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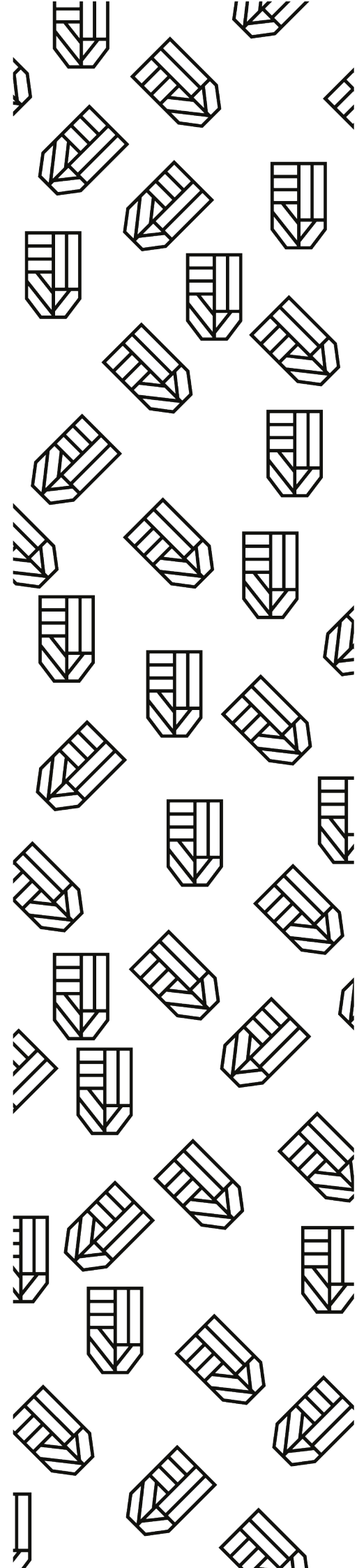
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CSIZMADIA PÉTER  
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**COMPARATIVE REPORT ON  
MENTORING IN SMES IN  
HUNGARY, FINLAND,  
FRANCE AND ROMANIA**

# 3



# COMPARATIVE REPORT ON MENTORING IN SMES IN HUNGARY, FINLAND, FRANCE AND ROMANIA

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## **COMPARATIVE REPORT ON MENTORING IN SMES IN HUNGARY, FINLAND, FRANCE AND ROMANIA**

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### **Introduction**

Small- and medium-sized enterprises (SMEs) play a significant role in the European economy. According to statistical data around 20 million micro-, small and medium –sized companies provides employment to approximately 89 million people in the EU-28 countries (Muller et al 2015). The sector’s contribution to employment and economic progress and to preserving wealth is incontestable. It is obvious the services supporting the effective operation of SMES are of particular importance. Mentoring, e.g. *‘off line help by one person to another in making significant transitions in knowledge, work or thinking’* (Megginson-Clutterbuck 1995:13), plays decisive role among such services. Based on this recognition, our project aims at developing a training course for future mentors in four participating countries: Finland, France, Hungary and Romania. The consortium was established with the aim of reflecting the cultural-institutional differences to the extent that at least three substantially different geographic regions of the EU are covered. The training material development is based on a solid research activity carried out in all four countries. Despite the heterogeneity of the various participating countries, the project aims to identify the common problems and knowledge shortages in this area and consider them based on comparative research. This report is the synthesis of the research work carried out by the different partners and covers the following main areas:

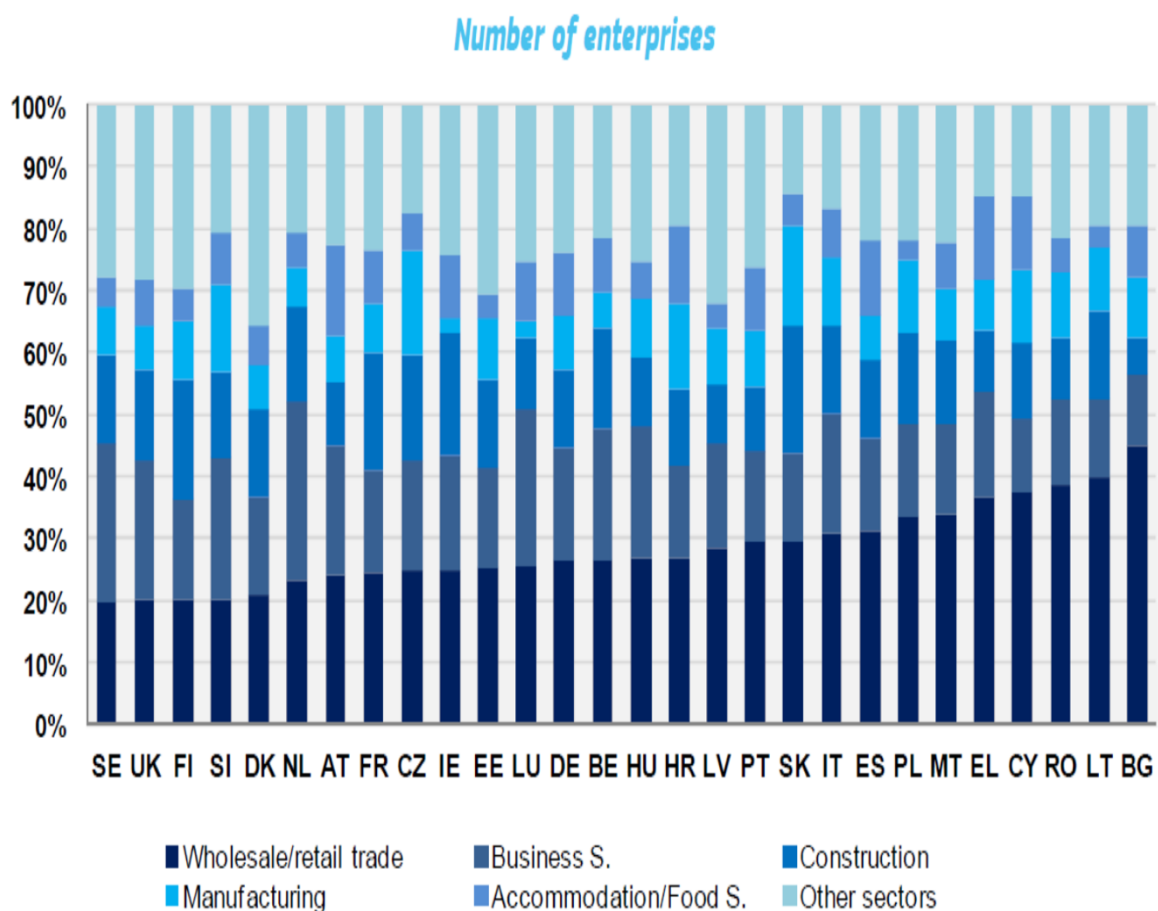
1. Economic weight and structural characteristics of the SME sector in the participating countries
2. Institutional environment of SMEs: special focus on mentoring services
3. Mentors' skill profile: case study lessons

## I. Economic weight and structural characteristics of the SME sector in the participating countries

### I.1 Size distribution and economic weight of the SME sector

The economic weight of the SME sector is rather similar in the four participating countries, but role SMEs play in employment is somewhat different. In Hungary the share of micro enterprises is above the EU-average, in France the share of small-sized enterprises is higher than in the other three countries, while in Finland and Romania the share of both small- and medium-sized companies are above average (Muller et al 2015).

**Figure 1. Distribution of SMEs across sectors in Member States 2014**



Source: Muller et al. 2015:90

As Figure 1 demonstrates there are differences in sectoral distribution of SMEs in the Trust Me countries. In Romania: wholesale and retail-trade is dominant while business services play less significant role. On the contrary, in Hungary the role of business services is crucial,

while in Finland construction is dominant. In France construction and accommodation and food services have the largest share.

Albeit the SME sector in Finland is slowly recovering from the financial crises, the number of SMEs and their employment figures are remained below the level of 2008. The crisis affected the SMEs operating in manufacturing the hardest. The recovery is expected to continue in 2016. Value added and number of companies are predicted to show growth by 4 % and 2 %, while employment rates are anticipated to stay at the current level (National Report Finland 2016:1).

In France, the majority of SME total value added is produced in wholesale and retail trade and in manufacturing. These two sectors also account for over 40 % of total SME employment. The SME sector as a whole has been developing at a relatively modest rate, with a growth in total value added of 3.5 % since 2008. During this period, the number of micro enterprises (up to 9 persons employed) rose by 25 %, but the number of medium-sized businesses fell by 7 % (National Report France 2016:4).

