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AUTUMN MESSAGE OF THE SCIENTIFIC DIRECTOR



Distinguished Readers and Friends,

Our Autumn message starts with grievous news. We must inform our Readers and Friends, that one of the Founders of our ERENET Network, **Prof. Péter Szirmai**, former Director of the Small Business Development Centre (SBDC) at the Corvinus University of Budapest (CUB) died on Sunday on 25 August 2013. This was after he had been hospitalised for a serious illness. It had been late October 1994 when he knocked at my office door at the Palais des Nations in Geneva. A month previously I had started my UN career as Regional Adviser at the

Economic Commission for Europe. I remember well our first meeting. Professor Szirmai was modest and courteous but on this occasion he was full of enthusiasm for entrepreneurship and building a new economic order in Hungary as well as the neighbouring Central and Eastern European Countries. He not intention of making particular requests but only wished to introduce himself and suggest there could be a linkage. The result was that I received an invitation to visit the Small Business Development Centre which had recently been established at Budapest University of Economic Sciences and Public Administration. This is now known as the Corvinus University of Budapest.

In 2004, Professor Szirmai was a key speaker at the Expert Meeting on Good Governance for SMEs held in Geneva and organised by the United Nations Economic Commission for Europe. He advocated for co-operation amongst the Colleges and Universities in Central and Eastern Europe to move forward education in entrepreneurship and SME research. As a result of his initiative, the Entrepreneurship Research and Education Network – ERENET – was conceived. In Spring 2005 this was set up officially at the Inauguration Meeting held at the Corvinus University of Budapest. From that time Péter was an active supporter of ERENET providing many inputs and capital advises. Overt the past 19 years we developed a positive and invaluable relationship between the two of us. In spite of some political differences of opinion, we always agreed on entrepreneurship development policy to include important milestones. A good example lay in the Recommendations for a new SME Development Policy provided by the ERENET's Hungarian Branch and forwarded to the Head of the New Hungarian Government after the last election. This was adopted in Győr 2010. Professor Szirmai was entirely free of prejudice and notable for his clarity when editing ERENET PROFILE. There is no doubt we miss him in the future. he was a Teacher contributing to us all and the Father of the Hungarian Entrepreneurship education . It was fortunate in being one of his students.

In this summer I visited the mouth of Danube in the Black Forest region with my family and would like to recommend such an opportunity. It was a great surprise to find there are two mouths sited some 20 kilometres from each other: first, the Breg spring is located beside the Martins Chapel in Kolmenhof which according to geographic and hydrologic criteria is the source of the upper reaches of the Danube: the second, the crystal-clear water well located beside the **St. John's Church** in Donaueschingen. The Danube River comes into existence where the Danube stream connects with the confluence of Brigach and Breg rivers. In both cases being there was a notable experience. At the start, we saw how peaceful and tranquil are these natural resources only to become, after some hundred kilometres wild and dangerous. This was demonstrated a few months ago when the Danube rose and broke through its dams making hundreds of people homeless.

The autumn is a new beginning for the school year and entrepreneurship-oriented activities. The *first event* I would like to mention is the **Workshop on “The experience of the Hungarian legal framework for microfinance provision and its lessons in an international context**, with the possible effects of implementating a European Code of Good Conduct for the sector”. This will be held at the end of September in Budapest. The *second event* is a **Workshop on Family Businesses** to be held in October in Istanbul. This event will be organized within the framework of the Black Sea Economic Cooperation by the Turkish Representative of the Konrad Adenauer Foundation. ERENET was requested to nominate speakers though its wide international network. The *third event* on **Entrepreneurship in Tourism** will be held in Croatia, the youngest EU Member State. Many activities will be oriented to the preparation of the European SME Week 2013, which will take place from 25 - 30 November. On behalf of the ERENET Secretariat I wish everybody hard work and success in all events.

Dr. Szabó Antal, Scientific Director of ERENET

Suzanne Mulvehill, MBA

Former Elected Official

USA

E-mail: sm@suzannemulvehill.com**STIMULATING ENTREPRENEURSHIP THROUGH LEADERSHIP, CHANGE AND INNOVATIVE PUBLIC POLICY***The case of lake Worth, Florida***ABSTRACT**

This paper will highlight how innovative public policy and new political leadership stimulated entrepreneurship and economic development in the city of Lake Worth, Florida. The approach, vision, political climate, policies and challenges will be examined. The paper will also examine how a community's resiliency towards change and an understanding of adaptive change must be considered when implementing innovative public policy.

Keywords: Sustainable Economic Development, Innovative Public Policy, Entrepreneurship, Bold Leadership, Adaptive Change, Resiliency, Policy Reform, Government Reform, Progressive Politics

JEL Classification: O, O2

INTRODUCTION

Globalization and the shift towards knowledge as the source of competitiveness have rendered traditional policy instruments less effective as globalization and a shift towards knowledge as the source of competitiveness have rendered. (Gilbert et al., 2004). This paper will demonstrate how new political leadership and innovative public policy stimulated entrepreneurship and economic development in the city of Lake Worth, Florida. The progress made and the hindrances in moving forward will be examined.

History

The city of Lake Worth, Florida was home of the tantalizing 1981 movie, *Body Heat*. The city was once a popular tourist destination and a thriving city. With a public beach, municipal golf course, parks and many amenities, the city and its residents enjoyed years of prosperity and became the winter home of the largest Finnish community outside of Finland.

Prosperity to Decline

The city had its own electric power supply, and by 2005, was only one of approximately 40 cities in the state of Florida out of more than 400 cities that provided its own electric. The city also had its own police and fire departments as well as its own water supply and waste removal and disposal systems. By today's terminology, the city could have then been defined as a "sustainable city" as far as maintaining its own sources to operate are concerned.

By the 1990's, however, the city of Lake Worth appears to have had an established and entrenched political system. Funds appeared to have been mis-managed and this was reflected in the city's lack of maintenance for its infrastructure and public electrical utility. The city began to decay and stagnate. During the 1980's and 1990's the Finnish population was aging and the younger generation of this population did not choose to stay in the city. So as the Finnish population declined, major political issues and wars in South America were taking places whereas a large Haitian and Guatemalan-Mayan population began moving into the decaying city. While many cities in South Florida were overindulged with a new migrant population, the city of

Lake Worth showed support for the incoming population. The generous elected officials at that time provided a building a city building rent-free for a Guatemalan-Mayan Center to serve the growing migrant community. By 2005, the city had declined to the point that it had gained a reputation for drugs, crime and prostitution and was televised nationally about having one of the most dangerous gang populations in the nation. The decay was evident throughout the city; crumbling streets and sidewalks, decayed and non-useable tennis courts and ball fields.

Lake Worth also became known for its unreliable and expensive public electric utility and high taxes. It was not unusual by 2007, for example, to have the electricity go off several times during the day in the hot summer months.

The Lake Worth Beach and Casino building, built in the early 1900's was once a landmark building for the city. This property had been a "political football" for decades and stagnated as the residents could not agree on how it would be developed. While one political "side" wanted to renovate and re-build the structure and renew its historical significance, the other "side" wanted to demolish it and at times had plans to double its size, build a hotel on the property and completely reconstructing the area.

The city's decline was also reflected in a collective conscious of community apathy. Residents expressed hatred towards the city by creating nick names such as "Lake Worthless", which set a negative precedent that the city is still trying to overcome.

Development Boom

The real estate boom in South Florida was peaking around 2005 and in this boom the city's politicians began selling prime publically owned properties to developers at below market value, turning parks into buildings and giving the rights to waterfront real estate to residents who lived on either side to "curb" the crime problem. Outsourcing also became a popular "trend" and the politicians appeared to have used this outsourcing trend as a way to try to "give away" its problems rather than deal with them. The elected officials proceeded to contract out its police department which was a highly controversial and seemingly politically-motivated contract. The elected officials proceeded to outsource the city's water source with an expensive 20 year contract after spending \$15 million to build the city's own reverse osmosis plant. Construction was stopped on the city's water plant when a conflict arose as to where to dispose of the affluent.

These decisions that were being made by the elected body reflected the traditional economic development approach that was in conflict with many of the resident's ideology of the resident's desire to grow the city sustainability.

The resident's dissention peaked when the two-term incumbent lawyer Mayor razed historic buildings and gave a city park to a developer to built a 6 story building that took up an entire city block in Lake Worth's quaint historic low-rise downtown. Frustrated residents joined together and formed a new political party to find a new Mayor to represent them.

The new Mayor won in 2005 and it was a huge victory for the fledgling political party. With this win, residents sent a clear message that they wanted a low-rise city and a more responsive and responsible, government including a focus on building a sustainable city. Although the terminology of "sustainable" as far as a city brand, was yet to be defined.

NEW POLITICAL MAJORITY

In the three years since the new political party won its first seat in 2005, but not yet holding a political majority, the elected officials preceded to outsource the beach and its Lake Worth Casino Building to a developer for 20 years. This was another turning point in favor of the new political party, as residents felt slighted by the elected officials that made the deal for one day less than 20 years so as to not honor the public vote on this lease.

The new political party had several more wins and losses but by 2008, they won the political majority. This win also coincided with the global financial crisis. So not only did the new elected officials have to deal with a decaying city and inefficient government, they also had to deal with a revenue source that declined by nearly 75 percent in one year and a plethora of vacant homes as residents fled their properties due to foreclosures. The city's revenues and reserves rapidly declined to the point of being at risk of bankruptcy.

Key goals of the new political majority

The new elected officials' agenda was clear with a seven-point approach:

1. Re-build the historic and landmark beach building that had been stagnant and frustrating residents for more than 30 years in the style and size to which it was originally built.
2. Re-start and complete the city's reverse osmosis water treatment plant so the city can have control over its own water source and the city can save the \$15 million that it had already invested in the water plant before the prior government contracted away the water source.
3. Upgrade the public electric utility, exit the expensive electric contract, improve the reliability of the utility and lower electric rates.
4. Hire a new city manager and re-engineer city government with transparency and efficiency.
5. Identify and implement conservation and recycling efforts.
6. Upgrade all parks and increase recreation programs for children and adults.
7. Market and brand the city's sustainability and conservation efforts.

Re-engineering city government

A new city manager was hired to re-engineer the city government. As anticipated, many areas of lack of management and mis-management were discovered. Some of the most challenging and costly included:

1. Not one employee working in the finance department having any formal financing education;
2. The city was owed millions of dollars from other cities for a shared sewage plant and didn't try to collect the money for years.
3. More than \$60 million in code enforcement fines had accumulated without any processes to collect.
4. Code enforcement officers did not have any formal training nor were they properly certified. When the new city manager had them take the proper training, all failed the tests.
5. The unions had been given management rights of the majority of the employees, which negatively affected the city manager's ability to manage employees and resulted in the city keeping unreliable and unsuitable staff.
6. The city outsourced millions of dollars in moneys owed for electric bills to a collection agency with no mechanisms or controls to verify if any of the money was being collected.

The city manager worked to correct the numerous deficiencies in the training of staff, the processes and procedures and the systems of government. Simultaneously, the city manager held strategic management sessions with the elected leaders to create a vision towards the future. Using a collaborative leadership approach, the city manager invited the public to participate to be included in creating a collective vision for the city's future

Setting a Sustainable Policy Direction

According to the International Institute for Sustainable Development, with head offices in Manitoba, Canada, the most frequently quoted definition for sustainable development is from *Our Common Future*, also known as the **Brundtland Report**, from the [United Nations World Commission on Environment and Development](#) (WCED), published in 1987.

There were three main contracts that the new political majority exited in their efforts to re-set public policy towards a sustainable future. These were:

1. Exiting the privatization of the beach contract.
2. Exiting an expensive electric contract.
3. Exiting a 20 year water contract with the county.

The new political majority led the city through tumultuous change, often making bold and unpopular decisions. For example, exiting each of the three contracts was unpopular not only with the companies and agencies to which were parties of the contracts, but also with the political opposition. Even some of the city employees worked against the new political direction, trying to block the saving of the historic building and instead continued with the prior elected majority's plan to demolish and rebuild it. This was done, for example, by the building official declaring three times that the building needing to be demolished when there was no true evidence that it needed to be demolished. The new majority hired an engineering firm and got a sealed engineering report that revealed the building was safe and did not need to be demolished.

The city exited the expensive electric contract and immediately the electric company stopped paying a bill they had agreed to pay for a decade. This resulted a discrepancy as far as who it to pay and was still in negotiation as of 2013.

The water contract was signed by the prior elected officials. County officials were upset with the city's decision to exit the water contract and resisted exiting the contract. They did, however, exit and the \$24 million reverse-osmosis water treatment plant was completed on time and under budget by October 2010.

