatia and 217 from Slovenia.*

**Keywords:** *competitiveness level, demographic characteristics, human capital, Global Entrepreneurship Monitor, early stage and established entrepreneurs*

---

<sup>8</sup> University of Maribor, Faculty of Economics and Business, Razlagova 14, 2000 Maribor, Slovenia, E-mail: karin.sirec@um.si

<sup>9</sup> University of Rijeka, Faculty of Economics, Ivana Filipovića 4, 51000 Rijeka, Croatia, E-mail: branka@efri.hr,

This work has been supported by the Croatian Science Foundation under the project 6558 Business and Personal Insolvency – the Ways to Overcome Excessive Indebtedness and by the University of Rijeka under the project: Approaches and Methods of Cost and Management Accounting in Croatian Public Sector (No. 13.02.1.2.09).

## Introduction

National economies, industries as well as individual businesses nowadays experience deep economic and technological changes. Those transformation processes demand new ways of creating value and are at the same time inevitably related to increasing their competitiveness. The notion from which competitiveness derives is competition. Competition has been defined, perceived, and interpreted in many ways by various schools of economic thought. For classical economists competition was identical to rivalry, while for the neo-classicists it is more of a market situation. In evolutionary economics competition is seen as a selection mechanism. This diverse nature and interpretation of competition is reflected in the multidimensional concept of competitiveness (Jankowska et al., 2010).

Insights into the extent of competition that entrepreneurs face when they enter the market are relevant for policymakers as increasing the share of those entering markets with lower competition is inevitably related with their innovation activity—a major target for the EU's 2020 Entrepreneurship as well as Innovation Strategy Agenda (EC, 2014; EC, 2013; EC, 2010). Previous study results (Bosma and Schutjens, 2011) have confirmed the distinction between low and high ambition entrepreneurship within various regions/countries. Bosma and Schutjens (2007) further suggested that (the process of) setting up new businesses generally relates to country conditions and demography effects, such as urbanization, age and education structure, whereas entrepreneurs' innovation ambitions are subject to national institutional factors, including entrepreneurial and cultural attitudes. Thus, we aim to see whether country specific demography effects affect a company's level of competition.

Research contributes to a better understanding of the different levels of competition and highlights its determinants across Slovenian and Croatian early stage and established entrepreneurs<sup>10</sup> (this means through different stages of companies' lifecycle). This paper aims to assess the individual level characteristics, such as gender, age, education and entrepreneurial skills in relation to the level of competition they are facing. We will explore whether there are any differences between early-stage and established entrepreneurs who enter markets with high (red oceans—many competitors) or low (blue oceans—few or no competitors) competition in terms of their demographic and human capital characteristics. This enables us to explore the extent to which entrepreneurs with different background characteristics enter different types of markets (i.e., high versus low competition markets).

This research is based on the Global Entrepreneurship Monitor (GEM) which was designed as a comprehensive assessment of the role of entrepreneurship in national economic growth (Reynolds et al., 2005). GEM enables research and analyses of characteristics, relationships and dependencies at the individual level as well as on aggregate country level. As conceptualized by the GEM research framework, the entrepreneurial process consists of several consecutive phases that are explored: entrepreneurial intentions phase, nascent, new and established entrepreneurs, as well as

---

<sup>10</sup> According to GEM, the main focus in this chapter focuses on *early stage entrepreneurial activity*, measured by the share of adults (18 to 65 years old) who are personally involved in the creation of a new venture and/or are at the same time employed as owners–managers of a new firm that is less than three and a half years old or are in the process of establishing a new firm. *Established entrepreneurs* are those that have been in existence for more than three and a half years.

exits from entrepreneurial activity. Our research will be focused on early stage and established entrepreneurial activity. The data is obtained from the 2014 GEM Adult Population Survey (APS) research cycle for Slovenia and Croatia.