In Hungary around 70% of the total workforce is employed in the SME sector and it generates around one third of the Hungarian GDP. The overwhelming majority of the operating Hungarian firms employ less than 10 people. In 2013 95% of the operating companies (548.627) were microenterprises, typically with 3-4 employees. 4.1% of the firms (25.566) belonged to the category of small, while 0.76% of them (8.839) to the medium-sized categories. 871 companies employed more than 250 people representing 0.14% of the whole company population. In manufacturing every second employee was employed at an SME (55.2%), while in the service sector this ratio was over 90% (Csizmadia-Csillag 2016).

In Romania SMEs play a significant role in employment, while the value-added they produce are below the EU-average that reflects to the relatively low productivity of the sector. In 2013 34.4% of total workforce were employed in micro-enterprises, 34.3% in small and 31.3% in middle-sizes enterprises. The size distribution of SMEs varies across different sectors of the economy. The largest share of employees (15.5%) work in SMEs operating in wholesale and retail trade, while 14.13% of them are employed in manufacturing SMEs. The share of agriculture started to grow in the recent years in the SME sector (National Report Romania 2016:3).

## I.2 SME demography (business growth and decline)

The business demographics is one of the most important indicator of the prosperity of enterprises in a national economy. It reflects to the willingness of entrepreneurship or in other words, to the incidence of the 'entrepreneurial spirit and habitus' in a society, and on the other hand it indirectly refers to the difficulties entrepreneurs have to face when trying to survive economic competition. The first and very raw indicator of entrepreneurial spirit is the number of newly birth enterprises as it directly shows the number of new entrants. The next table presents the number of newly established companies (including micro-firms) in the long run.

**Table 1. Number of births of enterprises in t, in the TRUST ME countries**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
FI	20 721	21 253	24 143	27 826	28 617	25 441	28 424	28 475	25 949	17 551
FR	223 087	224 819	235 185	259 380	259 121	365 597	376 631	328 117	308 326	302 600
HU	59 122	52 646	49 815	50 938	58 414	51 308	56 370	55 676	45 151	38 735
RO	72 266	76 337	64 775	75 046	75 171	47 247	39 211	79 284	79 362	153 044

Source: Eurostat

In the case of Hungary a relatively stable period has been followed by a clear decline from 2012. This tendency can be traced back to a number of complex, both individual and structural factors and requires a careful interpretation and exploration. According to our experiences with the economic environment (e.g. lack of stability, predictability and transparency), however, it seems far from being hazardous to conclude that the decrease of newly established enterprises can be associated with the weakening of entrepreneurial willingness in Hungary. In Finland and France a relatively stable pattern of growth in terms of number of newly established enterprises that has started turning into decrease from 2010 in both countries. As the Finnish national report puts it, *'number of entrepreneurs in Finland is below the EU and OECD average. The same goes with the number of people who plan to start their own companies. The fact that fewer people in Finland intend to choose*

*entrepreneurship as a career, when compared to other countries, is somewhat surprising as many surveys show entrepreneurship is held in high regard within Finland. (Suomen Yrittäjät.) Nevertheless number of enterprises have been growing slowly and cannot be explained by only large businesses entering the Finnish market' (National Report Finland 2016:5). In Romania, a radically different pattern emerges. In 2008/2009 there was a decline in the number of newly established enterprises, especially in real estate brokerage and construction (National Report Romania 2016), but from 2011 there was a recovery accompanied by the increase of number of company establishment. The picture is, however, more complex, since 'the „non-financial business economy” has not yet fully recovered from the crisis. SME value added in 2014 was still around 12% lower than in 2008, although it has increased by 16% since 2009. It has been a jobless recovery, with only a 2% increase in SME employment since the crisis and SME employment still 225,000 lower in 2014 than before the crisis' (National Report Romania 2016: 4).*

A somewhat sophisticated demographic indicator is the survival rate of companies. It is calculated by using the number newly born in t-X period having survived to t divided by the number of enterprise births in t-X. The next table shows the 1-year and 5-years survival rates of the companies employing more than 10 people in the TRUST ME countries within the period of 2009-2013.

**Table 2. Survival rate of companies with more than 10 employees in the TRUST ME countries**

	2009		2010		2011		2012		2013	
	1 year	5 years	1 year	5 years	1 year	5 years	1 years	5 years	1 year	5 years
<i>Finland</i>	90,70	33,33	84,62	62,50	94,87	23,91	78,57	24,68	76,70	16,81
<i>France</i>	96,42	48,52	97,21	47,40	97,04	48,92	96,61	57,13	97,81	58,34
<i>Hungary</i>	79,04	39,77	79,11	36,02	76,06	39,95	74,33	42,70	79,58	39,67
<i>Romania</i>	93,25	61,13	89,24	54,79	91,83	52,88	90,34	46,96	90,34	42,76

Source: Eurostat



In this respect the picture is more nuanced than it was presented above. In Hungary, for instance, around 80% of newly established companies operate after 1 year of the establishment, around 40% after years. Albeit both the 1-year and 5-years survival rates of Hungarian enterprises are relatively low, they show a stable pattern respectively. The survival chances, however, significantly differ in the various sector. In knowledge-intensive services the rate is above average, but companies in construction and financial services are better exposed to the risk not to survive, even in a short run (Central Statistical Office 2014). In Finland both short- and long-term survival prospects of newly established companies have worsened since 2009. The case is similar in Romania with respect to the long-term perspective of companies. However market conditions and institutional setting are different in the two countries, the data above indicate serious structural difficulties their national economies have to face to. Contrary to all other participating countries, in France both short- and long-term survival changes of new entrant companies are relatively high and stable in time, partly because of the relatively intensive innovation activity of French SMEs (Adinvest 2016).

### **I.3 Training and development in SMEs**

One of the main source of the companies' innovative potential is their absorptive capacity, e.g. their ability to exploit knowledge from both internal and external sources. (Cohen-Levinthal 1990) It strongly depends on the knowledge asset accumulated by organisations, in other words to their intellectual capital<sup>1</sup>. Intellectual capital means not just the knowledge and skills incorporated by the organisational members but also include the structural relations within and outside the firm. (Edvinsson – Malone 1997) The term reflects to the quality of the labour force and its ability to work. It includes the employees' knowledge, skills and competences (KSC) and all activities are being made to develop them, first of all workplace learning. (Cedefop 2012)

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<sup>1</sup> Intellectual capital is a production factor, like financial and physical capital. It can be labelled as *capital* since it is the result of various human activities.

When trying to describe the various activities of firms aiming at developing human resources the basic statistical source available at the European level is the Continuing Vocational Training Survey (CVTS) which is a European-wide employer survey among companies employing more than 10 people. Company leaders are interviewed about the different aspects of training activities within the company. It provides data from 1999, 2005 and 2010. The survey provides an opportunity for international comparison. CVTS The next table presents the ratio of companies providing any form of training to their employees in 1999, 2005 and 2010.

**Table 3. Training companies\* in % of all enterprises (%)**

	1999	2005	2010
<i>Austria</i>	57	81	87
<i>Belgium</i>	42	63	78
<i>Bulgaria</i>	40	29	31
<i>Cyprus</i>	nd	51	72
<i>Czech Republic</i>	37	72	72
<i>Denmark</i>	55	85	nd
<i>United Kingdom</i>	68	90	80
<i>Estonia</i>	nd	67	68
<b>EU25/27</b>	<b>55</b>	<b>60</b>	<b>66</b>
<i>Finland</i>	47	77	nd
<i>France</i>	49	74	76
<i>Greece</i>	22	21	nd
<i>Netherlands</i>	32	34	79
<i>Ireland</i>	58	49	nd
<b>Hungary</b>	<b>36</b>	<b>49</b>	<b>49</b>
<i>Germany</i>	59	69	73
<i>Italy</i>	64	32	56
<i>Poland</i>	36	35	22
<i>Lithuania</i>	nd	46	52
<i>Luxemburg</i>	nd	72	71
<i>Latvia</i>	nd	36	40
<i>Malta</i>	nd	46	54
<i>Portugal</i>	55	44	65
<i>Romania</i>	34	40	24
<i>Spain</i>	33	47	75
<i>Sweden</i>	63	78	87
<i>Slovenia</i>	48	73	68
<i>Slovakia</i>	nd	60	69

