

Preface

This book is a collection of chapters representing the development of thinking of the authors on medium-sized enterprises. A preface will perhaps be useful in order to indicate what are the conceptual structure and key ideas, and to discuss how they are connected. Therefore, the preface provides a summarized overview of the most significant content of this book in a very compressed form.

THE CHALLENGE

This scientific monograph is envisaged as a follow-up research of medium enterprises by the editor, other authors and researchers providing detailed elaboration of optimizing all main management functions such as manufacturing, finance and marketing, with guidance on how to implement sustainable business management practices in the global world market.

The target research group of medium size enterprises, of researchers and academics, includes, but is not be limited to, a segment of the so called mid-market as well as high growth and dynamic business entities:

1. Medium size enterprises listed on the stock exchange.
2. Innovative medium size enterprises which have obtained financing from national innovation funds.
3. Medium sized enterprises which have received financing under US, EU and other major global innovation programs.
4. Medium size enterprises which have received financing from venture capital funds.
5. Social medium size enterprises financed under various social entrepreneurship funds programs.
6. Medium size enterprises financed by major international banking and investment groups (World Bank, International Financial Corporation, EIB, EBRD, Asian Development Bank, African Development Bank, Australian Development Bank, Business Development Bank of Canada, Commonwealth Bank of Australia, Asian Infrastructure Investment Bank etc.).

It is hoped that academically scholars will deepen and further develop the proposed medium size enterprise theory elaborated in earlier IGI publications. It is expected that the conceived hypotheses, some of which were earlier tested by the editor and some authors, will assist in proving a theory that medium-sized enterprises, distinct from both small and large firms, are indeed a unique group of business entities deserving own field of research which is separate in itself in a well functioning global market.

Preface

Optimization of medium-sized enterprises is really about making the best selection, which fits within a set of barriers and desired outcomes. It becomes quite clear here that optimal solutions for a medium enterprise may be quite different from solutions for a large firm or for that matter in a small enterprise. Having said that, the editor provides the following definition stemming from the book title and contributions of all chapter authors:

Strategic optimization of medium-sized enterprises in the global market is a possibility or an unconventional approach that is optimally in concert with global business circumstances, employs the total resources of these business entities in the most productive, efficient and effective way in order to generate the highest possible return and economic value added under given conditions thus developing sustained innovative value for shareholders.

A relevant, feasible selection of business solutions requires awareness of its stakeholders and own strengths and opportunities. In such an approach their penetrable contact points become such that known and unknown states of environment and alternative modes of action are understood and appreciated. *Strategic Optimization of Medium-sized Enterprises in the global market* presents a variety of theoretical ideas and practical proposals that should allow business entities of this size to recognize and to make best use of business reality and the various alternative modes of action.

THE EXPERTISE DRAWN UPON IN THIS BOOK

The book draws on knowledge and expertise of a broad spectrum of academicians and experts who represent a rich mosaic of scientific fields, technical expertise, institutions, and cultural contexts. Hopefully, the variety and depth will evoke interest and ensure a framework through which to realize the overall usefulness and practicality of optimization methodology in business entities of this size.

The book shares a system of methods used in a particular area of business study and activity and as such solutions for optimization are a systemic approach to management in contrast to a sets of techniques, technologies, or procedures. That is why the proposals, solutions and expertise drawn upon in *Strategic Optimization of Medium-Sized Enterprises in the Global Market* will hopefully be useful to readers.

BENEFITS TO BE GAINED FROM THIS BOOK

This book is particularly unique in several distinct ways. The target audience of this book includes managers of medium-sized enterprises, professionals and researchers working in the field of SME development in various disciplines, e.g. management, economics, education, adult education, library, information and communication sciences, administrative sciences and sociology, computer science, and information technology. Moreover, the book provides insights and supports executives concerned with the management of expertise, knowledge, information and organizational development in different types of work communities and environments directly and indirectly related with medium-sized enterprises.

I hope that the modest successes I enjoyed by working with all authors in this book will be greatly enhanced now that *Strategic Optimization of Medium-Sized Enterprises in the Global Market* is available as a philosophical treatise on the practice of management as well as a practical guide for decision

making. So it is with a bit of envy but even greater joy that I am able to share this book which will serve as food for thought in manager's toolkit and for academicians.

The book is organized into 15 chapters based on three interrelated sections of relevance to optimization of medium-sized enterprises in the global market. Majority of authors used empirical research in companies or in the macroeconomic environment. All chapters relate to theoretical and practical optimization of medium-sized enterprises.

Integrally the three sections provide an interesting examination at how managers, professionals and researchers may use different tools and strategies to realize their mission, vision and strategy. Obviously, like with any emerging field of science, there will be controversies; however, intelligent leaders and managers will make use of these perplexities to increase economic value added in medium-sized enterprises. Ultimately, the editor and authors hope that the general approach to scientific research of these business entities will be somewhat clarified for future lines of enquiry.