### **Theoretical background**

Today's market conditions are forcing companies to adapt to changes in order to survive, grow and be competitive. Such changes include a variety of strategic perspectives and constant creation and sustainability of competitive advantages, thereby enabling companies to compete and innovate in a dynamic environment. Previous studies (Aragon-Sanchez and Sanchez-Marin, 2005; Kraus and Kauranen, 2009; Meyer et al., 2002) have revealed that companies differ in their strategic orientation.

One key challenge for all entrepreneurs is dealing with strategic and structural changes. For example, due to increasing environmental dynamics and intensifying global competition, companies—regardless of their age or size—have been forced to build more entrepreneurial strategies in order to compete and survive (Meyer et al., 2002). Success in any business depends upon the ability to find a valuable strategic position, whereby the company's resources, competencies, and capabilities are deployed and managed to meet and satisfy the demands and expectations of key stakeholders. In this way, the business adds value in some distinctive way to achieve product or service differences, manage costs effectively, and create some form of distinctiveness or competitive advantage (Thompson, 1999). Therefore, for entrepreneurs it is important to include a strategic perspective in their planning and actions (Kraus and Kauranen, 2009). A firm's strategic act can be considered a key element, with important implications for the management and efficiency of entrepreneurs (Aragon-Sanchez and Sanchez-Marin, 2005).

As already stated various schools of economic thought interpreted the concept of competition differently. Our discussion will follow the proponents of the blue ocean strategy school of thought (Kim and Mauborgne, 2005), arguing that it is possible to find sufficient untapped markets and that imitation occurs more slowly so that innovators can enjoy higher profits for a longer period of time. This period would in fact be so long that a strategy focused on finding new markets (blue oceans) is a sustainable strategy for a sufficient number of firms. The implication for managers of companies is that the main strategic concern lies with managing innovation if one takes a blue ocean strategy point of view (Burke et al., 2008).

### **Country context**

Slovenia and Croatia are characterized by some differences in a range of socioeconomic indicators, such as economic development and income levels, labour market situation, foreign trade openness and specialization. Economic and income gaps have even widened during the recent crisis, and the labour market situation deteriorated. The Table 1 provides a basic overview of economic data, such as population, GDP per capita, unemployment rates, and year of EU accession for Slovenia and Croatia to show the broader context in which the entrepreneurship processes take place. Some data on the business supportive environment are included—namely, rankings about: competitiveness, ease of doing business, ease of starting a

business and expenditure for R&D. As presented in Table 1, the differences among countries are considerable.

Table 1: Demographic and Economic Data of Slovenia and Croatia

	Croatia	Slovenia
Population, 2016***	4,236,400	2,062,218
GDP per capita (current US\$), 2016***	13,020	23,436
Unemployment rate	15.4	9.2
Global Competitiveness Index (GCI), 2015/16**	77 <sup>th</sup>	59 <sup>th</sup>
Ease of doing business rank (among 189 countries), 2016***	40 <sup>th</sup>	29 <sup>th</sup>
Ease of starting business rank (among 189 countries), 2016***	83 <sup>th</sup>	18 <sup>th</sup>
Expenditure for R&D %of GDP 2005 – 2012*	0.75	2.80
EU membership	2013	2004

Sources: \* World Bank (2013); \*\* WEF (2015); \*\*\* World Bank (2016)

Improving productivity levels and competitiveness are key challenges for both countries in order to achieve higher growth rates in the medium to long-run, and hence for substantially reducing unemployment. The inherent structural weaknesses both on the goods markets and the labour markets lead to relatively low competitiveness (WBIF, 2012). All these characteristics pose a number of challenges to the formulation of a coherent development strategy, as many opportunities which may be exploited for fostering country development and competitiveness exist. Encouraging quality entrepreneurial activity is one of them, investigated in more detail within our research.