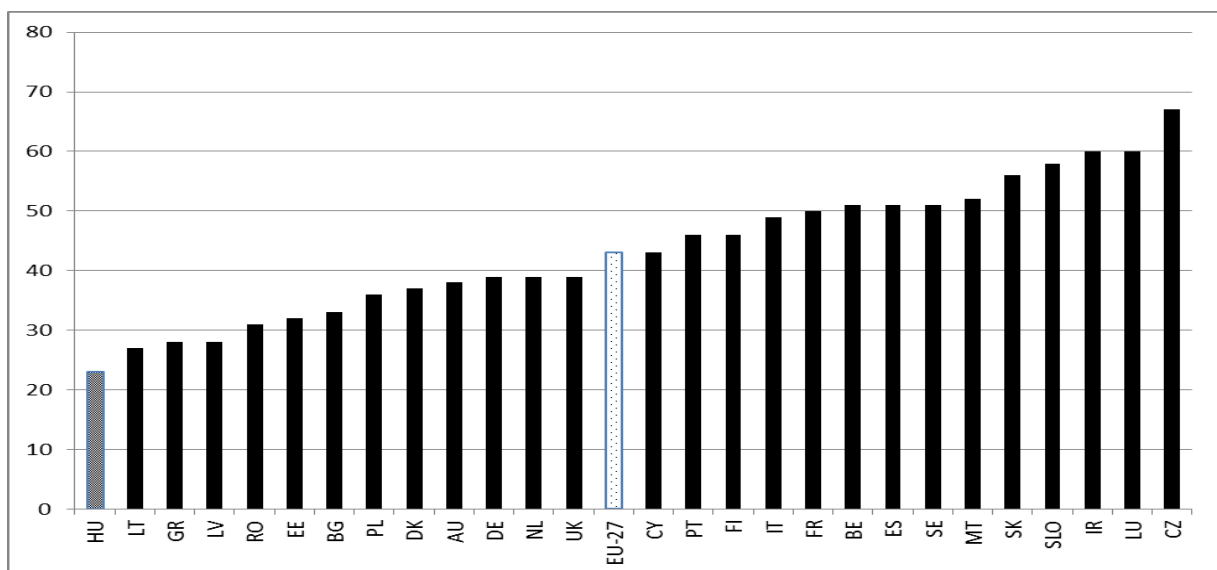
Source: various waves of CVTS

\*Training means all continuing vocational trainings and other forms of training, such as continuing vocational training in work situation, job rotation, learning/quality circles, self-learning, and continued training at conferences, workshops, lectures and seminars

Between 1999 and 2010 the increase of the ratio of companies providing any forms of training to their employees is a general tendency in the European countries. The increase was especially high in the countries having a leading edge position in innovation (Finland, Denmark, Germany and Sweden). In case of Hungary we may observe an increase between 1999 and 2005, but between 2005 and 2010, contrary to the European tendencies, the share of the training provider companies stagnated and remained below the European average.

By examining the ratio of employees having the possibility to access workplace trainings the picture becomes more detailed. Next figure presents the ratio of employees received training at the workplace in 2010 in % of all employees in companies provided any form of training to their workers.

**Figure 2. Share of employees participating in workplace training in % of all employees in training provider companies, 2010**



Source: CVTS 2010

Among Hungarian companies with more than 10 employees only 27% of the workers participate in workplace trainings, which is the worst position within the European Union. This is far behind the European average of 43%. Finland and France shows a more balanced picture in this respect, while in the case of Romania a pattern similar to Hungary can be

identified, e.g. the prevalence of training companies is around the EU average, but it is accompanied by lowest participation rate in Europe.

Besides the general picture, the CVTS data allow us to investigate the training activities in the various company segments. As the next figure demonstrates, the ratio of the training provider companies in the different size categories significantly differs in the European countries. (See Table 4.)

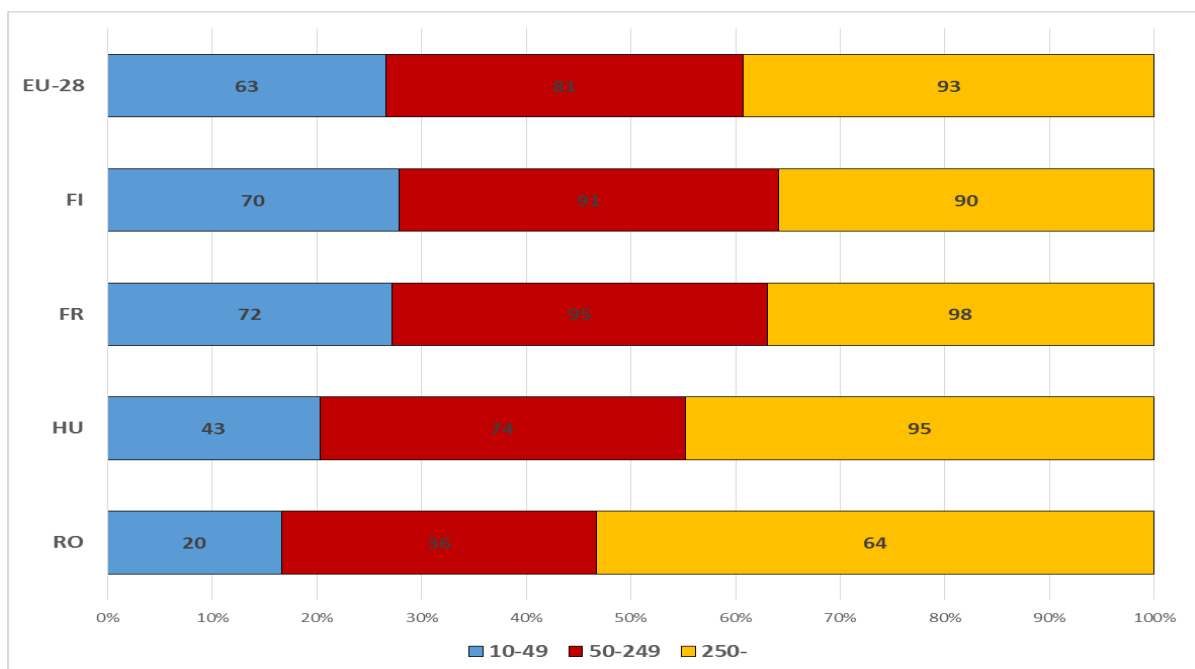
**Table 4. Distribution of companies providing any forms of training to their employees by size, 2010 (in % of all companies)**

	10-49	50-249	250-	Total
<i>Austria</i>	85	96	99	87
<i>Belgium</i>	74	94	99	78
<i>Bulgaria</i>	27	49	80	31
<i>Croatia</i>	53	73	86	57
<i>Cyprus</i>	68	88	100	72
<i>Czech Republic</i>	68	90	97	72
<i>Germany</i>	69	82	96	73
<i>Denmark</i>	89	98	100	91
<i>Estonia</i>	64	83	97	68
<i>Greece</i>	24	46	83	28
<i>Spain</i>	72	90	97	75
<i>EU-28</i>	63	81	93	66
<i>Finland</i>	70	91	90	74
<i>France</i>	72	95	98	76
<i>Hungary</i>	43	74	95	49
<i>Italy</i>	53	77	91	56
<i>Lithuania</i>	37	54	82	40
<i>Luxembourg</i>	66	86	100	71
<i>Latvia</i>	48	67	89	52
<i>Malta</i>	49	73	90	54
<i>Netherlands</i>	75	89	97	79
<i>Poland</i>	16	41	75	22
<i>Portugal</i>	61	86	97	65
<i>Romania</i>	20	36	64	24
<i>Sweden</i>	85	96	99	87
<i>Slovakia</i>	65	84	90	69
<i>Slovenia</i>	64	84	95	68
<i>United Kingdom</i>	78	93	98	80

Source: CVTS 2010

Not surprisingly, the ratio of training participants increases linear with the growth of the firms, since company size increase can be associated with the firms' growing training needs. Different patterns can, however, be identified in case of the various countries respectively. In Hungary small-sized enterprises invest visibly less in the training of their employees than their medium- and large-sized counterparts do. It also applies to Romania, as well, accompanied by the relatively low level of company trainings in general. In case of Finland and France the picture is more balanced between the different size categories. In these countries employees working at SMEs have almost the same opportunities to participate in workplace learning like those working at the larger firms. The next figure makes these differences more visible.