Leading a community through change

Leading communities through change requires self-examination, perseverance and courage (Heifetz, 2007). Bold leaders put themselves at risk, as well as key relationships with family and friends when making major changes in a community (Heifetz, 2007). Bold leaders have to engage people in facing hard realities (Heifetz, 2007). This was the case for the new political majority in the city of Lake Worth, Florida. Not only were the new political leaders trying to clean up a government that had been mis-managed for decades, and re-set public policy towards a sustainable future, they were also dealing with the macro-economic challenges of the worst financial crisis in decades. Property values dropped dramatically, resulting in more than a 50 percent reduction in tax revenue to the city.

The new political majority worked with the community to collaborate on finally agreeing on a plan to reconstruct the Lake Worth Casino Redevelopment Project, an \$11 million project, ended the contract with the developers who were going to raze the building, and kept the beach public. The beach project was completed in October 2012. They also negotiated and exiting the expensive water contract and started and completed the city's \$24 million reverse osmosis water plant. The electric utility was upgraded and re-engineered with new management. A city-wide conservation program was implemented that facilitated the lowering of electric rates. All parks, ball fields, tennis courts and amenities were upgraded. Signs of the city's recovery were becoming evident.

STIMULATING ENTREPRENEURSHIP THROUGH INNOVATIVE POLICY

The elected leader's set new policies, with a focus on sustainable economic development that stimulated entrepreneurship:

1. The city partnered with the Small Business Development Center to Create a Small Business Month and have events to help educate residents to either start or grow their own business.
2. The elected leaders worked together to develop a kayak destination and new kayak trail for the city and build a brand for eco-tourism, the world's fastest tourism market. This resulted in the city being marketed through state tourism websites focused on eco-tourism and attracted new tourists to the city's bed and breakfasts. A new kayak rental company was launched.
3. New art retail organizations, including an artists cooperative gallery, launched in the downtown after the Cultural organization re-located into the downtown. The downtown had a 95% occupancy rate during the height of the recession, in large part due to the policy efforts that attracted new investment to the community and the branding of the "Cultural Renaissance Program".
4. The city created a "friendly" climate for investors and business owners. This included creating policy that expedited permitting processes, changing the code enforcement department's name to "code compliance" and changing the focus to helping customers versus finding code violations.
5. Policies were designed to make the electric utility an asset to investors and business owners and to change the negative perception of the utility. Policies were designed with reduced electric rates and conservation initiatives. For example, if a company was able to use the majority of electricity in an

off-peak time, they could reduce their costs. Additionally, new policies were created that provided reduced electric rates for new business owners for the first three years.

6. A conservation program, which became known as the best in the state of Florida, was launched by the elected body. The conservation program, which first was launched as a pilot program for residents, was expanded to support businesses in lowering their electric utility rates with free energy audits, rebates for energy efficient appliances and specialized customer care to make sure those business owners had the best rate plan possible to reduce their costs.

Resistance to Change

The new elected majority was ostracized by the political opposition, mocked in blogs and videos, yelled at when they walked down the street and scrutinized, sued and fined. Despite this opposition, these bold leaders set a vision to accomplish the major changes that their supporters wanted and they persevered in re-setting public policy towards a sustainable future.

Adaptive Change and Resistance to Change

Adaptive change is the sort of change that occurs when people and organizations are forced to adjust to a radically altered environment (Heifetz and Laurie, 1997). The residents of the city of Lake Worth were confronted not only with what they chose, which was a new political direction, but simultaneously had to deal with what they didn't choose, a huge financial crisis. This financial crisis created a radically altered environment that made change difficult.

In re-evaluating the city's revenue, it was determined that more than 1,000 residents, nearly 25% of the city were not paying any taxes because their property values had dropped so low. This revelation put the financial tax burden on those who were paying taxes. It further confirmed that, for example, while all residents in the city has assistance in the even to an emergency or a fire, but 25 percent were not paying anything for it. In an effort to create more stable financial revenue streams, an assessment was put into place in the amount of \$60.00 per household for the year. This would mean that every household would pay \$60 per year, or about \$5.00 per month. This appeared to be a fair and equitable way to manage the imbalance in the taxes and at the same time create a stable, though small, income stream for the city.

New Government Overturned

Even though major progress was evident throughout the city, residents did not want to pay the assessment and so the new political party lost its majority in 2011 and the assessment was overturned. There was also a "split" within the new political party's agreement over a mayoral candidate who caused strife within the party and this was reflected in the lack of cohesion in the new political party races. This combination of issues resulting in the new political party losing its majority in 2011.

Adaptive change challenges the beliefs that people have and their ways of thinking.

This was the point that the elected leaders did not realize they had reached the limit of the adaptive change. The people did not want to pay any additional monies, even if it made logical sense to balance and correct the government. Even if other cities were paying more for this same assessment.

The new government, which, was essentially a return to the "old majority" revoked the assessment and went back to a short-term vision not addressing the fact that the financial analysis within 4 years showed that the city would be operating at a loss of more than \$7 million annually. Short term thinking replaced long term goals.

Residents continued to speak negatively about the city even after visual efforts showed that there were dramatic improvements to the city. Beliefs and ways of thinking often linger much longer than the reality of the visible improvements and changes. Adaptive change requires that we do things differently then we have in

the past. When leaders fail to recognize adaptive challenges, they tend to interpret behavior as resistance, when it is more likely that the behaviors they are interpreting are reflections of the experience of loss. Even though residents wanted change, they themselves, had been tasked with having to change their own thinking and beliefs once change began to take place in visible ways through the city. Learning new skills or breaking old habits is difficult, especially for people who have been successful using traditional practices.

The hope of leadership lies in the capacity to deliver disturbing news and raise difficult questions in a way that people can absorb, prodding them to take up the message rather than ignore it or kill the messenger.

Resistance to Change

People do not resist change, per se. People resist loss (Heifetz, 2007). The challenge for residents is that they have to give up their way of coping, which in the case of Lake Worth, it was de-moralizing the city, in hopes for some intangible change in the future. (Heifetz, 2007)

Resiliency Factors for Communities in Transition

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- the concept of **needs**, in particular the essential needs of the world's poor, to which overriding priority should be given; and
- the idea of **limitations** imposed by the state of technology and social organization on the environment's ability to meet present and future needs."

Taken a step further, adding the terms "environment" and "economic" to the title of sustainable development, we have the following as defined by Edward B. Barbier, in *The Concept of Sustainable Economic Development*:

Increasing recognition that the overall goals of environmental conservation and economic development are not conflicting but can be mutually reinforcing has prompted calls for 'environmentally sustainable' economic development. Although there are difficulties in defining sustainable development in an analytically rigorous way, there is still a need to evolve a concept of sustainability that both distinguishes it from other post-war meanings of development and is useful for practical analysis and policymaking.

CONCLUSIONS

This was the city of Lake Worth, Florida's first attempt to consciously re-set public policy towards sustainable economic development. Much progress was made and while each of the major goals was accomplished, the new majority lost the election in its 4th year. The following represent the conclusions as to why the new majority lost and the lessons learned:

Undefined sustainability brand approach

The city lacked a brand and failed to adequately brand the concept of sustainability and its sustainable economic development approach. According to research conducted by Julia Winfield-Pfefferorn:

"In order for a city to be a good brand, it must possess defining and distinctive characteristics that can be readily identified. These are functional as well as non-functional qualities. These include city appearance, people's experience of the city, people's belief in the city, what the city stands for, and what kind of people inhabit the city."

New political majority failed to brand itself

The new political majority, while it made tremendous progress in improving the city's sustainability efforts and economic development, it did not create its own brand. This caused confusion during election times when neither party had a clear brand and candidates often "appeared" to be sustainability minded and in many cases they were, but with traditional economic policy goals.

Lack of voter involvement and uninformed voters

The city has 35,000 residents and 15,000 of which are registered to vote. Of those 15,000, only 35 percent on average actually vote. Which is about 3 percent of the city's population. This statistic is actually better than other cities in the county, some of which have a 12 percent voter turnout of registered voters, approximately 1 percent of all residents. This lack of voter involvement and uninformed voters makes it difficult to communicate change and cohesively formulate a new direction in the city.

Opportunities to build community resiliency

Communities can develop resilience by actively building and engaging the capacity to thrive in an environment of change (Magis 2010). We see "success" as a community's ability to transform itself so that it provides for similar or better economic well-being than in the past and in addition establishes the conditions for further success.

Opportunity to help residents deal with and interpret change

The city could have provided some kind of mechanism to help residents deal with the massive changes that were taking place. This could have included community gatherings to celebrate the city's successes and better marketing and communication to help get the message out.

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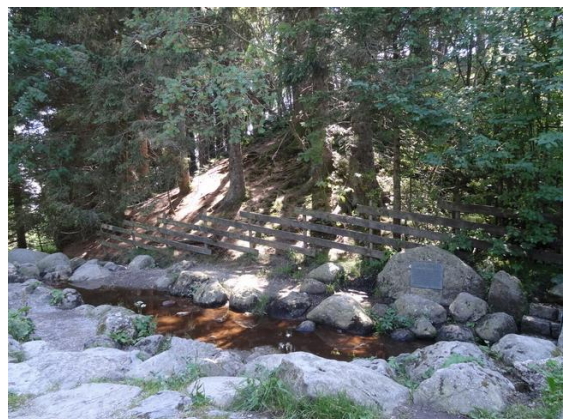
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Ein Blick vom Kirchplatz Sankt Johann auf die Donauquelle.



Danube source in Donaueschingen (left in the first line) and the Breg spring in Kolmenhof (the next three pictures)

Photos © by Antal Szabó

Radmila Grozdanic¹, Mirjana Radovic Markovic², Boris Jevtic³, Dejan Vukosavljevic⁴,

INNOVATION AND ENTREPRENEURSHIP - WESTERN BALKANS CASE

ABSTRACT

Given the situation in the Western Balkan countries and its emphasis on market neutral policies and exposure to global competition, it is important to take account of the extent to which local actors are brought into contact or association with ideas, practices, resources and institutional referents from other settings. This paper discusses several prominent economic theories which link entrepreneurs and their innovations to the creation and magnitude of business cycles, creative destruction; innovation and implementation cycles, and corporate entrepreneurship. As the support system in these countries to the innovation, technology change and entrepreneurship development is researched from the institutional approach, in the paper are presented- Innovation governance by country, Demand side of innovation policies, Governance challenges and Research Indicators as results of support system.

Keywords: Entrepreneurship, Innovation, Governance, Western Balkans

JEL Classification: 032, O33, M31

1. INTRODUCTION

Exposure of Western Balkan countries to global competition, more as their EU accession process is intensified is very important for regional development, and more - it creates an open organizational field (Greenwood and Hinings, 1996) in which local actors are brought into contact or association with ideas, practices, resources and institutional referents from other settings, what could stimulate the new cooperation and regional arrangements. In so doing creative and innovative practices are enabled. When considering the role that entrepreneurship plays in regional emergence, it is insufficient, therefore, to focus on the advantages of top-down or bottom-up approaches for regional development. What is needed is a more sophisticated theoretical understanding that recognizes the intertwined relationship between regional emergence, culture and organization from one side, and to deeper understands the institutional support to the innovation and entrepreneurship in these countries. In the Western Balkans economies, micro, small and medium sized enterprises constitute over 90% of the private sector. It is therefore crucial that R&D institutions are in a position to meet the innovation and knowledge demand from this segment.

To create an more entrepreneurial society with more sustainable business creation is needed (Hayton et al., 2002), with economic gardening forms of development that help to create an infrastructure of entrepreneurship or mobilize entrepreneurial activity at a grass roots level-small business owners (Hamilton-Pannell, 2004). To understand the entrepreneurship and regional emergence would need to address two particular challenges:

- interrelationship between the industrial actors, regularly agencies, consumers, small business, government bodies and other international or foreign agencies that regional organizational fields constitute and are entrepreneurial becoming; and
- The nation entrepreneurship institutional theorization development more appropriate for a regional context.

The continued availability of research and innovation for business activity will further contribute towards reassuring foreign direct investors and domestic ones and reduce the risk of disruption of foreign

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direct investment flows in the financial and other sectors of the economy. In order to be competitive in the future EU single market, companies from Western Balkan should continue to upgrade their industrial equipment in line with the EU *acquis* because meeting standards in the field of environmental protection, occupational health and safety, as well as product safety will be a principal factor when competing in the EU and global markets. Support to the Private Sector should foster economic development in the region through the creation of preconditions for the establishment and development of innovative and high-growth potential companies. In today's knowledge driven global economy, intellectual property and rights are a key consideration in the day-to-day operation of SMEs. New products, brands and creative designs appear almost daily on the market and are the result of continuous human innovation. SMEs are often the driving force behind such innovations. Their innovative capacity, however, is not always fully exploited as many SMEs are not aware of the intellectual property system or the protection it can provide for their inventions, brands and designs (WIPO, 2012).