### **Research propositions**

The GEM data allow us to provide a picture of the extent of competition that entrepreneurs within different life cycle stages face when they enter the market. In the GEM APS, both early stage as well as established entrepreneurs are asked whether the market in which they operate is characterized by many competitors or whether there are only few or even no competitors. It needs to be emphasized that entrepreneurs' answers to this question give an indication of how they perceive competition in the market; they are not an objective indicator of the extent of competition in the market. The GEM data for 2014 reveal that early stage and established entrepreneurs enter markets with low as well as high perceived competition. 43.8% of the early stage entrepreneurs in entire sample indicated that they entered a market with many competitors, while 56.2% entered markets with few or no competitors. Further 61% of the established entrepreneurs indicated entering markets with many competitors and only 39% markets with few or no competitors. When, for simplicity, we interpret few or no competitors as untapped markets, this distribution suggests that blue oceans (new markets with limited competition) and red oceans ("bloody" oceans, with strong competition for a static industry profit) do indeed co-exist, as Burke et al. (2008) suggested.

### ***Entrepreneurs' demographic characteristics and competition***

#### *Gender*

As described by the GEM research, in most countries, the share of male entrepreneurs is much higher than that of female. Empirical evidence can also be found in a GEM research report on women and entrepreneurship (Kelley et al., 2015), which revealed a clear gender gap in venture creation and ownership activity. In almost all participating

GEM countries, the structure by gender reveals that men are more entrepreneurially active than women. The gender perspective is important because of the limited understanding of the gendered influences of economic development that entrepreneurship activity undoubtedly has on society. Women differ from men in their experiences because they have different occupations (often less appropriate for self-employment and entrepreneurship), on-the-job routines, social relationships, and daily lives; they also identify and try to exploit business opportunities differently (Širec and Močnik, 2012). We expect women to perceive and exploit high competition markets rather than low ones in both investigated countries even more so among established entrepreneurs investigated group. Thus, our first research hypothesis (H1) reads:

*H1: Gender is significantly related to the extent of market competition, with female entrepreneurs' entering markets with rather high competition.*

### *Age*

Being entrepreneurial is not exclusive of a specific age group, as confirmed by many specialized research works (Isele and Rogoff, 2014; Lévesque and Minniti, 2006). For many reasons (a lack of resources among younger persons, a lack of regulatory conditions for the entrepreneurial activity of 60+-year-olds), some age groups are less evident in entrepreneurial activity, which is a complex policy issue (involving many aspects of entrepreneurial framework conditions, like access to finance, taxation policy, and retirement policy) (Singer et al., 2015). Various studies show that age has a non-linear relationship with the likelihood of starting a business and that men are more inclined to start businesses than women (e.g., Blanchlower and Oswald, 1998; Klapper and Parker, 2010). Across the world, the most dynamic individuals in early stage entrepreneurial activity fall within the 25- to 35-year-old age group (Singer et al., 2015); thus, we expect younger early stage entrepreneurs to perceive and exploit low competition markets rather than high ones. The same pattern is expected also for established group of entrepreneurs, although we assume their greater concentration within more competitive markets. Our second research hypothesis (H2) reads:

*H2: Age is significantly related to the extent of market competition, with younger entrepreneurs entering markets with rather low competition.*

## ***Entrepreneurs' human capital and competition***

### *Education*

Much evidence, at both the country and individual levels, indicates that education plays a major role in entrepreneurial activity in that the more educated the person, the more likely that person is to start a business and that business to continue to be sustainable (Singer et al., 2015). As a rule, countries that invest the most in education also tend to be the richest and have the highest rates of growth per capita output. Education, including formal schooling, job training and work experience, offers clear benefits for individuals. Millan et al. (2011) demonstrated that a higher level of education positively affects the average entrepreneur's performance. When profitable opportunities for new economic activities exist, individuals with more human capital—a higher level of education—should more effectively identify and develop them. Following this reasoning, we expect higher levels of educational attainment to lead individuals to perceive and exploit low competition markets rather than high ones. The same pattern

is expected irrespective of the company life cycle stage. Thus, our third research hypothesis (H3) reads:

*H3: Educational level is significantly related to the extent of market competition, with higher educated entrepreneurs entering markets with rather low competition.*