**Figure 3. Distribution of companies providing any forms of training to their employees by size in the TRUST ME countries, 2010 (in % of all companies)**



Source: CVTS 2010

Summarising the performance of SMEs with respect to workplace trainings, we may say that the Hungarian and Romanian companies are below the European average in terms of the prevalence of training provisions, and their practice can be characterised with inequalities. The coverage rate, e.g. the ratio of those employees receiving training is among the lowest

in Europe, and the training intensity of the companies belonging to the different size-categories differs significantly. In Hungary, albeit small (10-49) enterprises are overrepresented in services producing intangible goods, it seems so, that they invest less in the development of their employees' competences than their larger counterparts. In Romania, *'training activities of the enterprises very much depend on size, 84% of the large firms provide vocational training courses to their employees as compared to 31% of SMEs and 52% of the large firms have a training budget compared to only 8% of SMEs.'* (National Report Romania 2016:5)

Both France and Finland are among the best performers in Europe with respect to the training provision of companies to their employees. *'Several companies in Finland have their own training programmes, many universities offer tailored continuing training for companies' own purposes subject to a charge and people seek to educate themselves outside office hours in degree programmes and optional training.'* (National Report Finland 2016:7)

In France, however, the low-level of managerial trainings is a serious constraint in SMEs. As the French national report puts it, *'for the socio professional category "craftsmen, traders and managers", the training level is about 16,3%, the lowest level of all professions and socio-professional categories. One third of managers haven't been trained over the past five years. Another third indicates to receive more than 5 sessions during the same period. Cultural resistances seem deep and explain the low level of the managers' training. For the manager, the training is mostly intended for employers. It seems that SMEs' managers training depends on self-directed learning and auto-praxeology. It means that the manager acquired his skills in socio professional situations.'* (Adinvest 2016: 11)



## II. SME supporting institutions

Drawing an analytic picture on the institutional context of a national economy is a difficult task. Most of the attempts made to capture the institutional specificities and to make them internationally comparable are the different indices based on various statistical indicators. One of the most widely accepted is the Doing Business index compiled and published by the World Bank. The index is aggregated by the weighted average on ten different items measuring of various aspects of establishing and managing business enterprises in 189 advanced and emerging economies and provides a relative ranking of them. A high ease of doing business ranking means the regulatory environment is more favourable for starting and operation of a firm (World Bank 2016).

**Table 5. Ease of doing business in the Trust Me project countries\***

	Hungary			Finland			France			Romania		
	2016	2015	Changes	2016	2015	Changes	2016	2015	Changes	2016	2015	Changes
<i>Doing Business Rank</i>	42	40	-2	10	10	0	27	27	0	37	37	0
<i>Starting a Business</i>	55	56	1	33	26	-7	32	27	-5	45	37	-8
<i>Dealing with Construction Permits</i>	88	83	-5	27	29	2	40	39	-1	105	101	-4
<i>Getting Electricity</i>	117	113	-4	16	17	1	20	22	2	133	132	-1
<i>Registering Property</i>	29	28	-1	20	19	-1	85	82	-3	64	63	-1
<i>Getting Credit</i>	19	17	-2	42	36	-6	79	71	-8	7	6	-1
<i>Protecting Minority Investors</i>	81	81	No change	66	64	-2	29	27	-2	57	54	-3
<i>Paying Taxes</i>	95	89	-6	17	21	4	87	105	18	55	53	-2
<i>Trading Across Borders</i>	1	1	No change	32	31	-1	1	1	No change	1	1	No change
<i>Enforcing Contracts</i>	23	23	No change	30	30	No change	14	12	-2	34	33	-1
<i>Resolving Insolvency</i>	65	64	-1	1	1	No change	24	22	-1	46	46	No change

Source: World Bank 2016

\*Out of 189 countries

Finland is an advanced position, since it is ranked as the 10<sup>th</sup> among the 189 countries.

France, Hungary and Romania are also in the highest quartile, but their relative position is different. Hungary is in many respects in the worst place in ease of doing business ranking (and its relative position worsened between 2015 and 2016). Hungary and Romania are

relatively low ranked in the ease of starting business, accessing the necessary infrastructure and in financial stability (e.g. resolving insolvency). France and Hungary are in a disadvantageous position with respect to both the amount of taxes and the administrative burdens of taxation. In France, registering property is relatively problematic, while Finland has difficulties in protecting the interests of minority shareholders and in administrative issues around export and import.

Another attempt to rank the countries' institutional environment is the Global Competitiveness Index published by the World Economic Forum. Based on the Global Competitiveness Index (GCI) Hungary was the 63th in the global competitiveness ranking which represents a relatively modest position (WEF 2015). Hungary performs clearly below the average of the advanced countries in almost all aspects of business environment, especially in the stability and transparency of legal and financial framework. In such conditions the proper functioning of those institutions supporting SMEs is of utmost importance. In case of France (ranked as 23<sup>rd</sup> in 2014) rigid labour market regulation, tax rates and tax regulation are the most problematic areas. For Finland (ranked as 4<sup>th</sup>) goes almost the same. In the case of Romania (ranked as 59<sup>th</sup>) the access to finance, tax rates, inadequate infrastructure and high level of corruption are reported as the main constraints of operation businesses.

In the participating countries several attempts have been made with the aim to provide supporting services to SMEs, initiated by both the government and non-governmental bodies, as well. For instance, *'Finland's position have been slightly dropping over the past decade, the positioning can be considered as a reflection of extensive network of SME supporting institutions available in Finland'* (National Report Finland 2016:8). In the followings we will provide a brief overview of them. In the first part the supporting institutions will be presented and in the second part the focus will be on the programmes and services they provide to SMEs.

## II.1 Institutions supporting SMEs

### Finland:

#### 1. Enterprise Finland

Enterprise Finland is a service created as a joint effort by public business service organisations for companies and people interested in starting up their own company. The purpose of the services of Enterprise Finland is to offer public entrepreneurial services as customer-oriented units. The aim is for companies and the founders of companies to have access to public business services equitably and under equivalent criteria in all parts of the country as easily as possible, and under the same operations model. Information on public corporate services is given under the shared Enterprise Finland brand. In addition to customer orientation, increasing the productivity of the business services system is another important goal. Developing the services of Enterprise Finland is the responsibility of the Ministry of Employment and the Economy together with the organisations and interest groups of its administrative branch. The Enterprise Finland network, which covers the whole country, comprises the Ministry of Employment and the Economy, Finnvera ([www.finvera.fi](http://www.finvera.fi)), Finpro ([www.finpro.fi](http://www.finpro.fi)), the Finnish Patent and Registration Office ([www.prh.fi](http://www.prh.fi)), Finnish Industry Investment ([www.industryinvestment.com](http://www.industryinvestment.com)), Tekes – the Finnish Funding Agency for Innovation ([www.tekes.fi](http://www.tekes.fi)), the Centres for Economic Development, Transport and the Environment (ELY Centres), TE Offices (Public employment and business services), and the Tax Administration. In addition, the network includes regional corporate services around Finland.

#### 2. Federation of Finnish Enterprises (Suomen Yrittäjät)

The Federation of Finnish Enterprises (FFE) is an interest and service organisation for small and medium sized enterprises and their owners. FFE's task is to improve the position of entrepreneurs and the requirements for entrepreneurship, and to make Finland an entrepreneurial society. FFEs operates in all regions in Finland counting as one of the largest organisations, representing 116,000 enterprises. As part of their regional representing offices, FFE also have sub-organisations such as Finnish Senior Entrepreneurs, Finnish Women Entrepreneurs and Finnish Young Entrepreneurs.

### 3. Finnish Enterprise Agencies (Uusyrittyskeskus)

Finnish Enterprise Agencies, founded by 1989, is a joint effort by public and private business sector organisations to promote entrepreneurship in Finland. The Enterprise Agencies in Finland aim not only at helping the start of businesses but also at facilitating the first steps of profitable enterprises. The association operates 31 regional agencies throughout Finland, with 85 service points.

### 4. Finnish Business sponsors Association (Suomen Yrityskummit ry)

Finnish Business sponsors is an SME supporting association which provides the country's largest mentoring network for entrepreneurs. Suomen Yrityskummit have over one thousand individual members. In addition the association have cities, municipalities, regional development organisations and other associations as partner or support members. Aim is to help and develop SMEs together with the entrepreneur. The whole organization is non-profit based where all mentorships are free of charge. We have presented their actions more in detail at best practices section.' (National Report Finland 2016:8-10)

## **France:**

### 1. State aid & public procurement

A boost to innovation was given with the enlargement of the scope of the research tax credit (crédit d'impôt recherche): since January 2008, French innovative companies can benefit from the tax credit equal to 30% of the research and development expenses. According to CGPME, the research tax credit has become a symbol of the 'good regulatory framework' which, however, is not well known by SMEs (Euractiv, 2010).

French performance on access to finance is in line with the EU average. The cost of borrowing for small loans compared with the cost for large loans has somewhat increased. In 2013, small loans were 15 % more expensive than large loans, whereas in 2014 their cost was about 19 % higher than the cost for large loans of over EUR 1 million.

## 2. Bpifrance

Personal investments in SMEs and crowdfunding have been encouraged. The role of the public investment bank Bpifrance as a source of funding for SMEs has been strengthened, and it focuses on helping innovative companies, mid-cap companies and larger SMEs. For SMEs supported by Bpifrance or business associations such as Initiative France, it becomes much easier to get loans from commercial banks. By the same token, Bpifrance's support is increasingly viewed by commercial banks as a 'precondition' for providing a loan. In 2015, in the context of the 'responsibility pact', the government reduced employer contributions for independent workers and those on low wages, i.e. on wages up to 1.6 times the minimum wage, thus allowing SMEs to use retained financial resources for their core activities.