2. LITERATURE OVERVIEW

Peter Ducker's classic book on innovation and entrepreneurship is the first book to present innovation and entrepreneurship as a purposeful and systematic discipline that explains and analyzes the challenges and opportunities of America's new entrepreneurial economy. Superbly practical, *Innovation and Entrepreneurship* explains what established businesses, public service institutions, and new ventures need to know and do to succeed in today's economy. Joseph Schumpeter's innovation theory of entrepreneurship (1949) holds an entrepreneur as one having three major characteristics: innovation, foresight, and creativity. The entrepreneurship literature has long been recognized as a potential means to maintain and promote business competitive advantages (Covin & Miles, 1999; Hult, Snow & Kandemir, 2003; Schoollhamer, 1982; Yamada, J, 2004). Literatures indicate that managers or entrepreneurs are often been viewed as the key components in the entrepreneurship theory and models of the entrepreneurial process (Covin & Slevin, 1991). Stevenson and Gumpert (1985) state that entrepreneurship is the trait that some people or organizations possess but some do not. Entrepreneurs' personal traits has been widely discussed in explain entrepreneurship, including creativity, innovativeness, risk taking, and proactivity (Covin & Slevin, 1991; Yamada, 2004). Moreover, entrepreneurial organizations are those that can actively respond to competitors and are often the first-to-market with product innovation (Covin & Slevin, 1991).

2.1 Definition of corporate entrepreneurship

The corporate entrepreneurship is defined as activities that can lead firms to innovate, take risk, and seize opportunity in its markets (Zahra, 1991). It is engaged in to increase competitiveness through efforts aimed at the rejuvenation, renewal, and redefinition of organizations, their markets, or industries describing the entrepreneurship as innovation. The Corporate entrepreneurship Is also defined as, extending the firm's domain of competence and corresponding opportunity set through internally generated new resource combinations. According to the turbulent times, environmental jolts are a good opportunity for organizations to learn to deal with crisis (Meyers, 1982). That is, organizations learn lessons and make improvements by readjusting to the environment, where strategic variables, such as innovativeness of market behavior, account for the most in enterprise learning under the external dynamic environments. The strategy of innovation plays an important role in the dynamic business environment. Meanwhile, other scholars also concerned about the influence of external environment on organization competitive advantage. One of the streams is to examine the external environment. Porter (1980) proposes the "five forces analysis," which explains how industry external environment affects organizational developmental strategy. The "five force analysis" consists of "bargaining power of buyers", "bargaining power of suppliers", "threats competitors", "threat of substitute product", and "threats of new comers". Porter (1980) indicates that businesses can cut down costs, take differential strategy or find a niche in the market to promote the firm's competitive advantages while facing different threats or bargaining power. Two main streams of strategic analysis can be summarized- one is Porter's (1980) "five forces analysis" model, and the other is resource-based view. Resource-based view claims (Barney 1986, Hamel and Prahalad , 1991) that firms integrate the resources and reconfigure them. where the organizations or businesses must develop core competence to maintain competitive advantages in the highly competitive world. The resources-base

perspective is closely connected with the term “product innovation”, (Coven and Miles’ 1990).

2.2. Definition of innovation

Innovation is understood as introduction of a new product, process, technology, system, technique, resources, or capability to the firm or its markets (Coven and Miles, 1990, p. 49). Innovation can be divided into three categories: product innovation, process innovation and organizational innovation (Vokalo, 2000). The product innovation is a dynamic capability of an organization’s core competence that enables the firm to renew and reconfigure resources (Dougherty, 1995; Leonard-Barton, 1992). Innovation is the implementation of a new or significantly improved product, or process, a new marketing or organizational method in business practices, workplace organization (OECD, 2005). The father of entrepreneurship theory points out that entrepreneurship is the way to innovation. (Schumpeter, 1936), Innovation is the “heart of entrepreneurship” (Stevenson and Gumpert 1985, p.85). Therefore, entrepreneurship is viewed as a prime source of innovation and competitive advantage. In the past, entrepreneurship has been mainly discussed within new venture creation process. Since managers or entrepreneurs are often described as the key component of the entrepreneurship process, studies in entrepreneurship field have focused on the issues of entrepreneurs (Covin & Slevin, 1991). Later it is pointed out that corporate entrepreneurship has emerged as a new trend in the entrepreneurship field (Covin and Slevin 1991).

2.3. Definition of cultural competitiveness

Cultural competitiveness is often defined as the ability that organization can detect and fill the gap between what markets really desire and what organizations currently offer (Hult, Snow & Kandemir, 2003). In other words, cultural competitiveness can be viewed as the process of entrepreneurial opportunity recognition, which means the ability to discover opportunities in new markets. Among these four factors, entrepreneurship was examined as the most critical factor in developing market-based culture. Since entrepreneurship was the most influential in building cultural competitiveness, entrepreneurship activities are important to new market recognition and discovery. In addition, The conceptual of innovation is closely connected to entrepreneurship (Hult, Snow and Kandemir, 2003) where cultural competitiveness could be measured by four dimensions, entrepreneurship, innovativeness, market orientation, and organizational learning.

2.4. Connections among cultural competitiveness, innovation and entrepreneurship

The definition of corporate entrepreneurship reveals two related issues: resource-based and entrepreneurial opportunity. In other words, entrepreneurship is characterized by strategic renewal, innovation and venturing orientation, such as first-to-market with new product offering and research and development (Covin & Slevin, 1991). That is, the study of entrepreneurship is closely connected with the innovation performance and organizational-level strategy. The opportunities identification is the heart of entrepreneurship (Stevenson and Gumpert 1985). To have entrepreneurship, entrepreneurial opportunities are the first thing that individuals must have (Shane and Venkataraman 2000). Entrepreneurship is closely connected with entrepreneurial opportunity in the entrepreneurship study review (Busenitz et al. 2003). Reviewed past studies from 1985 to 1999, suggest that the domain of entrepreneurship research contains several conceptual categories. These conceptual categories interact with each other, and one of important categories is the term of opportunities. So, the opportunity identification process is the most fundamental issue in understanding entrepreneurial behaviors state that entrepreneurial opportunity identification or recognition is the critical process in entrepreneurship activities (Ardichvili, Cardozo and Ray 2003), where the distribution of information in society influence the discovery of entrepreneurial opportunities.

2.5. Institutional entrepreneurship and innovation support

The term is usually used to describe organized actors who leverage support and acceptance for new institutional arrangements to serve an interest they value (Dorado, 2005 citing DiMaggio, 1988), combining insights from entrepreneurship theory- the interest in how organized actors leverage resources, identify

opportunities and gain legitimacy or support for new activities, innovations, product and service transformations; and institutional theory-the change or subvert institutional rules and referents, and therefore the institutional actors engender institutional change. Ideas from entrepreneurship and institutional theory have been applied in a variety of contexts: in industry creation (Aldrich and Fiol, 1994), family business groups (Carney and Gedajlovic, 2002), cultural entrepreneurship (DiMaggio, 1982), micro finance organization (Dorado, 2001), development of common technological standards. Also studies address institutional entrepreneurship support include institutional management and organizational change in a transition context (de Holar and Phillips, 2002) institutional entrepreneurship in regional emergence is still rare (Hoskisson et.al., 2000), and in this paper an inter-organizational relations that are stimulated and vice versa by entrepreneurial discourses is important because of: building upon the analytical tradition (Berger and Luckmann, 1966) and linkages between organizations, institutions shaping entrepreneurship and innovation, also work towards an integration of institutional structure and operation within a regional organizational field as they attempt to develop an infrastructure of entrepreneurship.

3. INSTITUTIONAL SUPPORT TO WESTERN BALKAN COUNTRIES INNOVATION AND ENTREPRENEURSHIP

Policy makers can assist SMEs to strengthen their innovative capacities by measures as developing support services, strengthening links between research centres and SMEs, and facilitating the development of clusters.

EU Small Business Act encourages Governments to undertake several broad activities in the area of innovation as: Strengthen programmes to promote innovative clusters and networks to provide support to high-growth SMEs; Ensure simplified access to public research infrastructure and national research programmes, and active participation of SMEs in transnational research activities, as well as foster innovative activities and the commercialisation of knowledge through the development of financial and technological support. In the EU pre-accession economies as Western Balkans are very important is the framework for Dimension 8b- innovation policy for SMEs which can be divided into two sections:

- Policy framework for innovation: Delegation of competencies and tasks, Strategic approach to broad innovation, Budget provision for SME innovation;
- Financial support services, Public R&D grants, Intellectual property right protection. Support services to innovative companies: Establishment of innovation and technology centers; Innovation support services; and
- Financial support services, Tools for co-operation between SMEs –research; Incubators, Science parks.

Governments can create a favorable environment for the growth of innovative enterprises through the implementation of a comprehensive innovative strategy, covering the full spectrum of technological and non-technological innovative activities. Developing a strategic approach to innovation policy is key, as it underpins the government's commitment to foster financial support schemes, and innovation support services for SMEs. This policy is at an early stage of development in the Western Balkans, there is little budget provision for SME innovation programmes and few economies have established a co-ordination body and adapted a sound overarching strategy for innovation. Croatia (score for policy coordination and strategic approach for 2012 is 3.5) and Serbia (score is 3.25) have the most developed innovation policy infrastructure, and Croatia has set up a co-ordination body for innovation, has the Council for the National Innovation System. Serbia offers the most evidence for implementation of innovation strategy. Albania (score is 2.75) has set up an innovation Steering committee and is in an early stage of implementing its innovation strategy.⁵ FYR Macedonia (score is 2.25) designs a comprehensive innovation strategy, Montenegro (score is 1.75) and Bosnia and Herzegovina (score for policy coordination and strategic approach for 2012 is 1.75) lack any institutional framework for innovation.

Most interesting support measures to entrepreneurial innovation provided in these countries are:

⁵ In 2012 Albania spent 0.4 million EUR on innovation of SMEs out of planned 10 million in action plan.

- Innovation and technology centres: Croatia has established 6, Serbia is in establishing a technology competence centre in cooperation with OECD;
- The Business Innovation centre exists in Croatia;
- Fostering linkages between SMEs and universities or research institutes is presented in Croatia, BH with triple-helix partnership project;
- Incubators: Serbia and Croatia have them for innovative start-ups, Bosnia and Herzegovina has two such incubators, and Montenegro one.

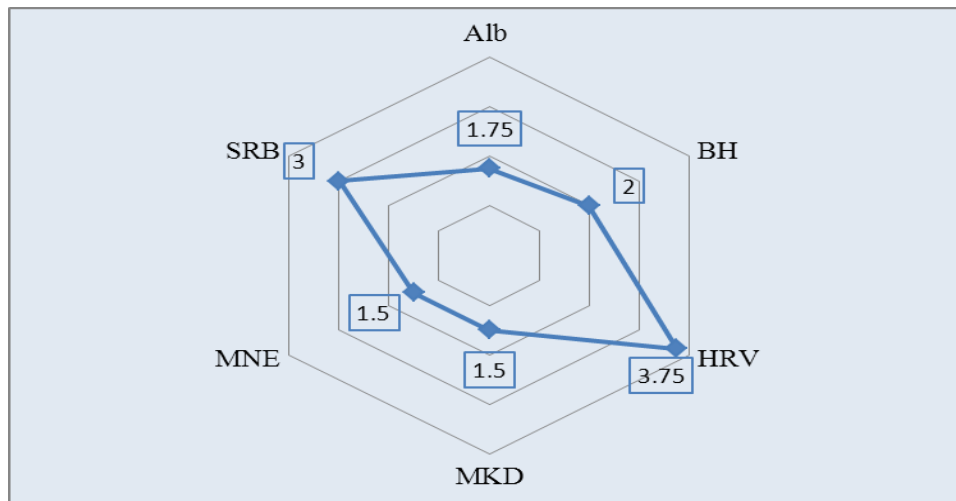


Figure 1: Innovation policy scores for WB countries 2012

Source: Authors, according to SBA 2012 data

Taking full advantage of the intellectual property system, Croatia, FYR Macedonia and Serbia are the most advanced in aligning their intellectual property laws and enforcement with that of the EU: Croatia fulfills these requirements well in the field of copyright and industrial property rights. FYR Macedonia improved legal framework, in Albania has the National Strategy for the Enforcement of the Intellectual and industrial property rights, Bosnia and Herzegovina have state level laws on these issues in charge, Serbia adopted National Strategy to provide a comprehensive framework for concerted enforcement by all competent institutions, but enforcement is still weak. The capacity to innovate has become particularly important in a globalised world where many economies can compete through low labor and capital costs. In this context, central governments have an important role to play in ensuring that all public policies reward and facilitate innovative activities. Among Western Balkan countries Serbia and Croatia have a policy and institutional framework for innovation policy in place, economies in the EU pre accession region are at an early stage of development in this policy area. The laggards should focus on reviewing their national systems and drafting an overarching policy for innovation in order to generate and coordinate activities in this field.