### *Entrepreneurial skills*

New ventures by definition lack organizational experience, which makes the skills and experiences that entrepreneur(s) and their networks bring to a new organization of particular importance. Entrepreneurs' business skills can help compensate for liabilities of newness and might therefore facilitate the process of entering the market (Shrader et al., 2000). Furthermore, individuals with entrepreneurship-related skills can be in a good position to recognize promising market opportunities (Shane, 2003). Perceived opportunity and perceived capability (skills) are positively correlated with the level of total entrepreneurial activity (TEA) within a certain country (Singer et al., 2015). A strong correlation between perceived capability (skills) and TEA indicates how all forms of education (formal, informal, non-formal) are important in developing entrepreneurial competences. The findings of van der Zwan et al. (2012) went even further. They suggested that entrepreneurial skills are slightly more important than formal education for finding and exploiting new niche markets (i.e., the blue ocean). Thus, our fourth research hypothesis (H4) reads:

*H4: Entrepreneurial skills are significantly related to the extent of market competition, with higher entrepreneurial skill level of entrepreneurs entering markets with rather low competition.*

## **Data, variables and methodology**

### *Data*

Research data were derived from the GEM research. Bosma et al. (2012) fully explained the GEM study's content and procedures. Our research data were derived from the GEM's APS for 2014. Table 2 indicates the total number of interviewed early stage and established entrepreneurs, 18 to 65 years old, in Slovenia and Croatia as well as the data for the grouping variable, indicating the level of competition that entrepreneurs face when entering the market. Interviews were conducted using the computer-assisted telephone interviewing (CATI) method. Our analysis is based on a sample of 467 cases from two countries.

Table 2: Sample Data for Grouping Variable across Two Investigated Countries

Country	Competition		Total
	Many competitors	Few or no competitors	
<i>Early stage entrepreneurs</i>			
Croatia	67	100	167
Slovenia	60	63	123
<b>Total (Share)</b>	<b>127 (43.8%)</b>	<b>163 (56.2%)</b>	<b>290 (100%)</b>
<i>Established entrepreneurs</i>			

Croatia	50	33	83
Slovenia	58	36	94
<b>Total (Share)</b>	<b>108 (61%)</b>	<b>69 (39%)</b>	<b>177 (100%)</b>

### *Variables*

This section describes measurements for all investigated categories drawn from the GEM research. We present the grouping variable (i.e., level of market competition) and variables analysed (i.e., gender, age, educational level, entrepreneurial skills).

### *Grouping variable*

Early stage entrepreneurs' extent of competition faced when entering the market is measured depending on their answers to the following question:

- How many businesses offer the same products? Possible answers: many (coded as 0) and few or none (coded as 1).

### *Variables analysed*

Variables expected to be associated with the extent of competition that entrepreneurs face when entering the market include the following:

- Gender: Respondents indicated their gender: male (coded as 1) or female (coded as 2).
- Age: Respondents chose from two possible categories: 18–34 years (coded as 1), 35–64 years (coded as 2).
- Educational level: Respondents chose from two possible categories: secondary education or lower (coded as 0) or post-secondary or higher (coded as 1).
- Skills: Respondents indicated if they had the knowledge, skills and experiences required to start a new business: no (coded as 0) or yes (coded as 1).

## ***Methodology***

The current study utilized quantitative business research methods. An extensive review of the literature and empirical research was conducted to determine the current stage of knowledge regarding the determinants of competition entrepreneurs are facing when they enter the market. To measure the association or correlation between variables, the chi-square test was used. The general criterion for accepting the hypothesis is that the difference is statistically significant at the 5% level (two-tailed test).

## **Results**

### *Gender*

The involvement of women in entrepreneurial activity differs substantially all over the world. These differences are the reflection of different cultures and customs regarding the involvement of women in the economic activities of individual countries. Within our sample the Slovenia's female participation in established entrepreneurial activity was lowest at 29.8%. Croatia reported the highest rate among the female early stage

entrepreneurial activity, namely 35.9%. Table 3 presents the share of female and male early stage and established entrepreneurs in Croatia and Slovenia.