## 3. 'Prêt Pour l'Innovation' (PPI)

PPI targets SMEs older than three years which have developed a new product and are ready to commercialise it. Companies need to have benefited in the previous 3 years from public support for the development of this product. PPI provides loans to finance investments and working capital (i.e. recruitment, material and immaterial investments, marketing, logistic, distribution, etc.) for the commercialisation of new products. Loan sizes range between €30,000 and €1.5mn but don't exceed the double of each company's asset value; loans do not require either collateral or guarantees; maturity is up to 7 years and includes the possibility of postponing capital repayments by 2 years.

## 4. *Contrat de Développement Innovation* (CDI)

CDI helps SMEs willing to undertake an innovative project or to undergo an internal modernisation programme. Loans are available to finance projects as the launch of new products, development of new technologies, plant refurbishments, internationalisation or development of new commercial strategies. Loans vary between €40,000 and €300,000 but do not exceed the company's asset size, nor do they require collateral or guarantees; maturity is up to 6 years.

## 5. Business France

Business France is the national agency supporting the international development of the French economy, responsible for fostering export growth by French businesses, as well as promoting and facilitating international investment in France.

It promotes French companies business image and nationwide attractiveness as an investment location, and also runs the VIE international internship program.

Founded on January 1, 2015 through a merger between Ubifrance and other agencies in France, Business France has 1,500 personnel, both in France and in 70 countries throughout the world, who work with a network of public- and private-sector partners. Business France will be soon becoming a bigger company by merging with Bpifrance.

## 6. Local development agencies

Created by local authorities, French investment agencies are non-profit organizations whose role is to develop the economy of their region.

French investment and economic development agencies are non-profit organizations, with an average team of 15 highly qualified professionals. They have an average budget of about 1,5 million euros a year.

## 7. CGPME (Confédération Générale des petites et moyennes entreprises)

CGPME is a private and independent professional organization, whose representativeness is officially recognized. It ensures the representation and defense of all SMEs in all sectors (industry, trade, services, crafts) at the national level, both with the public authorities and social partners, as well as internationally. It brings together both professional federations and interbranch territorial structures.' (Adinvest 2016:12-15)

## **Hungary:**

### **1. SEED foundation**

The Foundation for Small Enterprise Economic Development (SEED) was founded in 1990 by entrepreneurial representative groups, higher education institutions, financial institutions and ministries. The Foundation aims at developing entrepreneurial culture and environment in Hungary, as well as the knowledge and competences of entrepreneurs. The Foundation also deals with equal opportunity issues (e.g. supporting the entrepreneurial activities of minority groups) and act as an accredited adult education centre, as well.

### **2. Hungarian Foundation for Enterprise Promotion**

The Foundation has been dealing with the development, promotion and financing of SMEs since 1990. They have been providing micro loan programs by way of revolving fund structures since 1992. The programme has reached some 13 thousand Hungarian small businesses and provided discounted micro loans the sum of which totalling more than 150 million EUR. The Foundation is taking part in the EU's JEREMIE program, as well. Since 1992 our Foundation has been involved with providing guarantee services.

### **3. Design Terminal**

Design Terminal is the national centre for creative industries in Budapest, Hungary. With the stimulation of digital economy, industrial design and urban planning, its mission is to support value-added local enterprises reaching the global marketplace. Their competition-based, free incubation services include business consultation and mentoring, local and international trade show presence as well as early stage investment mediation.

### **4. Kitchen Budapest**

Kitchen Budapest (KIBU) was founded with the support of Hungarian Telekom in 2007. KIBU is an internationally recognized innovation lab that helps ideas take wing with incubation, education and playing. Its goal is to create sustainable, valuable projects with meaning and authenticity. At Kitchen Budapest both our Talent Program and our Startup Program provide

an opportunity for young talents to bring ideas to life that don't only work conceptually or in theory but also have a great potential to succeed economically in real life situations. Its programs consist of incubation and idea development for ideas of different stages.



## 5. National Research, Development and Innovation Office

The National Research, Development and Innovation Office (NRDI Office) founded by the Act "about scientific research, development and innovation" (Act2014/LXXVI) accepted by the Hungarian Parliament (RDI law) with the aim to "create stable institutional framework for the governmental coordination of the national research, development and innovation ecosystem, provide predictable funding and implements an efficient and transparent use of available resources." The NRDI Office of Hungary is a national strategic and funding agency for scientific research, development and innovation, the primary source of advice on RDI policy for the Hungarian Government, and the primary RDI funding agency.

## 6. FIVOSZ – Young Entrepreneurs Association Hungary

FIVOSZ is the largest nation-wide organization which brings together the Hungarian young entrepreneurs and business-minded young people into a community. FIVOSZ works for supporting the creation of the next Hungarian business generation, representing them in Hungarian and International forums and building bridge between the entrepreneurs of today and tomorrow. FIVOSZ reaches directly more than 20,000 people from starting SMEs to big profit oriented companies with millions of dollars in yearly revenue. FIVOSZ works together with several Hungarian, European and global organizations for moving forward the situation and conditions of young enterprising, and organizes nearly 200 events per year in all over Hungary.

## 7. !GEN(Innovatív Generáció) – Innovative Generation

!GEN is a creative agency that supports social innovators in making their ideas work and be sustainable. The agency regularly organises peer-workshops, trainings and offers incubation and mentoring services.

## 8. NESsT

NESsT is a world-wide initiative that develops sustainable social enterprises that solve critical social problems in emerging market economies. Their programmes support enterprises

targeting groups excluded from the labour market by employing them or providing them with training and placement services, enterprises operating through cooperatives or producer associations to increase the income of their members and enterprises commercializing affordable technologies focused on renewable energy, water, sanitation, and sustainable agriculture; to improve low-income and marginalized communities' income and quality of life.' (Csizmadia-Csillag 2016:10-12)

## **Romania:**

### **'1. Post-Privatization Foundation**

Post-Privatization Foundation (FPP) was set up in accordance with the Memorandum of Understanding signed between the European Commission (European Community Commission at that time), the Government of Romania and the European Bank for Reconstruction and Development (EBRD), in order to continue the mission of the Romanian Post-Privatization Fund which had been active for a ten-year period (1996- 2006). At that time, FPP's mission was to carry out capital investments in small and medium-sized enterprises and to provide technical assistance for this process, under the supervision of the foundation board, made up of European Commission and Romanian Government representatives. In 2010 FPP becomes a private organization and is repositioned as the most representative organization for entrepreneurship in Romania, continuing to support the development of entrepreneurs along three main lines of action: entrepreneurial development, improvement of the business environment and promoting social responsibility among SMEs. (<http://www.postprivatizare.ro/english/>)

### **2. Romanian Counter-Guarantee Fund**

The Romanian Counter-Guarantee Fund (RCF) was created in March 2009, the two founders being the Ministry of Economy, Trade and Business Environment and FPP. RCF was created as a specialized financial institution, whose purpose is to counter-guarantee all guaranties granted by guarantee funds – Romanian legal persons – for credits and other financing instruments obtained by small and medium-sized enterprises from commercial banks and other sources. The Fund's aim is to improve the access of SMEs to financing, by taking over part of the risk undertaken by guarantee funds. (<http://www.frcg.ro>)

### 3. Rural Financing Ltd

Rural Financing Ltd. (SFR FAER IFN S.A.) has the purpose to support and financially sustain private agriculture and small and medium-sized enterprises in order to promote the regional economy in the counties of Mureş, Bistriţa-Năsăud and Suceava. The main shareholder is the Foundation for the Promotion of Agriculture and Regional Economy (FAER), created with the support of the Government of the Swiss Confederacy and of HEKS/EPER. FAER was selected among the top four micro-crediting organizations in Europe. (<http://www.fajer.ro>)

### 4. Foundation Romanian Centre for Small and Medium-sized Enterprises

Foundation Romanian Centre for Small and Medium-sized Enterprises (CRIMM) has been established in 1993 to promote the set-up of private enterprises and the development of the SME sector in Romania. (<http://www.imm.ro>)

### 5. Development Centre for Small and Medium Sized Enterprises Maramureş

The Development Centre for Small and Medium Sized Enterprises Maramureş (CDIMM Maramureş) was established in the year 1994, on the initiative of a local group made up of the representatives of local authority, public institutions, representatives of local banks as well as representatives of local private companies. The foundation was established by the support granted by the PHARE Program of the European Union, through the CRIMM Foundation, as part of the R9207 Program, the first European program that directly addresses the sector of the small and medium size companies (SMEs) in Romania. The CDIMM Maramures Foundation was established as a non-profit, non-governmental, nonpolitical organisation. The CDIMM Foundation has as its objective to support the development of the private sector of small and medium sized enterprises (SMEs), on local level, or through a branch. Also, the foundation supports the development of the local NGOs. (<http://www.cdimm.org>)

### 6. BISNet Transylvania

BISNet Transylvania, as part of the Enterprise Europe Network, is a support network for business development and innovation in the North-West and Centre Regions from Romania, coordinated by the North-West Regional Development Agency. (<http://www.bisnet-transylvania.ro>)

#### 7. Underclick.ro

It was founded in 2004 as a web consultancy and it developed to complete online business consultancy (Social Media, Mobile, Cloud).’ (National Report Romania 2016:5-6)

## II.2 Service provision

The organisation presented above briefly provide a relatively large scale of supporting services to SMEs. Most of the services are concerned to linking entrepreneurs with financial and administrative resources, and to broaden their professional competences. These organisations, however, also run mentoring or other programmes that support SMEs in achieving their goals and in accession. In the followings we intend to present these programmes and services briefly.