3.1. Innovation governance by country

Research, innovation and higher education policies with its institutions and governmental bodies are of key importance for further innovation and entrepreneurship development in Western Balkan countries. Some specific information by countries is presented below:

Montenegro: Research, innovation and higher education policies are governed by the Parliament, which appoints various committees to oversee national policy and strategy. The Ministry of Science (formerly the Ministry of Education and Science), created in December 2010, is the principal administrative body

responsible for planning, funding and monitoring the entire research system. The highest advisory body is the Council for Science and Research Activities. It consists of 11 members, four from the government and seven from the research community. The Department for Industry and Entrepreneurship in the Ministry of Economy, is responsible for the organization, coordination and preparation of draft laws and other regulations in the field of industry and entrepreneurship. The Ministerial Unit for Industrial Development is responsible for the development of national strategies, goals and measures in industrial policy, conducting analysis of the industrial sector and for modern technologies. The Unit of Small and Medium Enterprises and Entrepreneurship focuses on the SME sector, elaborating strategies and programmes to support SMEs and foster entrepreneurship. For the purpose of drafting, coordinating and monitoring the Strategy for Development of SMEs 2011-2015, the Ministry of Economy established a coordination team comprising of representatives of local stakeholders and international donors. Research is mostly conducted in the public sector, in institutions such as the University of Montenegro and the Montenegrin Academy of Sciences and Arts. The Montenegrin Academy of Sciences and Arts is the most significant public research and scientific institution in the country, covering natural sciences, humanities and the arts. The State University of Montenegro, founded in 1973, consists of 19 faculties and three research institutes. The privately-owned University Mediterranean also engages in research through its independent faculties for scientific research. The private University of Donja Gorica (UDG), accredited in April 2010, is the second biggest higher education institution. The Agency for International Scientific, Educational, Cultural and Technological Cooperation plays an important role in research cooperation with third countries by planning, programming and implementing scientific, educational, cultural and technical cooperation between Montenegro and other states, regional communities and international organizations.

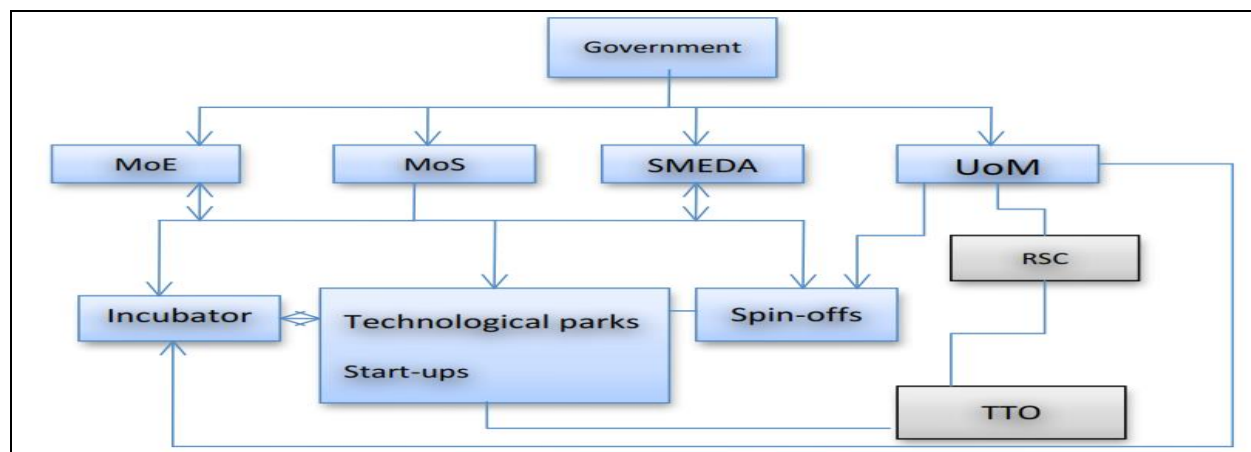


Figure 2: Governance of the National Innovation System in Montenegro

Source: Vukcevic M, Mini Country Report, 2011, pp.4

Legend: MoE – Ministry of Economy, MoS-Ministry of Science, UoM-University of Montenegro, SMEDA - Directorate for Development of SMEs

Albania: The reform of the research system since 2006 and the adoption of the National Strategy of Science, Technology and Innovation (NSSTI) 2009-2015 introduced major changes to improve the effectiveness of the country's innovation system. The NSSTI seeks to increase innovation in 100 medium and large private companies either through investment in own R&D or in partnership with academic research institutions or foreign partners. New structures (ARTI, NAIS, etc.), which may cooperate with the private sector in research and innovation initiatives, were set up to implement the NSSTI and the country's Digital Albania initiative. The Albanian Government has focused on ICT as a main driver of economic, political and social development in the country, evolving from a low-tech, inwardly looking state to a potential regional leader in e-Government, and connectivity, particularly as major infrastructural investments are being made. Now that a high level of digitalization has been reached, particularly in the national level public administration and in the availability of online public services for businesses and citizens. On the business front, the Strategic

Programme for Innovation and Technology Development for SMEs 2011-2016 and its Action Plan, the Business Innovation and Technology Strategy (BITS), represent the main policy measures of the Ministry for Economy, Trade and Energy (METE) for promoting Innovation and technology dissemination in Albanian SMEs. The Business Relay and Innovation Centre (BRIC) will be the executive arm of METE for the implementation of the strategy and will provide both technical assistance and financial support for companies to engage in innovation. It remains to be seen how effective these policies and structures will be in increasing private investment in R&D and the overall innovation capacity of the business community. Furthermore, transparency, competitiveness, management capacity and the ability to monitor and evaluate progress made, including standardized statistics on the R&D and innovation system of Albania, need to be improved. Also, so far the tax code does not foresee any fiscal incentives for companies also that investment in R&D or innovation.

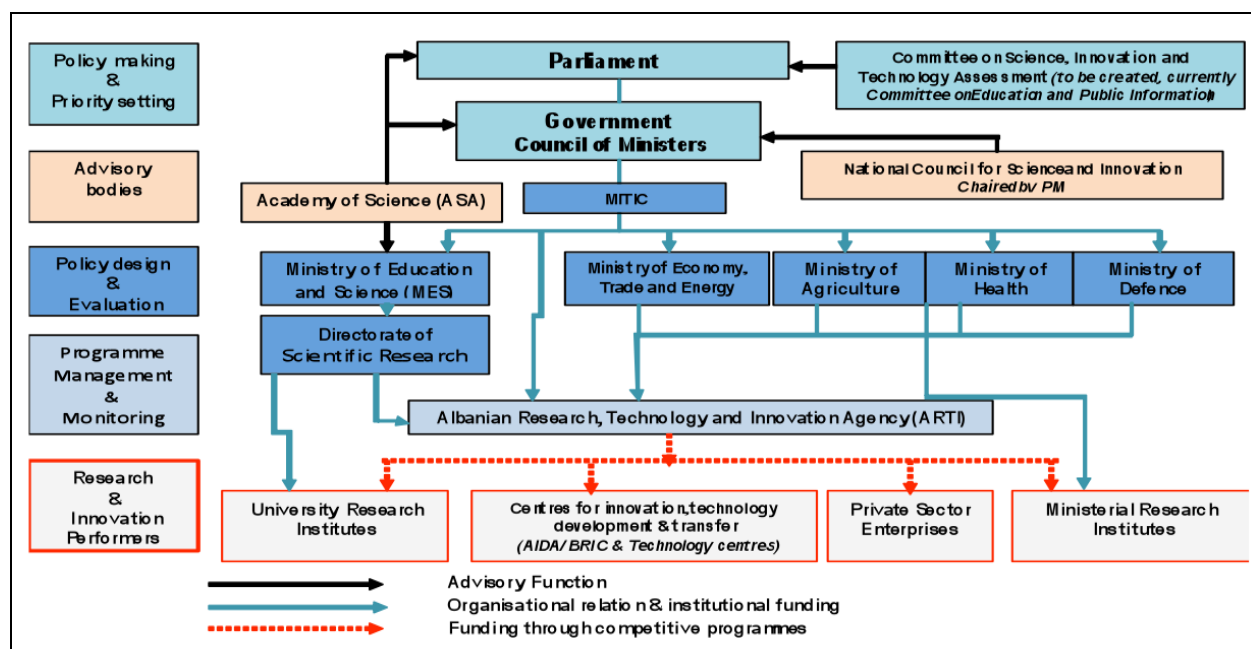


Figure 3: National Innovation System of Albania (ACER 2011)

Source: Mini Country Report, 2012, pp.8

Bosnia and Herzegovina: The Ministry of Civil Affairs of BH (MoCA) coordinates science policy at the state level as well as international cooperation through its Department for Science and Culture. MoCA has the Science Council at its disposal to advise on the preparation of the annual programmes for scientific research, propose initiatives for the domestic and international projects, comment on the annual programmes of scientific and research activities and undertake internal and external evaluations of scientific and research activities. Apart from MoCA, the coordination of SME policies at state level is the responsibilities of the Ministry of Foreign Trade and Economic Relations of BH (MoFTER). The MoFTER formulated a new SME development strategy for the period 2009-2011. The Ministry of Science and Technology of RS, through the Department of Science and Department of Technology, governs the R&D system in RS. It is the main funding channel for research and innovation activities in the entity. The Ministry of Industry, Energy and Mining of Republic of Srpska is responsible for development of SMEs and handicraft production and particularly encouraging export-oriented entrepreneurs and new technologies. The Government of RS, on the proposal of the Ministry of Science and Technology of RS, forms a Science Council which similarly advises like the MoCA Science Council. In the Federation of BH, the cantonal Ministries of Education, Science, Culture and Sport govern the financing of research activities. Policy is administered through the respective Departments of Higher Education and Science. The Ministry forms Science Council, which advises on the same issues as at entity and state level. Also, the Federal Ministry of Development, Entrepreneurship

and Craft is responsible for the development of the SME sector. This recognizes the importance of the SME sector and the necessity for effective coordination in the Federation of BH (FBH). Public research is mostly undertaken in the Universities and research institutes. There are eight public universities (six in FBH and two in RS) with four, being loose associations of autonomous faculties. According to the Law on Higher Education from 2006 and updated University Statutes adopted in 2007, all public Universities in RS are integrated Universities where faculties lost their status of legal personality as well financial autonomy. There are nine private universities, three in FBH and six in RS. In total, there are 140 faculties and 10 academies. The largest University in terms of staff numbers is the University of Sarajevo, followed by the University of Banja Luka, the University of East Sarajevo, the University of Tuzla, the University of Mostar, “Dzemal Bijedic” University of Mostar, the University of Zenica and the University of Bihac. As far as research institutes are concerned there are 21 in RS (15 public and 6 private) and 30 in FBH (20 public and 10 private). There are two Academies of Arts and Science: Academy of Arts and Science of BH (active on the territory of the FBH) and the Academy of Arts and Science of RS.