Section 1: Entrepreneurship and Medium-Sized Enterprises

In Chapter 1, Mauricio Guerrero-Cabarcas, William Zuluaga-Muñoz, Andrés Aguilera-Castillo, Sandra Díaz-Sánchez and Carlos Fajardo consider how an approximation Real Options Analysis (ROA) in a Colombian Construction Company facilitates development of medium-sized enterprises. A short description of the transition of Colombian companies towards International Financial Reporting Standards (IFRS) is provided. Authors prove that most companies are not able to attract foreign direct investment due to a lack of development in the Colombian capital markets, lack of information that makes valuation difficult, and the lack of use of alternative methods of valuation that include available strategic options. Therefore, they propose real options analysis for business valuation in companies from emerging countries planning to internationalize their operations.

In Chapter 2, Thang Chien Nguyen, Huan Minh Luon and Hoang Van Tran elaborate medium-sized enterprises in Vietnam and how they can grow in the future. The main finding of the chapter is a tendency of shrinking and decreasing efficiency of medium enterprises. Very few seem to be able to grow and to join "large enterprises", in this country at least, while majority had to exit the market or shrink and fall back into "small and micro enterprises". Authors propose improving macroeconomic stability, creating level playing field between private and state owned enterprises and FDI, re-balancing priority toward agriculture, improving implementation of MEs supporting policies.

In Chapter 3, Kwan Sik Na examines Social entrepreneurship of medium-sized enterprises in the Global Market Place through the Korean Experience. The author provides a presentation of the demand and supply side for the unique grouping of Korean social enterprises followed by institutional and regulatory framework in this country, the distribution of social enterprises, social enterprise financial support system, effects of development and financing and their business performance.

In Chapter 4, Rodica Crudu elaborates business environment conditions for the development of enterprises in Moldova. Moldova's business environment remains sensible to the volatile macroeconomic environment, structural challenges in the financial sector, crisis in the banking sector, internal political instability and regional geopolitical instability. The author identifies barriers and constraints, and analyze programs and policies to strengthen the conditions for enterprises, along with a synthesis and development of recommendations to enable the business environment. Analytical findings of the author are illustrated through several interactive figures. Several future research directions are pointed out.

Preface

In Chapter 5, Svetlana Ghenova addresses marketing substantiation of efficiency of product policy medium-sized wineries in Moldova. The chapter presents a comparative analysis of modern marketing definitions of product policy of an enterprise. The importance of the marketing substantiation of effective product policy in the activities of medium-sized wineries in socio-economic development of Moldova and their underutilized potential, an unfavorable business climate and the need for a substantial improvement in the product policy has determined the relevance of the research topic presented in the chapter. The author elaborates the constraints and main directions of wine tourism and proposes several conclusions.

In Chapter 6, Maria Giovanna Tongiani and Claudia Burchielli discuss marketing orientation embedding internet capability as best practice for medium-sized global firms from Italy. Some evidence from a medium Italian global fashion retailer is presented. The objective of this work is to obtain information and identify elements that allow for highlighting the ability of the medium-sized retailers who use the web and the social media to expand their own reference markets. Author's analyses provide useful indications concerning the marketing activities for the medium retailer firms operating in the global market. Authors particularly discuss the website and social media as marketing tools.

Section 2: Strategic Optimization of Medium-Sized Enterprises, Tools, Techniques, and Technologies

In Chapter 7, Milan Branko Vemić and Robert Molnar shared empirical evidence from 15 manufacturing medium-sized firms in Serbia. The specific context is looking at the use of this theory in a complex way by relating medium-sized enterprises to both small and large business entities in order to significantly contribute to economic development through dynamic business operations and strategic orientation of all businesses. Analyzed and compared are companies of various sizes in terms of mutual cooperation, growth and role of founders. Following the above described content the chapter discussion proceeds with future research directions and a conclusion.

In Chapter 8, Chen Liu discusses finance strategies for medium-sized enterprises with fintech as the game changer. This chapter discusses how FinTech (Financial Technology)—the use of technology in financial services—could potentially optimize finance strategies of medium-sized enterprises from the aspects of long-term financing and working capital management. First, marketplace lending provides alternative financing for short-term and long-term debt, and equity crowd funding could improve medium-sized enterprises' position in accessing external equity capital. Second, FinTech technology of online payment and transfer system and FinTech solution of invoice finance, supply chain finance, and trade finance could help medium-sized enterprises optimize their working capital management.

In Chapter 9, Klaus-Erik Heimonen and Josu Takala present empirical evidence from a medium-sized enterprise in Finland on resource optimization for sustainable competitive advantage in a residential project development. Therefore, the objective of this research was to explore the current practices of strategic planning, implementation and monitoring, and pinpoint its barriers. The study has also given emphasis to identify the potential solutions in overcoming the barriers of strategic planning, implementation and monitoring. Likewise, the study has investigated the competencies of a good strategic planner.