### Finland:

#### ‘1. Enterprise Finland

Enterprise Finland operates through three service channels. These are face-to-face services, yrityssuomi.fi online service and Enterprise Finland telephone service. (Yritys-Suomi 2016)

a., Face-to-face services, are produced by national and regional organisations that are part of the network. (Finnish Enterprise Agency.)

b., Yrityssuomi.fi online service

Online service (Yrityssuomi.fi) for the user of Enterprise Finland provide up-to-date information on entrepreneurship and corporate activities, as well as corporate services and tools. Online service contains all of the key forms that are needed in the establishment of an enterprise and in functioning as an enterprise. The service also includes an entrepreneur's own electronic desk My Enterprise Finland (oma.yrityssuomi.fi), which offers information based on the user's profile information, as well as tools to help entrepreneurs and those planning to go into business. (Finnish Enterprise Agency.)

c., Enterprise Finland telephone service

The Enterprise Finland telephone service is a national service channel of the Ministry of Employment and the Economy for entrepreneurs and those planning on going into business. (Yritys-Suomi 2016)

## 2. Federation of Finnish Enterprises

FFE offers a wide range of similar services for their members as Enterprise Finland. However FFE states as part of counselling services which other SME supporting organisations are offering, the important reasons to belong to the entrepreneur organisation are the lobbying services. FFE looks after the entrepreneurs rights by influencing the governmental policies such as tax policy, but also involve municipal politics in favour of entrepreneurs. (Suomen Yrittäjät.)

## 3. Finnish Enterprise Agencies (Uusyrittyskeskus)

Finnish Enterprise Agencies focuses on helping the start-up companies. The organisation has over 1300 experts of various business fields available to support the new entrepreneur. Finnish Enterprise Agency provide following services and tools for start-ups: Business idea support including financial and economical calculations. Selection of proper corporate form. Support with specific industry knowhow, legal matters, marketing and business premises. (Finnish Enterprise Agencies.)

Through the below link you may find a guide manual for becoming an entrepreneur in Finland: [http://uusyrityskeskus.fi/sites/default/files/Opas\\_englanti\\_2015\\_web\\_0.pdf](http://uusyrityskeskus.fi/sites/default/files/Opas_englanti_2015_web_0.pdf)

## 4. Suomen Yrityskummit (Finnish Business Sponsors)

Suomen Yrityskummit Association (Finnish Business Sponsors) (Literal translation: Entrepreneur's godfathers) is the largest nationwide mentoring network in Finland. There is more than thousand members and as a part of the network, municipalities, regional industry companies, partner members, organizations and associations. Financing is based on membership fees, grants and income from its own operations. Last year, the business sponsors helped more than thousand SMEs in different industries free of charge. Aim is to improve entrepreneur's business, helping in finding a solution - and to succeed. Also, the society benefits when a successful and growing company generates new jobs and creates the conditions for the entire Finnish welfare.' (National Report Finland 2016:10-11)

## **Hungary:**

### **'1. Mentor-net.hu**

MentorNet is a network of female mentors supported by the SEED Foundation. The project aims at establishing a network that supports women entrepreneurs to operate and improves their businesses. In order to achieve the original goals 12 successful and experienced entrepreneurs (both men and women) have been selected for mentors. 24 women entrepreneurs from all regions of the country joined to the project as mentees. Within the framework of the programme the mentor and mentee have to meet at least once a month and sharing their experiences in 12 different business topics (e.g. marketing, finance, etc.). The mentors, who also had to face several difficulties themselves, when starting their enterprises, share their experiences related to the current topic with the mentees and are eager to answer the upcoming questions, as well. They also organise workshops with invited experts in order to promote entrepreneurial spirit among women.

### **2. FIVOSZ mentor programme**

The Association of Young Entrepreneurs (FIVOSZ) together with the BossConnect Co. runs a mentor programme for a diverse target group. The main audience of the programme are those young entrepreneurs and/or managers and young graduates who are open to be guided in their personal development. The second target group is based on those 'advanced' managers and entrepreneurs who are in the middle of their carriers. The aim of the programme is

- to help the mentees in decision making,
- to strengthen the competitiveness of newly established enterprises,
- to promote management know-how among Hungarian SMEs,
- to establish vital networks among various social and economic actors,
- to support self-realization of young graduates, and
- to ensure intergenerational knowledge transfer.

The mentors are company leaders/owners, senior managers, coaches and advisors. They work for the programme on a voluntary basis but the participation of the mentees is not for free. The costs of the mentor programme is covered by the financial contribution of

mentees. The mentoring process is based on a mentoring and evaluation methodology developed by the programme leaders. 80 mentors and more than 200 mentees have been participated in the programme so far. The mentees are selected in a competition and the minimum length of the mentoring process is 6 months. The programme provides personal mentoring, company mentoring (for entrepreneurs) and group mentoring, which is a mixture of a coaching and an intensive training programme.

### 3. National Research, Development and Innovation Office Mentor programme

The Go!Inno is an interactive innovation portal operated by the National Research, Development and Innovation Office. As part of the portal the Office started a mentoring programme called 'Mentoring of innovative enterprises' in 2012. The Office acts as an intermediary between the mentors and mentees. 88 mentors and 93 mentees have joined so far. The mentoring process lasts 1 year at least and mainly covers innovation management and financial issues. The programme operates a Mentor Club, which as a public event where different actors can exchange their experiences concerning the establishment and management of an innovative enterprise. The services offered by the programme are free of charge.

### 4. Design Terminal Mentor programme

The Design Terminal also runs a mentor programme. Originally it was designed for newly established enterprises operating in design and creative industries, but since 2015 enterprises with technological background and/or working in urban development can also join the programme. The mentoring process lasts 6 months and covers business models, organisation development, legal and marketing issues. Distinctive feature of the programme is that it offers the opportunity to both technological and design companies to learn from each other mutually. In addition, Design Terminal ensures that each participating team gets the chance to attend at least one leading international trade fair or exhibition. The participation is based on a competitive selection and as free of charge for the participating firms.



## 5. KIBU Startup programme

The innovation lab Kitchen Budapest operates a Talent Programme for individuals and a Startup Programme for pre-seed start-ups. Both programmes contain professional mentoring services along with networking and some initial capital for ownership sharing. Mentoring covers design and technology, product development, market entry and fund raising, as well.

## 6. !GEN Social innovators programme

!gen social innovation agency operates a programme aiming at connecting social innovators and incubating social innovation projects. The agency provides education, community building services and mentoring for social innovators. The framework of the mentoring process is not preliminary defined and the process is based on a voluntary participation from both mentors' and the mentees' side.

## 7. NESsT

NESsT provides incubation for early phase social enterprises aiming to solve critical social problems. The organisation makes connection between social enterprises and its network of experts. The experts provide business consultancy to the enterprises on a voluntary basis. The service portfolio also contains networking services and financial aid. The supported programmes should focus on the following areas: development of employability of marginalized social groups, development of technological solutions supporting of the employment of socially marginalized groups, creation of sustainable income generation for socially marginalized people.' (Csizmadia-Csillag 2016:14-16)

## **Romania:**

### '1. Post-Privatization Foundation (FPP)

FPP provides consultancy services for entrepreneurs, in relation to structural funds and financing sources, by means of the SME portal esimplu.ro. Specialized consultants answer the questions of those interested in these two areas within the dedicated portal forum, with

the aim of providing comprehensive clarifications regarding the requirements for submitted projects to various financing funds available for SMEs.

## 2. Business Mentoring Program

Business Mentoring Program (BMP) is an intensive program for business mentoring and entrepreneurship development supported by professors from Martin Trust Center for MIT Entrepreneurship and INSEAD. The program is developed following the initiative of the Post-Privatization Foundation with the support of Maastricht School of Management Romania. Since its launch in 2010, BMP has joined over 150 Romanian executives, managers and entrepreneurs for its seminars.