Table 3: Competition and Gender of Early Stage and Established Entrepreneurs

	<b>Many competitors</b>	<b>Few or no competitors</b>
<i>Early stage entrepreneurs</i>		
<b>Croatia (n = 167)</b>		
Male (64.1%)	37.4%	62.6%
Female (35.9%)	45.0%	55.0%
<b>Slovenia (n = 123)</b>		
Male (66.7%)	43.9%	56.1%
Female (33.3%)	58.5%	41.5%
<i>Established entrepreneurs</i>		
<b>Croatia (n = 83)</b>		
Male (65.1%)	54.3%	45.7%
Female (34.9%)	51.1%	48.9%
<b>Slovenia (n = 94)</b>		
Male (70.2%)	30.2%	69.8%
Female (29.8%)	48.8%	51.2%

Our first research hypothesis assumed a significant relationship between gender and the extent of market competition that entrepreneurs are facing when entering markets. Although on average less females than males enter markets with lower competition (i.e., blue oceans), the difference is not significant ( $p > 0.05$ ). This holds true for both countries as well as for both; early stage and established entrepreneurs. The only exception are Croatian female established entrepreneurs, who enter low competition markets more often than their male counterparts. In all investigated cases males tend to enter new niche markets more often, possibly with innovative products. As the differences were not significant, we rejected our first research hypothesis (H1).

### Age

One can pursue entrepreneurial activity at any age. Over the years, however, the most active age group for early stage entrepreneurial activity in all GEM countries has proven to be the 25- to 35-year-old age group (Rebernik et al., 2014). Our second research hypothesis assumed a significant relationship between age and the extent of market competition. We could not confirm any statistically significant differences between groups for the entire sample of early stage entrepreneurs or for individual countries. But we did confirm statistically significant differences among established entrepreneurs—namely, younger established entrepreneurs enter markets with rather low competition ( $\chi^2(1) = 4.749$ ,  $p = 0.029$ ,  $\phi = \text{Cramer's V} = 0.164$ ). This pattern suggests that established entrepreneurs in their younger age are better equipped to find and exploit opportunities in new niche markets compared to older established entrepreneurs. Table 4 presents the results for both countries. Accordingly, we confirm our second research hypothesis (H2) partially.



Table 4: Competition and Age of Early Stage and Established Entrepreneurs

	Many competitors	Few or no competitors
<b>Entire sample</b>		
<i>Early stage entrepreneurs (n = 290)</i>		
18–34 years of age (39.7%)	44.3%	55.7%
35–64 years of age (60.3%)	43.4%	56.6%
<i>Established entrepreneurs (n = 177)</i>		
18–34 years of age (16.7%)	43.3%	56.7%
35–64 years of age (83.1%)	64.6%	35.4%

*Human capital: Education and entrepreneurial skills*

Numerous studies have proven that individuals who believe to have the capacity, knowledge and skills necessary for entrepreneurship more often become involved in entrepreneurial activity than those lacking such factors. Thus, entrepreneurship education and skills are crucial. Within the entire sample more than 46% of early stage as well as established entrepreneurs achieved at least a post-secondary level of education. We could confirm the significant relationship between the level of education and extent of market competition only for established entrepreneurs for the entire sample ( $\chi^2(1) = 3.986, p = 0.046, \phi = \text{Cramer's V} = 0.150$ ), and Croatia ( $\chi^2(1) = 7.260, p = 0.007, \phi = \text{Cramer's V} = 0.296$ ). Table 5 presents the results for the entire sample and both investigated groups. For early stage entrepreneurs we couldn't confirm our hypothesis but for the group of established entrepreneurs we could confirm, that more educated individuals more often than less educated tend to enter new niche markets, although their overall percentage (39%) entering less competitive markets is much lower than those of early stage entrepreneurs (56.6%). Thus, we partially confirmed our third research hypothesis (H3).