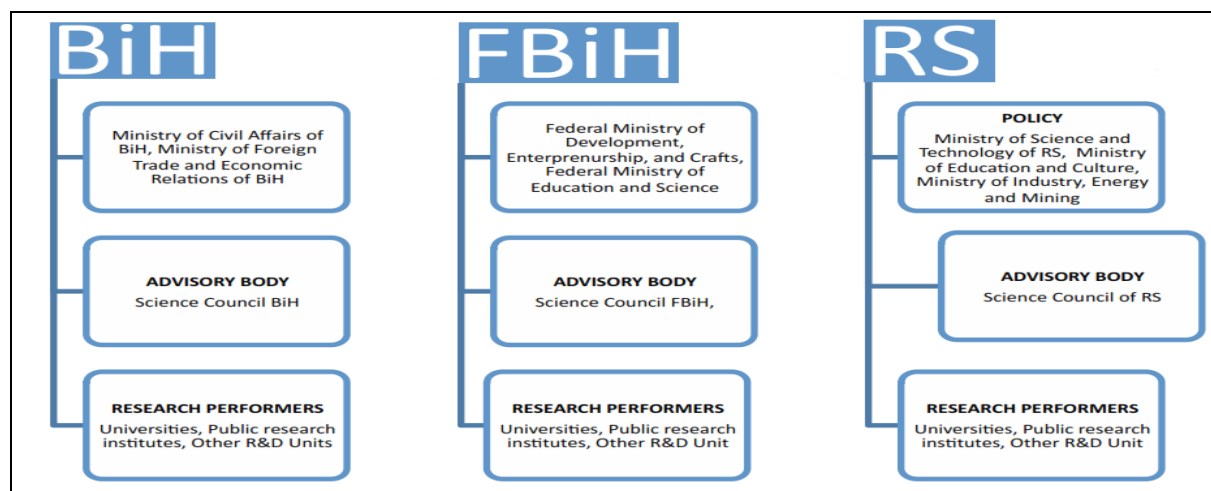


Figure 4: National Innovation System of BH

Source: Mini Country Report/BH, 2012, pp.5

Croatia. Ministry of Science, Education and Sports (MSES) is the central government body responsible for implementing, coordinating and monitoring the science, innovation and technology activities. It is in charge of allocation of the budgetary funds for R&D activities in public institutes and higher education institutions, as well as allocation of budgetary funds for technology programmes and related activities (including science-industry cooperation and commercialization of research results). The issues of innovation and technology transfer are currently under the jurisdiction of the Directorate for Science, whose head also chairs the National Innovation System Council, an expert body (composed mainly of scholars) whose task is to monitor and facilitate implementation of the Action Plan 2007 – 2010. The Ministry of Economy, Labor and Entrepreneurship (MELE) is the central government body in charge of implementing enterprise policy. The SME Directorate within the Ministry implements measures and activities for the development of entrepreneurship through promotion, training of entrepreneurs, technical assistance, local financing, institutional capacity building and commercialization of innovations. It also encourages clustering and networking of entrepreneurs, implements measures for the development of SMEs and co-operatives, improves entrepreneurial and managerial skills, undertakes the harmonization of legal framework with EU regulations and implements measures for international cooperation and export. The Strategic Council for Science and Technology as a permanent high-level coordination body chaired by the Prime Minister founded 2008 has Ministers as members. Supporting Innovative and Technology-based Entrepreneurship is provided by two specialized agencies: the Business Innovation Centre of Croatia (BICRO), and the Croatian Institute of Technology (HIT).. HAMAG (Croatian Small Business Agency) is the implementation agency affiliated with

MELE. There are also other public or private institutions that are in charge of SMEs and entrepreneurship development: Chamber of Economy (CCE) and the Croatian Employers Association (CEA). The National Competitiveness Council is an advisory body (comprising representatives of the government, business and academic sectors, as well as trade unions) with significant influence on the public policy development. CEPOR is a non-profit organization established in 2001 and the first think-tank in Croatia that deals with SMEs and enterprise policy. Its most important activity is carrying out the Global Entrepreneurship Monitor (GEM) research, that enable international comparison of Croatian entrepreneurship and serves very important aims for setting priorities and designing national policies in the SME sector.

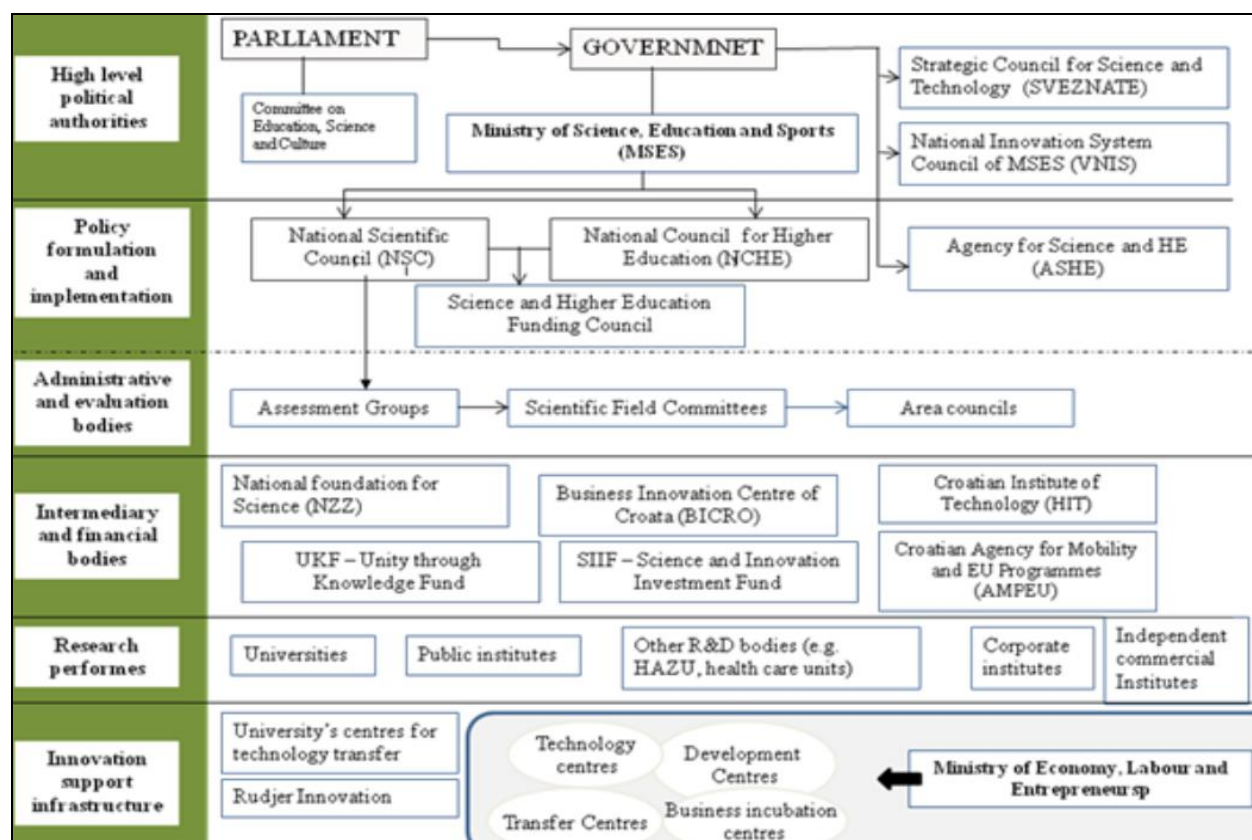


Figure 5: Overview of the Croatian innovation system governance structure

Source: Mini Country Report/Croatia, 2012 pp.6

The Formal Yugoslav Republic of Macedonia. The MES and the ME have the leading roles in innovation governance in the former Yugoslav Republic of Macedonia, while other ministries, such as MISA, the Ministry of Agriculture, Forestry and Water Management (MAFWM) and the Ministry of Health (MH) have a minor role. The MES has responsibilities for strategy formulation and planning in the field of science and technology. It manages project development, takes responsibility for the legislative aspect of science and technology, technological development and technical culture and organizes international scientific cooperation as well as bilateral, multilateral and European activities. It also supports and encourages the development of scientific research infrastructure in the former Yugoslav Republic of Macedonia (institutes, universities and independent research groups), aiding the development of young researchers and the overall technological development of the country. The ministry has been involved in the formulation and adoption of the main national R&D and innovation strategies and policies, which defines the R&D and innovation priorities in the country. The department responsible for coordination of the aforementioned activities is the Department of Science and Technological Development. Another department that influences the innovation through its activities is the Department of Higher Education Development. The MES has the overall

responsibility for developing and administering Macedonia's science and innovation system up to the prototyping of the products and services. Afterwards the responsibility belongs to the ME. The ME is the institution responsible for creating and implementing documents and programmes regarding: economic policy, industrial policy, and SME competitiveness and innovation enhancement. There are two departments within the ME that are dealing with innovation in different segments: the Department for Industrial Policy and the Department for Entrepreneurship and Competitiveness of SMEs.

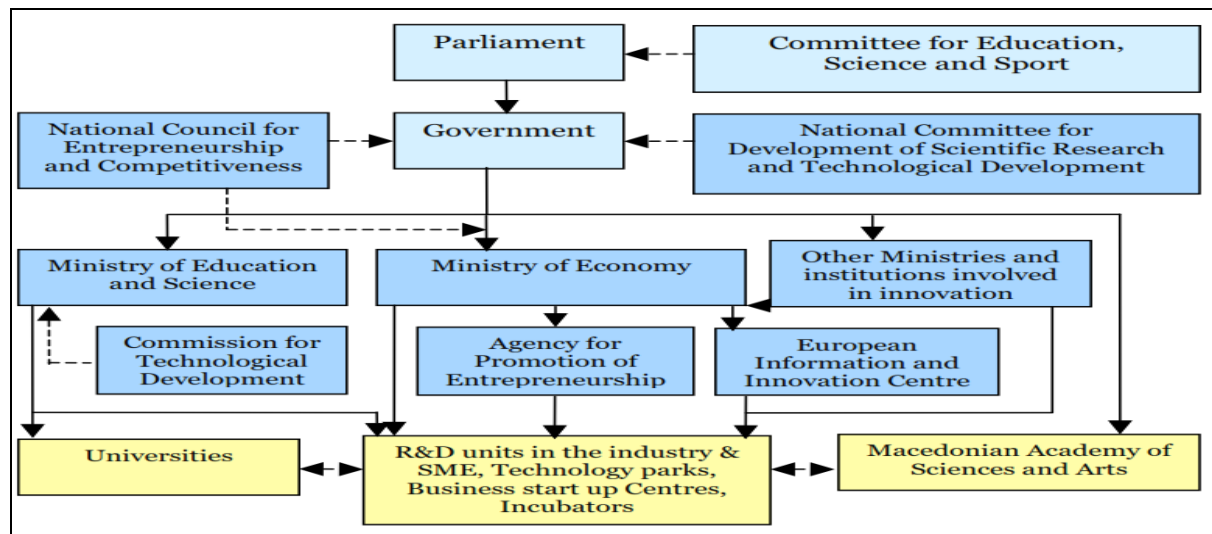


Figure 6: Overview of the innovation system governance structure of the FYR of Macedonia

Source: Mini Country Report, 2012, pp.5

Serbia: The first level of innovation governance in Serbia is the National Parliament. The Parliamentary Committee for Science and Technology (S&T) Development reviews and proposes laws regulating the areas of science, technology and innovation. Relevant Ministries include:

- the Ministry of Economy and Regional Development (MoERD), responsible for supporting innovation activities and creating a national innovation system; and
- the Ministry of Education and Science (MES) governing the functioning and development of S&T.

The National Agency for Regional Development (NARD) and the Innovation Fund are also involved in funding innovation policy measures. The main task of the National Council for S&T Development is to design and propose to the government a strategy for S&T development and to monitor its implementation. Also at the operational level there are intermediary and funding organizations such as the Office for Intellectual Property Rights, Office for Standardization, Office for Measurements and Precious Metals, Quality Certification Agencies, Chambers of Commerce and the Information Technology (IT) and Internet Agency. The system also consists of various innovation centers, business and technological incubators, and science and technology parks.