## 3. Foundation Romanian Centre for Small and Medium-sized Enterprises

The CDIMM Foundation grants business consulting, through the specialists employed or its collaborators, to companies and private persons who request assistance in the following fields: start-up; financial consulting (financial analysis of the company status and evolution); business plan and feasibility studies; the identification of the way and costs for the establishment of an enterprise; loan conditions in banks; etc.

## 4. BISNet Transylvania

BISNet Transylvania offers information and consulting services for companies.' (National Report Romania 2016:6-7)

In Finland supporting organisation provide general economic services and counselling to SMEs but a unique feature of the provided programmes is their strong orientation for supporting networking and knowledge transfer between various actors. In Romania, the service provision is focused on business consultancy. The French organisations provide services in order to support the SMEs in accessing finance, innovation and entering international markets. As the French national report puts it, *'all in all, the public initiatives in France offer a diversified range of financial support and are primarily intended for SMEs*

*during their high-risk phases. Indeed, these high-risk phases – start-up, innovation, development, internationalisation and buyout – play a key role in terms of job creation and employment. Hence, combined with tight supervision by the state and a sound liquidity position, Bpifrance has become crucially important (and promisingly successful) in supporting French SMEs. Nevertheless, the SME managers, as the key actors, are not enough trained and support the impact of the new paradigm of our global economy with the technology evolution. Breaking their loneliness is crucial to help them overcoming this new step for their enterprises’* (Adinvest 2016:15). In Hungary programmes and services presented briefly above are quite diverse in their service provision, business model and target groups. Most of the mentor programmes targets a specific group of interest: the range varies from the young startupper through women entrepreneurs till social innovators. Common feature of the programmes that they provide services to new entrants, whilst matured enterprises are in most cases excluded. The participation of the mentors is mainly free of charge with the exception of one case, where mentees have to pay for the services. Even in this case, mentors join to the programme willingly on a *pro bono* basis. The selection of the mentees is procedural in almost all cases, but not of the mentors. The only criterion is seniority and expertise. In one case mentoring is based on a shared methodology but systematic development of mentoring competences is completely missing. Besides the relatively wide range of mentoring programme there is no cooperation between the different actors. Since mentors are operating on a voluntary basis, their selection is based on ad-hoc criteria. At the moment there are no commonly accepted incentives to inspire and facilitate the members of the business community to become mentors. There are no initiatives to encourage sharing best practices and successful mentoring cases within the mentoring community. Consequently, a widely accepted methodological framework and an open accessible knowledge base is completely missing. The expectations of the mentees are not monitored and the formal evaluation of the mentors is still yet to be invented.

#### **IV. Mentors' skill profile**

##### *Core competencies of a mentor*

We define competence here as a consistent, observable and measurable ability to perform a design task or an element of a task (Ackley and Gall, 1992). Basically specific skills, techniques, attitudes, knowledge and experience serve as competencies (Johnson, 2003).

But the development of the general competence framework is problematic: according to Clutterbuck (2005), the mentoring relationship is situational and temporal in nature. By situational we mean that the primary responsibility of the mentor is to respond appropriately to the different needs of the mentee. Because the range of situations could be very wide, this generic ability could require different set of competencies.

The temporal nature of mentoring refers to the way mentoring evolve over time:

Clutterbuck (2005) suggests five phases of the mentoring process, which again, could require different set of (functional/professional and social) competencies: building rapport, setting directions, progression, winding up, moving on. The International Coach Federation (ICF) proposes four stages as setting the foundation, co-creating the relationship, communicating effectively, facilitating learning and results. (EMCC 2011)

We would suggest – following Clutterback and Lane's (2005) reasoning – to define generic competences (skills, characteristics, abilities which are generally associated to an effective mentor) and situational competences for specific phases of the mentoring relationship.

##### *The most important knowledge, skills and competences of the mentors based on the results of the TRUST ME national reports*

In the followings we will rely on the theoretical framework of the mentoring competences elaborated by Clutterbuck in 2005<sup>2</sup>. We will present the most important findings of the

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<sup>2</sup> Clutterbuck, D. (2005) Establishing and maintaining mentoring relationships: an overview of mentor and mentee competencies. *SA Journal of Human Resource Management*, 3 (3), pp. 2-9.

national reports concerning the mentor competences in detail. At the end of the document a table summarises the results. The document comprises all elements of knowledge, skills and competences (KSC) presented in the national reports. KSCs are marked with bold in the text.

### **1. Self-awareness and behavioural awareness (understanding others)**

Mentors need high self-awareness in order to recognize and manage their own behaviours within the helping relationship and to use empathy appropriately. The mentor also should have reasonably good insight into patterns of behaviour between individuals and groups of people. Predicting the consequences of specific behaviours or courses of action is one of the many practical applications of this insight. The ability to pose the right questions at the right time is therefore an essential competence of mentors (Clutterbuck 2005:4).

According to our experiences there are two basic principles in selecting the mentors: personal values and high level of motivation. The most important values are the followings: **correctness, fairness, integrity, assertiveness, and responsibility** for the both the client and the mentoring process. The mentor should be **aware of the limitations** of the mentoring process and not assume more that it is realistic to deliver, but also needs to be more available if necessary. The importance of such ethical competences like **confidentiality** and **perseverance** should also be emphasized. **Altruistic behaviour** and the genuine **desire to help**, e.g. the willingness to share expertise with other entrepreneurs, are also of particular importance in successful mentoring.

### **2. Business/professional savvy and sense of proportion**

Savvy is the intuitive wisdom a person gathers from extensive and varied experience and reflection on that experience. It could also be referred to as specific contextual knowledge. The mentee's need for access to that wisdom may be very broad (an overview of good business practice) or quite narrow (making better use of a computer). Savvy may be technical, strategic, political or systemic. Savvy is the link between experience and being able to use experience to guide another person effectively. Sense of proportion is the other side of wisdom – the ability to step back from the detail, to identify what is really important and to link together apparently discrete issues (Clutterbuck 2005:5).

When it comes to a mentoring situation where mentees are new market entrance with no or relatively little entrepreneurial experiences, the most important professional skills they expect of a mentor are those competences that are related to enterprise building.

Consequently, mentors should be experienced and credible in one or more of the following areas: **Marketing, Sales, Brand building, Strategy making, Financial planning and Capital raising.**

The other important aspect of professional savvy is the ability to represent **a holistic view**. A credible mentor should be able to look through the most important aspects of a successful business process. It is typical that mentees concentrate intensively on technical issues without taking other, business-related aspects into consideration, although even the best ideas cannot be profitable with no regard to the consumers' needs. Mentors should be able to help the mentees treat professional and business (management, market, finance, etc.) together as an integrated system and not to merely concentrate on solving particular problems.

Mentors also should be a **specialist** in a particular field. There are two typical problematic areas where mentoring is being provided: **sales/marketing** and organisational development with a special focus on **strategic planning and management**. Mentors should be experienced in these areas.

Mentors should have a know-how and **experience in business and entrepreneurship**. They have to be sensible for problem solving, development challenges and changes. Since, the most frequent problems of the mentored companies are acquisition making or business expansion and uncertainty in decision-making, mentors' expertise should cover these areas, besides specific skills in business such as **sales, marketing, management, finance or strategic planning**.

### **3. Communication and conceptual modelling**

Communication is not a single skill, but rather a combination of a number of skills. It includes listening, observing as a receiver, parallel processing (analysing what the other person is saying, reflecting on it, preparing responses), projecting (crafting words and their emotional

'wrapping' in a manner appropriate for the situation and the mentees) and concluding a dialogue. (Clutterbuck 2005)

Based on experiences collected in during the fieldwork in the participating countries, mentors should possess specific **social competences** that concern the ability to **create and maintain positive and trustful human relations** with the mentees. Social competence incorporate various dispositions, attitudes and behaviours. It also means that mentors should be open to **understand the very nature of human relations** between culturally more or less similar people and to understand the dynamic changes of these relations, as well. Mentors have to be able **to create positive and supportive social relations** with the mentees, to **inspire cooperation** between the different parties in order to ensure the long-term impact of mentoring and keep it at a high level.

In addition the mentor should be able **to guide** the client even when the client have a clear problem and also in cases where the problem should be identified. The successful guiding requires the capability to **create a common language** with the client and the ability to **convince** him/her. **Emotional intelligence, assertive communication, open-mindedness and a win-win attitude** are playing a decisive role here.

Mentors have to be willing to **encourage** and **give** unbiased and **critical feedback** to the mentee. We have to call attention that contrary to the Hungarian case, where proximity in social relations is desirable outcome of the mentoring process, in Finland mentors have to **keep distance** and mentoring-mentee-relationship should not get too friendly.