Table 5: Education and Competition of Early Stage and Established Entrepreneurs

	Many competitors	Few or no competitors
<b>Entire sample</b>		
<i>Early stage entrepreneurs (n = 286)</i>		
Secondary education or lower (53.5%)	44.4%	55.6%
Post-secondary education or higher (46.5%)	42.1%	57.9%
<i>Established entrepreneurs (n = 177)</i>		
Secondary education or lower (51.4%)	68.1%	31.9%
Post-secondary education or higher (48.6%)	53.5%	46.5%

We might expect that individuals who are setting up their own businesses or who have already started their businesses are more likely to perceive having such entrepreneurial skills. Indeed, a large majority of the early stage entrepreneurs (87.4%) and established entrepreneurs (87.9%) indicated having the skills, knowledge and experience required to establish their own businesses. More (57.8%) of early stage and (40.5%) of established entrepreneurs who indicate having entrepreneurial skills enter markets with limited competition. The difference for the entire sample is although insignificant. The only significant difference between investigated variables we could barely confirm were for Croatian early stage entrepreneurs ( $\chi^2(1) = 3.796, p = 0.051, \phi = \text{Cramer's V} =$

0.151). Thus, we partially confirmed our fourth research hypothesis (H4). Table 6 presents the results for the entire sample.

Table 6: Competition and Entrepreneurial Skills of Early Stage and Established Entrepreneurs

	Many competitors	Few or no competitors
<b>Entire sample</b>		
<i>Early stage entrepreneurs (n = 285)</i>		
Do not have entrepreneurial skills (12.6%)	58.3%	41.7%
Have entrepreneurial skills (87.4%)	42.2%	57.8%
<i>Established entrepreneurs (n = 174)</i>		
Do not have entrepreneurial skills (12.1%)	71.4%	28.6%
Have entrepreneurial skills (87.9%)	59.5%	40.5%

### Discussion and conclusion

The current paper has identified features related to Slovenian and Croatian competition and early stage as well as established entrepreneurs' strategies. These entrepreneurs can choose to enter new or untapped markets (blue oceans) in which the amount of competition they face is limited or enter markets with strong competition (red oceans) to capture some of the profits of other entrepreneurs (van der Zwan et al., 2012). Our data show that early stage and established entrepreneurs in both countries enter both types of markets, but to a very different extent; 56.8% of *early stage* entrepreneurs enter markets in which they perceive limited competition and 43.8% enter markets in which they perceive a high number of competitors, whereas only 39% of *established* entrepreneurs enter so called blue markets and 61% strong competitive red markets.

We have investigated several demographic and human capital characteristics of early stage and established entrepreneurs that might play a role in finding and exploiting niche markets. It appears that female entrepreneurs are overrepresented in markets with limited competition, although the difference is not significant, so we rejected our first research hypothesis (H1). Our second research hypothesis (H2) assumed that younger entrepreneurs enter markets with rather low competition (blue oceans). We did confirm statistically significant differences only among established entrepreneurs and partially confirm research hypothesis (H2). Younger established entrepreneurs are overrepresented in markets with limited competition that might be built upon some life and career experiences that help them find blue oceans. We also partially confirmed our third research hypothesis (H3), assuming that more educated entrepreneurs tend to enter new niche markets. The significant relationship among the investigated variables was confirmed for the entire sample only for established entrepreneurs and for Croatian established entrepreneurs. Furthermore, those who have entrepreneurial skills appear to find and exploit niche markets a bit more often, suggesting that these skills might facilitate finding blue oceans. The only significant difference between investigated variables we could barely confirm were for Croatian early stage entrepreneurs leading us to partially confirmed our fourth research hypothesis (H4).

Overall, certain characteristics of early stage and established entrepreneurs differ between investigated countries. The results leave room for further investigation.