In Chapter 10, Canser Bilir elaborates supply chain network optimization. The author aimed to introduce the concept of SC network optimization to the managers of the mid-size organizations. The chapter also explains the importance of the SC network optimization studies, and informs the readers about how they can benefit from the concept. Finally it tries to show how the implementation of SC Network Optimization / Design will improve the competitiveness of these organizations.

Section 3: Strategic Management of Medium-Sized Enterprises

In Chapter 11, Milan Branko Vemić advocates a new analytical system in expanding and fostering learning SMEs. The concrete context of the chapter addresses different scenarios and models for innovatively conceived management teaching and learning processes especially for medium-sized enterprises. The author structures the phases of establishing learning SMEs in improving their sophisticated organizational culture and strategy and places significance on employees, training and awareness, experimentation, making mistakes, innovation and creativity. Main management teaching methods are considered in the context of medium-sized enterprises. Author optimizes key criteria of management teaching and learning processes, especially key methods, projects, seminars, literature, exams and ranking of knowledge. Author's methodology included SME teaching process modeling techniques, analysis and comparison of SMEs with teaching programs, project technique of monitoring and evaluation. Finally the author elaborates models specific student/teacher roles and offers recommendations for future research directions in development of medium-sized enterprises.

In Chapter 12, Lidia Sanchez-Ruiz, Beatriz Blanco and Carlos A. Perez-Labajos and Alberto Porras discuss process management as a means to analyze the effectiveness of a company in global markets. The chapter is an application to the outsourcing process of a shipyard. Authors illustrate that in order to face the continuous demand fluctuations, many shipyards, specially the smaller ones, have reduced their staff. This fact allows shipyards to be more flexible and to reduce their fixed costs in order to survive in low activity periods. On the other side, when there are peaks of workload, they outsource many activities. The chapter shows how process management can be used as a means to guarantee the effectiveness of a process.

In Chapter 13, Emil Krastev Papazov and Lyudmila Mihaylova Mihaylova analyze and compare Strategic Groups: Identification Techniques for Resource-Limited Mid-Sized Companies. According to the authors analysis of strategic groups helps companies find a better position for their business on the market. By now, various techniques have been created to identify companies comprising a strategic group. Presented here are some of the most commonly used tools: the K-mean Cluster Analysis, the Strategic Profile of an Industry, and the Strategic Themes Matrix. The authors have also developed an alternative tool, the "Profitability-turnover matrix model" (PTMM) for medium sized enterprises. The ultimate goal of the chapter was to enrich the strategic analytical instruments through modification and adaptation of the existing views anticipating constantly changing business conditions. According to the authors, countries like Bulgaria find such workable solutions essential because of the fact that the majority of the businesses are of small or medium size and have limited financial resources for recruiting information necessary for carrying out of strategic analysis.

In Chapter 14, Silvena Dencheva Yordanova discusses followership and leadership in medium sized enterprises in Bulgaria. The chapter also aims to define what is followership, how it is related to leadership. According to the author followership is a process when the person has the capacity and willingness to follow the leader when having some target. In other words, being a good follower means having the skills, the abilities and the desire to follow the leader in achieving the goals.

In Chapter 15, Mateja Kalan and Jana Suklan analyze internal workplace mediation benefits. The aim of the research was to review whether the so-called in-house mediation office has a positive impact on conflict management in the workplace. An online survey was conducted within two medium - sized organizations in the Republic of Slovenia covering 1150 employees from both companies. Authors particularly discuss proactive, informal, preventive and curative mediation. Authors found that employees

Preface

prefer internal mediation in the case of proactive mediation, which additionally improves good relations, as well as in the case of informal mediation, in which mediation skills are used in the discussion.

Obviously, all authors, from several different countries and regions of the world, have carried the theory and practice far enough to show that we can explain the essential features of optimization of medium-sized enterprises.

Surely, such a theory is now developing with new empirical content, especially in relation to the main topics in this book. Moreover, we have seen that this type of theory reveals new challenges and opportunities for further progress of these business entities. It goes without saying that the developing theory as presented and discussed here is far from finite. Further discoveries will be published later and elsewhere by the editor and authors. This reveals an indicative assumption of some lines of future research along which it may be possible to meet the developing challenge to structure a more integral and systemic strategy theory on medium-sized enterprises.

Nevertheless, even in its present incomplete form, the theory of *Medium Enterprises* does answer some central questions of those advocates of business development who believe that such a theory is not feasible, or who thought that it could never concern itself with any real empirical problems in real economic and business life of these entities. Optimization questions, challenges and opportunities in the global world market are, of course, profound and could in any case probably not be resolved instantly and systemically. At the very least, the book attempts to shed some light on some of the key such explored issues.

Finally, it is hoped that the presentation of theories, empirical results and concepts in these chapters may help to share with the reader how the subject of optimization in medium-sized enterprises in the global market itself has really developed, so that the form of the book is, as it were, an illustration of what may be meant by the content.

Milan B. Vemić
DAI Europe, Serbia