#### **4. Commitment to own learning and interest in helping others to learn**

Mentors become role models for self-managed learning. They seize opportunities to experiment and take part in new experiences. At the same time, effective mentors have an innate interest in achieving through others and in helping others recognize and achieve their potential (Clutterbuck 2005:5).

In cases, where the main role of the mentor is to help newly established enterprises to realize their business ideas and support them in enter new markets or increase their market share, teaching them how to operate a business and so make financial benefits from the original initiatives. In doing so, besides holistic perspective, **practice-oriented thinking** is a

necessary precondition of success. Mentors should be able to **guide** mentees in finding practical solutions to their problems, **define realistic alternatives** and make rational choices between them. This process contains the development of a range of possible outcomes and the definition of the steps leading to them. The mentor is responsible for the process and not for the outcome. Therefore the mentor should possess the adequate and relevant **techniques and methods of scenario making** and **project management**. The scenario setting supports the achievement of the preliminary defines goals of the mentoring process but also serves as a model for solving the future problems. The mentor acts as a **role model** at a very concrete level and by willingly sharing his/her knowledge he/she directly contributes to the enrichment of the mentee's capabilities and **promotes the culture of learning**. The mentor's personal values concerning **altruistic behaviour** play a decisive role in this type of knowledge transfer.

The mentor represents a role-model and takes responsibility for the outcomes of the mentoring process. (S)he should be able to **avoid unrealistic expectations** and to **convince** the client who does not understand the real need of the mentoring process. It requires willingness to **accomplish the client's needs** and **readiness to learn** permanently. (S)he needs **to be informed and updated** on the business environment, to constantly read articles and to search information. **Analytical thinking** is an important requirement.

There are, however, cases when mentors **do not provide explicit guidance** and do not intervene directly to business. They restrict themselves to help and support the entrepreneurs in focusing to the most important aspects of the **improvement of the business plan** (e.g. market surveys, investments, recruitment of staff and communications related issues). It also may include the **teaching of the use of new management tools**. Mentors should represent a **pragmatic** way of thinking and a **target-oriented approach** in problem solving. (S)he has to **respect learning and professional development** and to desire to test out new thoughts and ideas (e.g. **innovativeness**). Mentors have to **respect** and **understand** that everyone has his/her own **pace and style of learning** and they should be able to support mentees on this individual development path. (S)he also should be able to **provide new perspectives** on entrepreneurship and **inspiration** to the mentee.

## 5. Relationship management and goal clarity



Goal clarity is important, because the mentor must be able to help the mentee sort out what (s)he wants to achieve and why. Goal clarity appears to derive from a mixture of skills including systematic analysis and decisiveness (Clutterbuck 2005:5).

The mentor's ability to setting clear goals and concepts and to manage the process that leads to them (**project management skills**) is of particular importance, as well as expertise in planning and management issues. Mentors should possess organising skills for being able to properly perform the mentoring process, to set terms and effectively manage the resources (time, financial resources). The expertise covers the following competences:

- **planning:** identifying the performance indicators and strategic objectives,
- **organizing:** organizing meetings, delegating tasks, prioritizing
- **leadership:** plans for discussions with the employees, motivating the employees, communication
- **controlling:** possessing evaluation instruments

The mentor is able to **set objectives** together with the mentee, to **clarify** the assignments, to **give feedback** and to **discuss** particular questions.

When formalizing the connection between the mentor and the mentee it is obvious to **discuss** and to **fix** the mentoring **needs** and the **target** of the mentoring process in the framework of **a guidance plan**. At the beginning the parties have to **agree** about the roles, objectives and regular meetings. The closing of the mentoring process is also formalised. It should come to an end by carrying out an **assessment** of what has been learned in relation to the original objectives, **evaluation** of the success of the guidance and also with an **agreement** on how to move on forward independently.

## 6. Situational/Special

### Knowledge transfer skills

#### *Knowledge transfer skills*

This competence cannot be restricted purely to the mechanic transfer of knowledge from person A to person B, but also comprehends the following elements:

- Accompanying the mentee(s)
- Facilitating learning process
- Reassurance and encouragement of the mentee
- Personal reflections to the mentoring process and the learning experiences.

The mentors also should possess good training skills that covers the **ability to transfer the information** into particular working instruments. The skill of **contract making**, e.g. ability to define and set an effective and transparent contract with the client was also emphasized.

The next table summarizes the most important KSCs collected in the various case studies carried out in the participating countries (Finland, France, Hungary and Romania) illustrating the country differences (and similarities).

**Table 6. Mentor knowledge, skills and competences (KSC) gained from the Trust Me national reports**

	<b>Hungary</b>	<b>Romania</b>	<b>Finland</b>	<b>France</b>
<b>Self-awareness and behavioural awareness (understanding others)</b>	Altruistic behaviour	Correctness, fairness, integrity, assertiveness, responsibility, being aware of the limitations	Confidentiality, perseverance, altruistic behaviour, desire to help	Altruistic behaviour, kindness, integrity, confidentiality, long term vision
<b>Business/professional savvy and sense of proportion</b>	Holistic view on entrepreneurship, Specific areas of expertise: Marketing, Sales, Brand building, Strategy making, Financial planning, Capital raising	Specific areas of expertise: sales/marketing, organisational development with a special focus on strategic planning and management	Experience in business and entrepreneurship, Specific areas of expertise: sales, marketing, management, finance, strategic planning	Experience in entrepreneurship and key specific areas of business expertise: finance (equity, capital, value creation), global strategy making (finance + know-how)
<b>Communication and conceptual modelling</b>	Social skills: create and maintain positive and trustful human relations, understand the very nature of human relations, inspire cooperation	Guiding the client, create a common language, emotional intelligence, assertive communication, open-mindedness and a win-win attitude	Encouraging the mentee, giving unbiased and critical feedback, keeping distance	Ability to create trustworthy relation, emotional intelligence, open-mindedness, maintain professional position in the relation; Win-win attitude to motivate overcoming critical situation
<b>Commitment to own learning and interest in helping others to learn</b>	Practice-oriented thinking, providing guidance, defining realistic alternatives, techniques and methods of scenario making and project management, acting as a role model, promoting the culture of learning	Analytical thinking, able to avoid unrealistic expectations, being convincingly, willingness to accomplish the client's needs and readiness to learn, being informed and updated on the business environment	Not providing explicit guidance, supporting improvement of the business plan, teaching of the use of new management tools, pragmatic way of thinking and a target-oriented approach, respecting learning and professional development, innovativeness, providing new perspectives on entrepreneurship, inspiring mentees	Confident with own competences and self-awareness of own knowledge limits. Ability to motivate the mentee to face new challenges with an analytic thinking of realistic situations
<b>Relationship management and goal clarity</b>	Project management skills (Goal setting, concept making, process management)	Organising skills (planning, organizing, leadership, controlling), objective setting, clarifying the assignments, giving feedback readiness to discuss issues	Identifying client needs, clarifying and fixing mentoring targets, writing a guidance plan, assessment of the process (evaluation skills)	Ability to commit on a long term perspective to support the mentee through clear process and guidance whatever the initial goals may change.

## Conclusions

The results of our research report suggest that the four countries participating in the Trust Me project represent different institutional models and their SME sectors have to face difficult problems, as the logic and the focus of available supporting services are different as well. Mentoring is among those services, but in France and Romania consultancy is in the focus. In Hungary such activities are meant by mentoring that support incubation of newly established enterprises rather than mentoring services provided to already operating firms.

The interpretation of the mentors' skills and competences are somewhat different in the participating countries, accordingly. We could identify, however, several common features of the approaches to mentoring in the four countries. In order to ensure a stable theoretical framework, we applied the mentor skill model elaborated by Clutterbuck that classifies five main areas of mentoring competences: 1. self-awareness and understanding others, 2. business/professional savvy and sense of proportion, 3. communication and conceptual modelling, 4. commitment to own learning and interest in helping others and 5. relationship management and goal clarity. The five generic competences are amended by so-called situational competences, as well (Clutterbuck 2005).

According to our final results mentors should behave in an altruistic and assertive manner and should be aware of the ethical principles and consequences of their activities. They should represent a holistic view of the problems SME owners have to face with but have to be a specialist in a particular economic field simultaneously. An ideal mentor is able to create and maintain positive and trustful human relations and inspire cooperation. The mentors' way of thinking is analytical and practice-oriented. He/she possesses high-level project management skills (e.g. is able to set objectives, clarify the assignments and give feedback), promotes the culture of learning and has advanced skills of transferring knowledge.

These skills and competences can be acquired and accumulated during experiences collected in working life and in various business situations, but they can and should be developed, as well. Our project aims at developing training curriculum for future mentors and our findings will provide an input for defining the learning outcomes and creating the training materials.

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