Policymakers need to bear in mind that human capital specific characteristics could be supported and systematically developed. Nurturing them could help to stimulate more quality entrepreneurial engagement, since companies willing to innovate, export and consequently grow their companies do have many specific needs that must be addressed appropriately. Thus, policymakers should focus on encouraging entrepreneurship among well-educated individuals with the potential to establish innovative, internationally oriented companies. Establishing appropriate incentives and promoting role models are crucial tasks. Entrepreneurs differ, and further research is needed to distinguish policy instruments for innovative-driven entrepreneurs,

However, we need to address the limitations of our study. First, competition might be observed from a variety of aspects. The findings could be replicated using a different type of competition. Second, this study utilized GEM data. To present more sophisticated results, future research should encompass other national level measurements in order to provide more precise distinctions and reasoning behind differences within countries. Another interesting avenue for future work on companies' competition might focus on the comparison of regions that differ significantly in the level and history of their entrepreneurial activity.

### References

1. Aragon-Sanchez, A., Sanchez-Marin, G. (2005). Strategic Orientation, Management Characteristics, and Performance: A Study of Spanish SME. *Journal of Small Business Management*. 43(3), pp. 287-308
2. Blachflower, D., Oswald, A. (1998). What Makes an Entrepreneur? *Journal of Labor Economics*. 16, pp. 26-60
3. Bosma, N.S., Schutjens, V.A.J.M. (2007). Outlook on Europe: Patterns of Promising Entrepreneurial Activity in European Regions. *Tijdschrift voor Economische en Sociale Geografie*. 98(5), pp. 675-686
4. Bosma, N.S., Schutjens, V.A.J.M. (2011). Understanding Regional Variation in Entrepreneurial Activity and Entrepreneurial Attitude in Europe. *The Annals of Regional Science*. 47(3), pp. 711-742
5. Bosma, N., Wennekers, S., Amorós, J.E. (2012). *Global Entrepreneurship Monitor, 2011 Extended Report: Entrepreneurial Employees across the Globe*. Babson Park, MA, US: Babson College, Santiago, Chile: Universidad del Desarrollo, Kuala Lumpur, Malaysia: Universiti Tun Abdul Razak, London, UK: Global Entrepreneurship Research Association
6. Burke, A.E., van Stel A.J., Thurik A.R. (2008). *Blue Ocean versus Competitive Strategy: Theory and Evidence*. EIM Research Report H200801. Zoetermeer: EIM
7. European Commission (2010). *Europe 2020. A European Strategy for Smart, Sustainable and Inclusive Growth*.  
<http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%202007%20-%20Europe%202020%20-%20EN%20version.pdf> (accessed 20.11.2014.)
8. European Commission (2013). *Entrepreneurship 2020 Action Plan*. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2012:0795:FIN:EN:PDF> (accessed 20.11.2014.)
9. European Commission (2014). *Innovation Union Scoreboard 2014*.  
[http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014_en.pdf) (accessed 20.11.2014.)