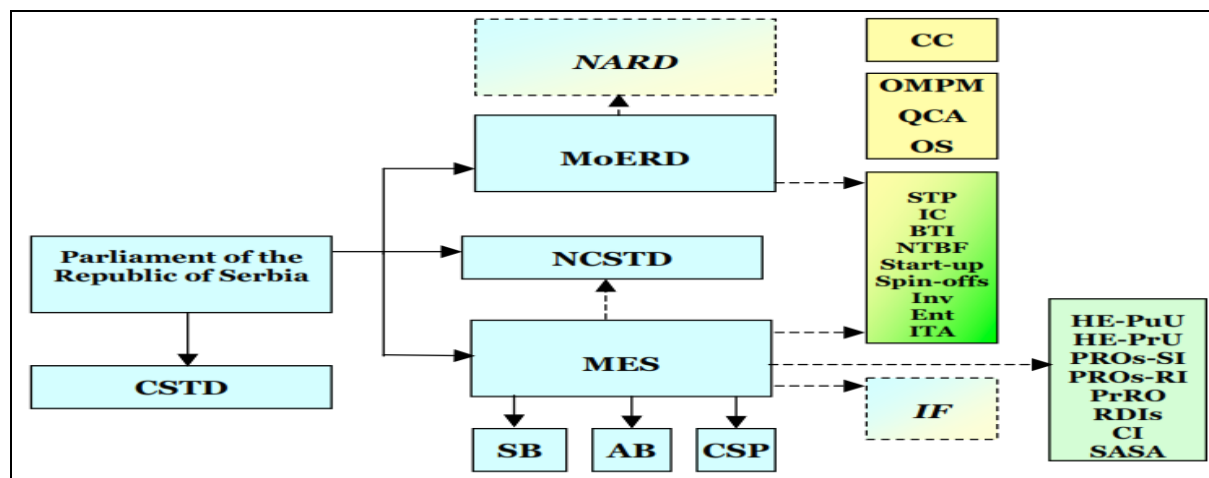


Figure 7: Innovation governance in the republic of Serbia

Source: Mini Country Report 2012, pp.4

Legend:

- Political Level: CSTD – Committee for S&T development, MES – Ministry of Education and Science, NCSTD –National Council for Science and Technological Development, AB – Accreditation Board, SB – S&T Boards, CSP – Committee for Scientific, Promotion, MoERD – Ministry of Economy and Regional Development, NARD – National Agency for the regional Development, IF – Innovation Fund;
- Operational Level: OIPR – Office for Intellectual Property Rights, OS – Office for Standardization, OMPM – Office for Measurements and Precious Metals, QCA – Quality Certification Agencies, CC – Chambers of Commerce, NARD – National Agency for Regional Development, IC – Innovation Centers, BTI - Business and Technological Incubators, STP – S&T Parks, ITA – IT and Internet Agency;
- Innovation and Research Performers: Ent – Entrepreneurs , Inv – Inventors, NTBF – New Technology Based Firms, HE-PuU – Higher Education, Public Universities, PROs-SI – Public Research Organizations–Scientific Institutes, RDI – Research and Development Infrastructures, SASA – Serbian Academy of Sciences and Arts, HE-PuU – Higher Education, Private Universities, PrRO – Private Research Organizations, CI – Corporate Institutes

3.2. Demand side of innovation policies

Demand side of innovation policies is categorized through:

Table 1: Categorization of demand-side innovation policies

Demand side innovation policy tool	Short description
Public procurement	
Public procurement of innovation	Public procurement of innovative goods and services relies on inducing innovation by specifying levels of performance or functionality that are not achievable with ‘off-the-shelf’ solutions and hence require an innovation to meet the demand. ⁵

Pre-commercial public procurement	Pre-commercial procurement is an approach for procuring R&D services, which enables public procurers to share the risks and benefits of designing, prototyping and testing new products and services with the suppliers ⁶ .
Regulation	
Use of regulations	Use of regulation for innovation purposes is when governments collaborate broadly with industry and non-government organizations to formulate a new regulation that is formed to encourage a certain innovative behaviour. ⁷
Standardization	Standardization is a voluntary cooperation among industry, consumers, public authorities and other interested parties for the development of technical specifications based on consensus. Standardization can be an important enabler of innovation. ⁸
Supporting private demand	
Tax incentives	Tax incentives can increase the demand for novelties and innovation by offering reductions on specific purchases.
Catalytic procurement	Catalytic procurement involves the combination of private demand measures with public procurement where the needs of private buyers are systemically ascertained. The government acts here as 'ice-breaker' in order to mobilize private demand. ⁹
Awareness raising campaigns	Awareness raising actions supporting private demand have the role to bridge the information gap consumers of innovation have about the security and the quality of a novelty. ¹⁰
Systemic policies	
Lead market initiatives	Lead market initiatives support the emergence of lead markets. A lead market is the market of a product or service in a given geographical area, where the diffusion process of an internationally successful innovation (technological or non-technological) first took off and is sustained and expanded through a wide range of different services ¹¹
Support to open innovation and user-centered innovation	Open innovation can be described as using both internal and external sources to develop new products and services ¹² , while user-centered innovation refers to innovation driven by end- or intermediate users. ¹³

Source: According to Elder R, Georgiou S, (2007)

Demand side of innovation policies are not developed enough in the Western Balkans. There are no demand-side innovation policy measures in BH and Montenegro.

Albania: The main demand-side innovation policy measures seem to have been mainly in the ICT sector related to e-government services for citizens and business and Internet connectivity, as described below, and promoted by NAIS. In particular, NAIS is involved in:

- Development and implementation of an integrated strategy to enable extensive use of ICT in order to promote a knowledge-based economy;
- Enabling development of new electronic services for businesses and citizens and pushing forward the harmonization of the legal framework pertaining to the field with that of the European Union.
- Development of a complete legal framework for ICT and Postal Services and ensuring its effective implementation.
- Engaging in e-governance projects and promoting the integration of ICT in all fields of economic development to best serve the needs of a knowledge- and information-based society. NAIS' Digital Albania initiative has generated a huge demand for sophisticated ICT technologies and services. The BITS to be implemented by the BRIC seeks to help SMEs in implementing

innovative activities—the Innovation Fund should become instrumental in this once the BRIC is fully operational.

Croatia: The new Public Procurement Law comes into effect at the beginning of 2012 does not include any provisions related to procurement of innovative products and technologies. Regulations and standards are not used to stimulate innovation.

FYR Macedonia: The most recent demand-side innovation policy measure, which is envisaged in the National Strategy for Development of e-Contents 2010-2015 and the National Strategy for e-Inclusion 2011 – 2014, is the public procurement of innovative ICT products and services in the framework of several e-governance and innovative public service projects. The responsible ministry is MISA, but for specific measures it is possible to involve an additional ministry. The MISA, as a ministry responsible for developing the information society and reorganization of the public administration through the usage of innovative ICT based products and services, is a leading ministry in the process of adopting the above-mentioned strategies and appropriate measures.

Serbia: The most recent demand-side innovation policy measure is the “Project for Supporting the Development of Competitiveness of SMEs and Innovation” launched by NARD in 2010. The objective of the grant scheme is to support innovation in SMEs. Funded activities include improvement of a firm’s organisational structure, marketing innovations, ICT related innovations, development of new or improvement of existing products and services, the development and testing of prototypes, and the design of new products and packaging.

3.3. Governance challenges

The Government of Montenegro needs to:

- introduce tax incentives for the undertaking of research and innovation;
- accelerate the transition of researchers from the academic sphere to enterprises through a greater emphasis on mobility;
- encourage the establishment of Science and Technology Parks with activities to promote networking;
- encourage industrial clusters to move to internationalization so that they develop an outward exporting orientation and link up with international systems of innovation¹⁵; and
- encourage Universities to: (i) focus on applied research activities; (ii) increase collaboration with other research institutions and the private sector; (iii) boost their incubation centers to provide more support to researchers create new spin- off enterprises; (iv) establish Technology Transfer Centers; and (v) encourage patenting and licensing of technologies to enterprises.

Albanian Government: METE is the main government body responsible for proposing regulatory initiatives and promoting innovation and technology dissemination towards Albanian SMEs, while MITIC coordinates and monitors demand-side innovation, information society, and technology policies in the country. MITIC implements its tasks through the government agencies ARTI and NAIS, while the METE operates through AIDA/BRIC, which assist in identifying demand-side policies and implementing the respective measures. In concrete terms, MITIC is responsible for developing a comprehensive legal framework for ICT and the Postal Services and ensuring its effective implementation. In addition, it has an intermediary role in engaging in e-governance projects and promoting the integration of ICT in all fields of economic development to best serve the needs of a knowledge- and information-based society. An Advisory Group, the “National Forum For Digital Albania,” chaired by MITIC, was established by CoM decision, dated 9.6.2010, as a permanent platform to exchange information, experiences, best practices, and discuss all matters on the Information Society. The forum consultations support the state administration structures responsible for the development of Albania's digital agenda. Activities of the Forum include: providing advice on government initiatives and strategies in the field of Information Society to ensure promotion, development and sustainability of the sector; promoting the development and improvement of technical capacity in order to accelerate the country’s

progress in this sector and address integration challenges in the global market. The Forum meets, upon announcement of the chairman (Minister for Innovation & Information, and Communication Technology) no less than four times a year, and reports to the Prime Minister on the activities and conclusions of the meetings. The Forum members include the high officials of MITIC, Council of Ministers, other line ministries, national agencies (e.g. ARTI, NAIS), academia (Academy of Sciences, Universities), business representatives, and if needed the donor community, and civil society representatives. With regard to METE's governance of innovation policy, there is a requirement for the definition and implementation of a set of indicators allowing the measurement of the respective impacts of the Business Innovation and Technology Strategy (BITS) and the BRIC.

Bosnia and Herzegovina. A major problem in regard to fiscal policies is that no clear incentives that support research in BiH have been created yet. This problem needs to be addressed and comprehensive solution should be proposed.

Croatia. The main innovation policy challenges include access to capital, increasing business R&D expenditures as a means to enhance accessibility of knowledge, and facilitation of protection of intellectual property. The main innovation policy opportunities include utilization of pre-accession assistance and Community Programmes in order to build up competencies and prepare for the utilization of structural funds. The reform of academic institutions and enhanced networking can create more opportunities for science-industry collaboration, technology transfer and innovation development. In the period 2009 –2011, the only major change has occurred due to the economic crisis, which led to significant budget reductions. There were no new policy priorities introduced. It is expected that continuation of the Science and Technology project, supported by the World Bank, will play a major role in bridging the current financial gaps and preparation of project pipeline for structural funds.

FYR Macedonia. The main policies that include innovation aspects are usually generated by inter-ministerial working groups. However, the demand-side innovation measures, which are linked with concrete policies' priorities, are mainly implemented within responsible ministries. Since demand-side measures are not strongly addressed in these policies, no specific coordination mechanisms are envisaged. However, for a more efficient coordination of innovation activities between the administration and involved stakeholders in the country, the establishment of additional institutions and associations has been envisaged. For this purpose, the Agency for Promotion of Entrepreneurship and the European Information and Innovation Centre were established. It is expected that the new Technologies and Innovations Agency will have a more concrete role in the coordination between demand and supply-side innovation policies. According to the Programme of the Government of the former Yugoslav Republic of Macedonia for the period 2011-2015, this agency will be established by 2013 and will provide additional institutional support for the innovation system.

Serbia: There are three main governance challenges:

- (i) The absence of a formal innovation policy leading to a situation in which the governance of innovation activities is not coherently structured, organized and budgeted within responsible ministries;
- (ii) Lack of coordination between the responsible authorities; and
- (iii) The concept, purpose and functioning of innovation is not sufficiently understood, developed and accepted in government, business and society. Therefore, the development of the national innovation system in Serbia is currently in a phase of conceptualization and far from being operational and functional.

The direct consequences of such a situation are the preservation of an R&D system created in a time of a quasi-market economy. There are fragments of demand-side behavior in governance of innovation activities, with measures, which could have elements of demand-side innovation policy.

3.4 Research Indicators

Although policy frameworks are emerging at differing rates in Balkan countries, they are all still

relatively weaker when it comes to the advance support needs of enterprises, especially relating to innovation issues and the development of skills. According to some national field research among SMEs, a significant large proportion of small firms - more than 85% in these countries have never collaborated with an external research organization as a means of innovating. This deficit can be seen in the low take-up percentage and frequency in patenting inventions, licensing technology, joint venture and other research and development.

Table 2: WBC RDI Indicators, 2011

	EU27	HR	RS	MK
Enablers	2011	2011	2011	2011
HUMAN RESOURCE				
New doctorate graduates	1.5	0.9	0.5	0.4
Population completed tertiary education	33.6	22.6	20.5	17.1
Youth with upper secondary education	79.0	95.3	84.9	82.8
RESEARCH SYSTEM				
International scientific co-publication	301	324	n.a.	117
Scientific publications among top 10% most cited	10.73	3.07	n.a	n.a
Non EU doctorate students	19.19	2.55	4.13	1.31

Source: ERAWATCH

Table 3: WBC RDI Indicators, 2011

	EU27	HR	RS	MK
FINANCE AND SUPPORT				
Public R&D expenditures	0.76	0.41	0.78	0.14
Venture capital	0.095	n.a	n.a	n.a
FIRM ACTIVITIES				
Firm investments				
Business R&D expenditure	1.23	0.32	0.13	0.04
Non R&D Innovation expenditure	0.71	0.86	0.80	0.90
LINKAGES & ENTREPRENEURSHIP				
SMEs Innovating in-house	30.31	25.60	27.83	11.30
Innovative SMEs collaborating with others	11.16	11.88	3.50	9.60
Public-private co-publications	36.2	17.7	4.2	n.a.
INTELLECTUAL ASSETS				
PCT patent applications	3.78	0.66	n.a.	0.22
PCT patent applications in societal challenges	0.64	0.03	n.a.	n.a.
Community trademarks	5.59	0.44	0.56	0.24
Community designs	4.77	0.14	0.00	0.03
OUTPUTS				
Innovators				
SMEs introducing product or process innovations	34.18	31.48	18.32	39.20
SMEs introducing marketing organizational innovations	39.09	32.46	18.05	30.80
ECONOMIC EFFECTS				
Employment in knowledge intensive activities	13.50	9.90	12.31	10.60
Medium and high-tech product exports	48.23	45.17	26.08	53.43
Knowledge intensive services export	48.13	14.01	45.20	29.35
Sales or new to market and new to firm innovations	13.26	14.41	10.01	9.90
License and patent revenues from abroad	0.51	0.06	0.10	0.06

Source: ERAWATCH

Table 4: R&D Intensity in Western Balkan countries, 2012

	AL	BH	HR	MO	MK	RS
R&D Intensity (GERD/GDP)	0.15	0.02	0.84	1.15	0.23	0.919

Source: ERAWATCH

4. DISCUSSION

Concerning the need of Western Balkan countries to go further faster with innovative production and services, to improve competitiveness and sustainability it is very welcomed to work more regionally coordinated on the issues of innovation and entrepreneurship development. So, Regional R&D Strategy for Western Balkan countries for Innovation, First Draft in 2012 has been written with further proposed Funds founding: Research Excellence Fund, Grant for international collaboration in research, Young Researchers Grant, Training grants. The Technology Transfer facility (ITF) is planned with a goal to make better use of the knowledge base for regional economic development through higher levels of marketable research and value creation, to help spur new business potential form academia and assist institutions and their technology transfer offices in the management of the regional research pool and commercialization of research outcomes. One stop shop for local and foreign investors, is planned to be opened, as well as business development services and mentoring, to be organized deploy co-investment and risk mitigation instruments attracting potential investors in the early stages covering in particular seed and star up phases, all with Innovation Exercise (WISE) as implementing body.