10. Isele, E., Rogoff E.G. (2014). Senior Entrepreneurship: The New Normal. *Public Policy & Aging Report*. 24(4), pp. 141-147
11. Jankowska, B., Kowalski, T., Pietrzykowski, M. (Eds.) (2010). *Dimensions of Competitiveness*. 1st Edition. PUE Press. Poland
12. Kelley, D.J., Brush, C.G., Greene P.G., Herrington, M., Ali, A. in Kew, P. (2015). *Global Entrepreneurship Monitor: Special Report Women's Entrepreneurship*. US: Babson College, Babson Park; Santiago, Chile: Universidad Del Desarrollo; Malaysia: Universiti Tun Abdul Razak; Mexico: Tecnológico de Monterrey. <http://www.gemconsortium.org/report/49281> (accessed 06.07.2016.)
13. Kim, W., Mauborgne, R. (2005). *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant*. Boston, MA: Harvard Business School Press
14. Klapper, L., Parker, S. (2010). *Gender and the Business Environment for New Firm Creation*. World Bank Research Observer.
15. Kraus, S., Kauranen, I. (2009). Strategic Management and Entrepreneurship: Friends or Foes? *International Journal of Business Science and Applied Management*. 4(1), pp. 37-50
16. Lévesque, M., Minniti M. (2006). The Effect of Ageing on Entrepreneurial Behavior. *Journal of Business Venturing*. 21, pp.177-194
17. Meyer G.D., Neck H.M., Meeks M.D. (2002). The Entrepreneurship-Strategic Management Interface. In: M.A. Hitt, R.D. Ireland, S.M. Camp, D.L. Sexton (Eds.), *Strategic Entrepreneurship: Creating a New Mindset*. Oxford, Blackwell, pp. 19-44
18. Millán, J.M., Congregado, E., Román, C., van Praag, M., van Stel, A. (2011). The Value of an Educated Population for an Individual's Entrepreneurship Success. *EIM business and policy research*, Zoetermeer, the Netherlands. <http://www.tinbergen.nl/discussionpapers/11066.pdf> (accessed 08.02.2014.)
19. Rebernik, M., Tominc, P., Crnogaj, K., Širec, K., Bradač Hojnik, B. (2014). Spregledan podjetniški potencial mladih: GEM Slovenija 2013. Univerza v Mariboru, Ekonomsko-poslovna fakulteta Maribor, (Slovenski podjetniški observatorij).
20. Reynolds, P., Bosma, N., Autio, E., Hunt, S., De Bono, N., Servais, I., Lopez-Garcia, P. and Chin, N. (2005). GEM: Data Collection Design and Implementation 1998-2003. *Small Business Economics*. 24(3), pp. 205-231
21. Shane, S. (2003). *A General Theory of Entrepreneurship: The Individual Opportunity Nexus*. Cheltenham, UK: Edward Elgar
22. Shrader, R.C., Oviatt, B.M., McDougall P.P. (2000). How New Ventures Exploit Trade-offs among International Risk Factors: Lessons for the Accelerated Internationalization of the 21st century. *Academy of Management Journal*. 43(6), pp. 1227-1247
23. Singer, S., Amorós, J.E., Arreola, D.M. (2015). *Global Entrepreneurship Monitor, 2015 Global Report*. Babson Park, MA, US: Babson College, Santiago, Chile: Universidad del Desarrollo, Kuala Lumpur, Malaysia: Universiti Tun Abdul Razak, Monterrey, Mexico: Tecnológico de Monterrey, London, UK: Global Entrepreneurship Research Association
24. Širec, K., Močnik, D. (2012). Gender Specifics in Entrepreneurs' Personal Characteristics. *Journal of East European Management Studies*. 17(1), pp. 11-39
25. Thompson J.L. (1999). A Strategic Perspective of Entrepreneurship. *International Journal of Entrepreneurial Behavior & Research*. 5(6), pp. 279-296

26. van der Zwan, P., Hessels, J., van Stel, A., Wennekers, S. (2012). Global Entrepreneurship Monitor: The Netherlands 2012, National Report. Research Reports H201314, Zoetermeer: Panteia
27. WBIF (2012) Challenges to Successful Employment Policy in the Region: Towards more Jobs, Quality Labour Force and Greater Competitiveness. Discussion Paper. November 2012.  
[http://www.lse.ac.uk/europeanInstitute/research/LSEE/Events/PDF\\_Files/MASTER\\_ChallengestoSuccessfulEmploymentPolicy.pdf](http://www.lse.ac.uk/europeanInstitute/research/LSEE/Events/PDF_Files/MASTER_ChallengestoSuccessfulEmploymentPolicy.pdf) (accessed 08.02.2015.)
28. Worldbank (2013) Indicators Data. <http://data.worldbank.org/indicator> (accessed 08.02.2015.)
29. Worldbank (2016). Doing Business: Economy Rankings.  
<http://www.doingbusiness.org/rankings> (accessed 06.07.2016.)
30. WEF (2015). Competitiveness Rankings. <http://reports.weforum.org/global-competitiveness-report-2015-2016/competitiveness-rankings/> (accessed 06.07.2016.)