5. CONCLUSIONS

Policy makers can assist SMEs to strengthen their innovation capacities by measures as developing support services, strengthening links between research centres and SMEs, and facilitating the development of clusters. EU Small Business Act encourages governments to undertake several broad activities in the area of innovation as: Strengthen programmes to promote innovative clusters and networks to provide support to high-growth SMEs; Ensure simplified access to public research infrastructure and national research programmes, and active participation of SMEs in transnational research activities, as well as foster innovative activities and the commercialisation of knowledge through the development of financial and technological support. In the EU pre-accession economies as Western Balkans very important is the framework for Dimension 8b- innovation policy for SMEs.

Governments can create a favorable environment for the growth of innovative enterprises through the implementation of a comprehensive innovative strategy, covering the full spectrum of technological and non-technological innovative activities. Developing a strategic approach to innovation policy is key, as it underpins the government's commitment to foster financial support schemes, and innovation support services for SMEs. This policy is at an early stage of development in the Western Balkans, there is little budget provision for SME innovation programmes and few economies have established a co-ordination body and adapted a sound overarching strategy for innovation. Croatia (score for policy coordination and strategic approach for 2012 is 3.5) and Serbia (score is 3.25) have the most developed innovation policy infrastructure, and Croatia has set up a co-ordination body for innovation, has the Council for the National Innovation System. Serbia offers the most evidence for implementation of innovation strategy. Albania (score is 2.75) has set up an innovation Steering committee and is in an early stage of implementing its innovation strategy. FYR Macedonia (score is 2.25) designs a comprehensive innovation strategy, Montenegro (score is 1.75) and Bosnia and Herzegovina (score for policy coordination and strategic approach for 2012 is 1.75) lack any institutional framework for innovation.

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URBAN ART AND THE LOCAL MEDIATISATION*IN THE RELATIONSHIP OF THE REGIONAL MEDIATIZATION AND THE URBANISATION***ABSTRACT**

How can we define the meaning of art exactly? Behind the theoretical and philosophical opinions we should examine the relationships between the urban places, the social methods, and between arts. In this process we need to speak about the progressive approaches, how can the modern and the traditional values live together.

We shouldn't forget, that the local and the regional media also can help us in this case.

Most people think, that street art is not more than the vulgar display of power. Since the professional artists think the same, the question occurs: can't we do anything to change this opinion?

People shouldn't mix the tags and the doodlings with the aspiration of fine arts. We have more reasons to make urban art more attractive.

Key words: art, urban art, local policy, regionalisation, mediatization

JEL Classification: R58; R59, Z11

INTRODUCTION

What is art exactly, and who can determine that concept? Facts and rules are shaping our point of view, when we talking about arts, and also when we try to determine the differences between objects and artworks. The philosophical and esthetical definitions give an eternal doubt to us. How can we find the truth in the rushing world, how can we find the independence from the single stories?⁶ That's a hard work, and the intercultural differences and the economical globalization also makes the definition harder. Beside the concept of arts we have to deal with the concept of beauty.

As in Shakespeare's Macbeth the witches say: „Fair is foul, and foul is fair.”⁷ So, in our point of view it's also hard to find the truth. Why? Because when we try to talk about beauty we usually forget the ordinary opinions, or, we give too much attention to that. We must not forget: in one truth there are always more truths, as every night can hide inside the possibility of the eternal darkness.

The spiral of silence is a political science and mass communication theory propounded by the German political scientist Elisabeth Noelle-Neumann. Spiral of silence theory describes the process by which one opinion becomes dominant as those who perceive their opinion to be in the minority do not speak up because society threatens individuals with fear of isolation. The assessment of one's social environment may not always be correct with reality.

Introduced in 1974, the Spiral of Silence Theory is one that explores hypotheses to determine why some groups remain silent while others are more vocal in forums of public disclosure.

This theory explains the formation of social norms. It occurs at both the micro and macro level. As a micro-theory, the spiral of silence examines opinion expression, controlling for people's predispositions - such as fear of isolation, and also demographic variables that have been shown to influence people's willingness to publicly express opinions on issues, such as agricultural biotechnology. The spiral of silence occurs on a macro level if more and more members of the perceived minority fall silent. This is when public perceptions of the opinion climate begin to shift. In other words, a person's individual reluctance to express his or her opinion, simply based on perceptions of what everyone else thinks,

⁶ *The danger of a single story*, Chimamanda Adichie, Nigerian writer's lecture, TED Global Conference, July, 2009. Oxford. The video is available in 40 languages: http://kultplay.hu/2009/11/03/the_danger_of_a_single_story

⁷ William Shakespeare, Macbeth. Act I., Scene I.

has important implications at the social level. As one opinion gains the interest of the majority, the minority faces threat and fear of isolation from society. As the opinion gains momentum by the majority, the minority continues to be threatened and falls deeper into their silence. It continues until the minority no longer speaks out against it, and the opinion of the perceived majority ultimately becomes a social norm.⁸

As the upper determination shows, in the process of judgment we use the theory of the spiral of silence. Accordingly, we can use this method also in the case of arts.

URBANIZATION AND LOCAL POLICY

Because of the urbanization trends of the 21st century, there are drastic processes in the spread of settlement all over the world. In most cases these processes care about neither the natural values, nor the landscape itself, nor the local identity. The information revolution as the product of the globalization and the system of the networks can be the source of the city appraisal. That creates the Global City where the center of knowledge is the workplace of high qualified citizens. The architectural high-tech decreases the demand and the emission of energy. Because of the information revolution both the commuting both the daily local traffic may fall off. In the same time this level of globalization means that the badinage to the workplace, to the work process, to the city and to the public places vanishes or at least loses strenght.

Thanks to the development of transportation and communication the economy and the culture get global sizes. Against the globalization the localpatriotizm starts to come into fashion. This new wave is like a modern renaissance because it builds that common cohesion, that determined the city life during the centuries.

Beside all we musn't forget the role of art. Some people still think that the modern pieces of art can't be pasted into the classical environment and that the classical values also can't live together with the modern environment. If we can find the balance and artist can create new values collaborating with local policy, than these characteristics may be the bases of a new city image. This can be a kind of brand for the city.

The European Cultural Capital Program is a good example for this. In 2010 Istanbul, the German Essen and the Hungarian Pécs filled this position. The stucture of the city gets more vivid by the art connections and by the new approach of space. As we can see, a city is never a finished artwork. Cities need a continuous change, and that's the point, where art can help. After a time cultural programs, open-air exhibitions and installations can build in the life of the cities. It's also not rare, that contemporary artworks get temporary positions.

VULGAR DISPLAY OF ART?

Most poeple think, that the art is a kind of transcendent coming out of our soul and so we have to keep the artworks in definitely emphasized places. Music, painting, sculpturing dominate in our mind. But what kind of music, paintig, sculpturing, etc. we talking about? The academical style rule them all.

And now the next segment comes: What is Street Art? „There is as yet no simple definition of street art. It is an amorphous beast encompassing art which is found in or inspired by the urban environment. With anti-capitalist and rebellious undertones, it is a democratic form of popular public art probably best understood by seeing it in situ. It is not limited to the gallery nor easily collected or possessed by those who may turn art into a trophy. Considered by some a nuisance, for others street art is a tool for communicating views of dissent, asking difficult questions and expressing political concerns.

Its definition and uses are changing: originally a tool to mark territorial boundaries of urban youth today it is even seen in some cases as a means of urban beautification and regeneration. Whether it is regarded as vandalism or public art, street art has caught the interest of the art world and its lovers of beauty.”⁹ But the answer is not so simple, don't need to be rebell if somebody wants to be creative, or wants to be an artist. And what is the different between a spin doctor and an artist?

⁸ http://en.wikipedia.org/wiki/Spiral_of_silence

⁹ What is Street Art? Vandalism, graffiti or public art- Part I

<http://artradarjournal.com/2010/01/21/what-is-street-art-vandalism-graffiti-or-public-art-part-i/>

THE BANSKY PHENOMENON

Banksy and his myth is the most powerful and the best media hack ever. After the pseudo documentary film *Exit through the Gift Shop* (2010.) lots of people think that Banksy really exists. But, according to my opinion, the Fantasy Land and the Real World don't have common borders in this case.

The story is simple, we have an independent artist, who doesn't make just street art, but makes fine art works too, and travels around the world, so we can find his drawings from the UK to Afrika and also in the USA. Also he has exhibitions, but he was never in place. Why? Banksy may not exist. He is probably not a real person, he is a trademark as Nike or Harley Davidson. But a good sounding trademark.

When somebody visits his website, immediately finds the logo with the TM marking. Sad to say, the published Hungarian book about his art gives not more, just the pictures from the movie. I have a strong feeling, that there is an artist group behind the name.

It doesn't matter if the mechanism works. Via the viral marketing more and more people get to know the street art and so that kind of art gains a *raison d'être*. The Banksy campaign priced the street art, and does the agenda setting continuously, and by that, brought up this draughtsmanship to the mainstream. This generated another influence: the mainstream of fine arts seems to discover those roots, which some interest-group would like to see beyond the Pantheon of Arts since the 80's.¹⁰

IS STREET ART VANDALISM?

The artist of the streets are renegates nowadays, because a fanatic graffiti maker doesn't degrade him- or herself to the level of classical art. For them showing their works in galleries would be a betrayal. They prefer the *Carpe Diem* feeling, because graffiti is temporal.

Actually every artwork is caducous, let it be painting on canvas or marble sculpture. We are disposed to believe that the gentle materials have affected phantos. The ideologies about quality make both the artist, both the spectator pharisiac, in this way people, who are disposed to that, will be lost forever in the Labyrinth of Dogmas. But we mustn't to be libertines, we have to give the respect for everyone. Nippers who tag onto the walls, do that just for kicks. We shouldn't mix them with the real street artists. That kind of doodlings don't belong to street art. Taken all around we can say: We mustn't keep art locked up, let's keep art break out from the prisons of the museums.

HOW CAN HELP US THE REGIONAL MEDIATIZATION? ¹¹

The changes that have been introduced lately in the European Union affected several levels of regional organization. Yet they have not realized an overall system that could be put in effect after criteria have changed. Since both politics and space can be defined only with difficulties, and, what's more, since space – according to the regional and local episteme that discuss space – can be defined mostly in terms of its geographic extension, the social discourse of space often crops up as a question of local government exclusively, and in some cases are considered as problems of government and organization.

But updated approaches of political science, philosophy, sociology, anthropology and art cannot get stuck at this level: attention ought to be paid to the symbolic representation of regional phenomena, like the opinion generating effects of the media which more and more influence parts of the society both on the local and on a nationwide level.

Joining the European Union has opened new dimensions in the analysis of the media (both electronic and printed media), since the Union's directives exclusively concern the radio and the television, and the legal organization of the printed press is the individual member countries' competence, a matter of internal government.

These fact, however, are not sufficient for our purposes and we also have to consider those economic segments that have made the division of the market and the polis¹² viable (c.f. marketability and public service)

¹⁰ The artworks of Jean-Michel Basquiat and Keith Haring has the same roots what the present's street artists would like to stand for. If somebody displays essential street art in authentic environment, it doesn't mean that he wants this genre lock up in a cage or tame it. In spite of this if it happened that would mean the death of this genre.

¹¹ The author of this article has examined Hungarian and European samples.

which has generated a very different and brand new order of consumption in the world of the news. The present local structure still incorporates long-term determinations, yet the present spatial operation and organization of the economy and the society cannot be derived from processes of the past. Processes of globalization and increasingly important problems of the shaping of information networks and that of the protection of the environment play more and more influence.

IDENTITY AND MEDIATISATION

In the 1990s the sovereign subjects of the nation states became strategic agents trying to recognize their interests and the interests they represented in the context of a systematically distributed sovereignty in the global system of interaction. They may exercise considerable influence but they do not have power in comparison with the supranational macro powers and the subnational micro processes. On the one hand, to promote the performance and the marketability of their economies they have to make a tight alliance with global economic interests and they have to conform to the global rules that are promoting stock exchange, while they ask their societies to be patient till the people's interest deriving from corporate inventiveness gets to them.

On the other hand, nation states survive partly because of a historic inactivity, partly because they are the form in which the nations and the people hosted in the states' territory can have their last resort and hope against the whirlwind of global processes. That is, the more a state underlies social bonding, the less effective it becomes as one of the agents in the global system of distributional power. The more successful they become on the planetary scene the less effective they are in representing their national voters. This basic contradiction was defining the politics of the millennium almost all over the world.

To maintain and to develop cultural identity and the sovereign forms of communication communities and individuals will have to cope both with mass media technology and with the code monopolizing empire of picture production that also increasingly degenerates interpersonal communication.

Manuel Castels thinks that the conflicting trends of globalization and identity have been forming our world and our lives. The revolution in informational technology and the restructuring of capitalism generated new forms of society: the network society. Due to new communicational technologies the local media, especially the radio and the cable television have extremely increased their scope parallel with the globalization of the media. Most of these media – that often transmit programmes in collaboration with other local media – have made strong ties with definite wide ranges of the audience while avoiding the standardized programmes of the mass media. This way they get rid of the traditional (immediate or mediate) channels of control that nation states have given birth to generating tv-networks and also in contrast with major newspapers. The local and regional media employs flexible communicational technologies and their political autonomy has been increasing in the formation of public opinion – this was forming a trend as important as the globalization of the media.¹³

THE REGIONALIZATION OF THE MEDIA

The Regional Committee made a statement as a conclusion of the debate that concerned the evaluation of structure, foci and context in October 2005 where in the 19th entry they mention the indispensable role of the regional media, especially that of local press, especially because the latter is intelligible and can communicate with the citizens in their own languages.

In Hungary there are no linguistic boundaries, yet in singular cases regional specificities can make regional communication important.¹⁴ No one else will spot the loci and mode of changes for the codifiers

¹² Deborah Stone defines the market as a social system in which the individuals are keen on their own welfare via the exchange of things with other individuals.

¹³ According to Bourdieu, the social area's and the social field's relationship is: the area is the whole, the field is just a piece of it. Bourdieu analyses the territory of the relative homogeneous classes.

¹⁴ The open hearing of citizens' problems and fears and the definition of their troubles problems with the help of the media in collaboration with the European Parliament. The **RB** – in collaboration with other European institutions and with the financial support of the European Committee – would organize local and regional media sessions every year. The scheduled date of the first session is in 2006.

but the local television people. So they themselves will have to make the law change the way it ought to change in order to maintain local television operation. In case of televisions in the possession of local governments the indispensable condition of operation is the cooperation with the local government as the owner of the medium.

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WORLD INVESTMENT REPORT 2013: “GLOBAL VALUE CHAINS: INVESTMENT AND TRADE FOR DEVELOPMENT”**ABSTRACT**

I welcome you to the launch of the 2013 edition of the World Investment Report. The Report, as always, examines recent trends in FDI flows and policies. This year's special topic is around Global Value Chains and Development. The Report provides an in-depth analysis, strategic development options and practical advice for policymakers and others on how to maximize the benefits and minimize the risks associated with global value chains. This is essential to ensure more inclusive growth and sustainable development. Hence the sub-title of the Report: *Global Value Chains: Investment and Trade for Development*

Keywords: foreign direct investment, investment policy, global value chain, trade development

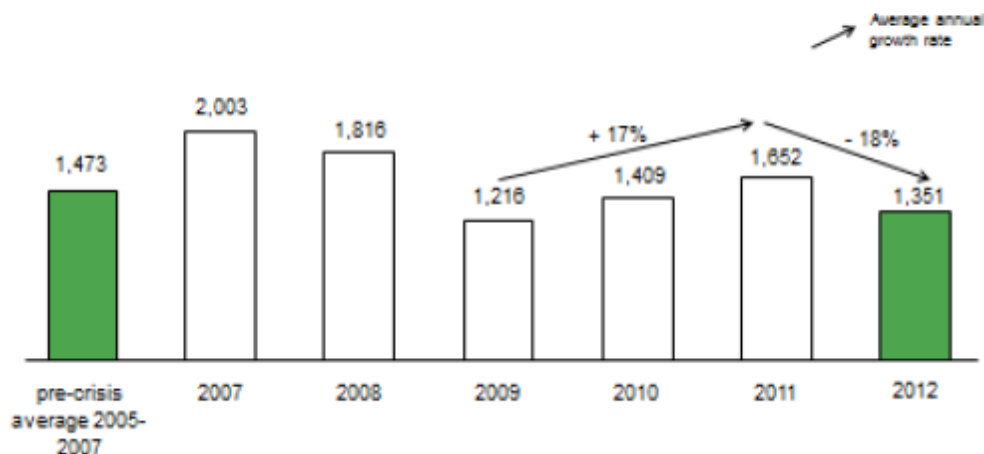
JEL Classification: F01, F13, F21, F62

INTRODUCTION

The presentation is structured around three main topics: global and regional FDI trends; recent policy developments related to FDI, both at national and international levels; and – this year's special topic – global value chains and development.

FOREIGN DIRECT INVESTMENT**FDI recovery road proves bumpy, with 18% decline in 2012**

Global FDI inflows
(Billions of dollars)



Global foreign direct investment (FDI) fell by 18 per cent to \$1.35 trillion in 2012. This sharp decline was in stark contrast to other key economic indicators such as GDP, international trade and employment, which all registered positive growth at the global level. Economic fragility and policy uncertainty in a number of major economies gave rise to caution among investors. Furthermore, many transnational corporations (TNCs)

reprofiled their investments overseas, including through restructuring of assets, divestment and relocation. The road to FDI recovery is thus proving bumpy and may take longer than expected.

Flows in 2013 are expected to remain close to 2012 level, and could rise in 2014 – 2015

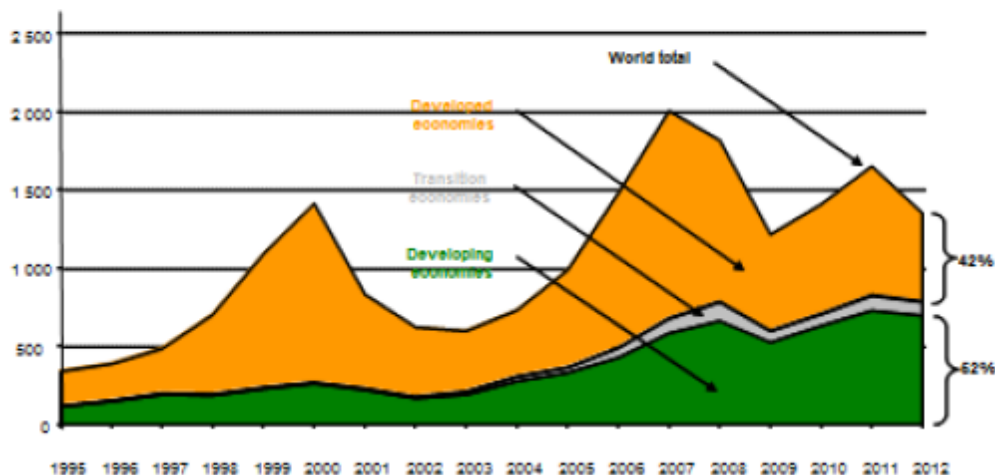
Global FDI flows 2004 – 2012, and projections 2013 – 2015
(Billions of dollars)



FDI flows in 2013 are expected to remain close to the 2012 level, with an upper range of \$1.45 trillion – a level comparable to the pre-crisis average of 2005–2007. As macroeconomic conditions improve and investors regain confidence in the medium term, TNCs may convert their record levels of cash holdings into new investments. FDI flows may then reach the level of \$1.6 trillion in 2014 and \$1.8 trillion in 2015. However, significant risks to this growth scenario remain. Factors such as structural weaknesses in the global financial system, the possible deterioration of the macroeconomic environment, and significant policy uncertainty in areas crucial for investor confidence might lead to a further decline in FDI flows.

Developing economies surpass developed economies as FDI recipients for the first time

FDI inflows by group of economies, 1995 – 2012
(Billions of dollars)



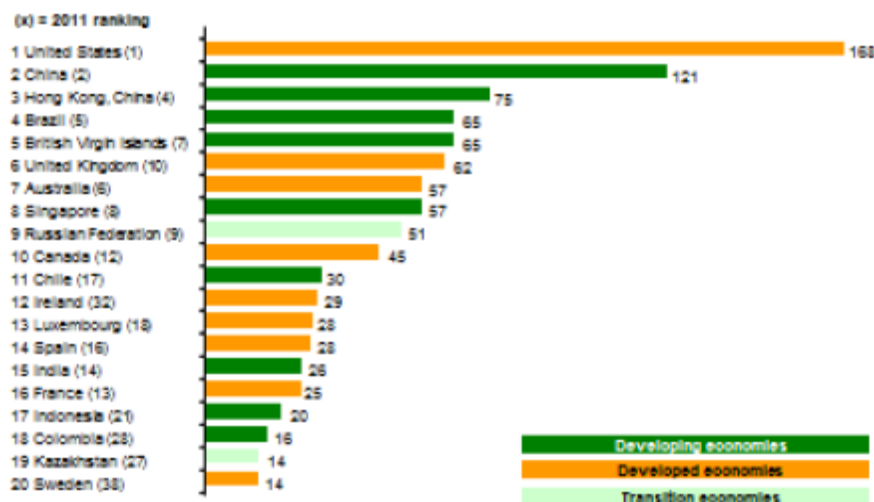
Developing countries take the lead. FDI flows to developing economies proved to be much more resilient than

flows to developed countries, recording their second highest level – even though they declined slightly (by 4 per cent) to \$703 billion in 2012. They accounted for a record 52 per cent of global FDI inflows, exceeding flows to developed economies for the first time ever, by \$142 billion. The global rankings of the largest recipients of FDI also reflect changing patterns of investment flows: 9 of the 20 largest recipients were developing countries.

9 of the 20 largest FDI recipients are developing economies

Top 20 host economies, 2012

(Billions of dollars)

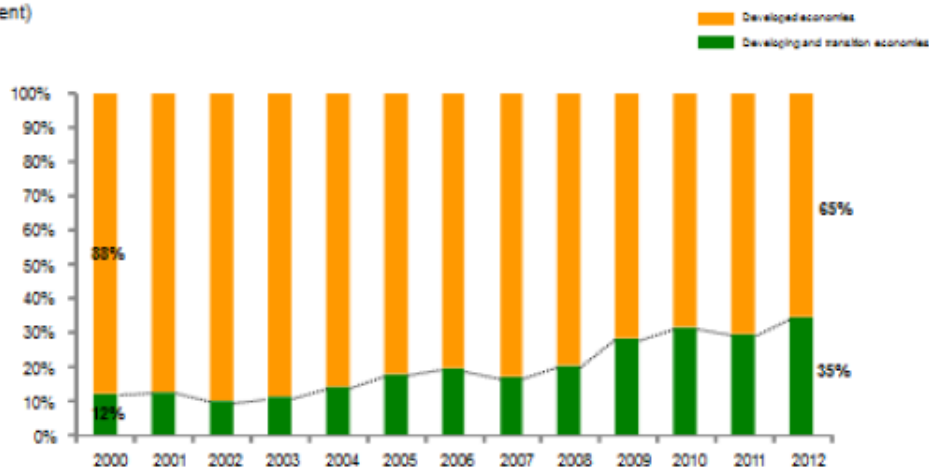


The global rankings of the largest recipients of FDI also reflect changing patterns of investment flows. Four developing economies now rank among the five largest recipients in the world; and among the top 20 recipients, the majority (12) are developing and transition economies.

Outward FDI from developing economies accounts for 1/3 of global total

Shares in global FDI outflows, by group of economies, 2000–2012

(Per cent)

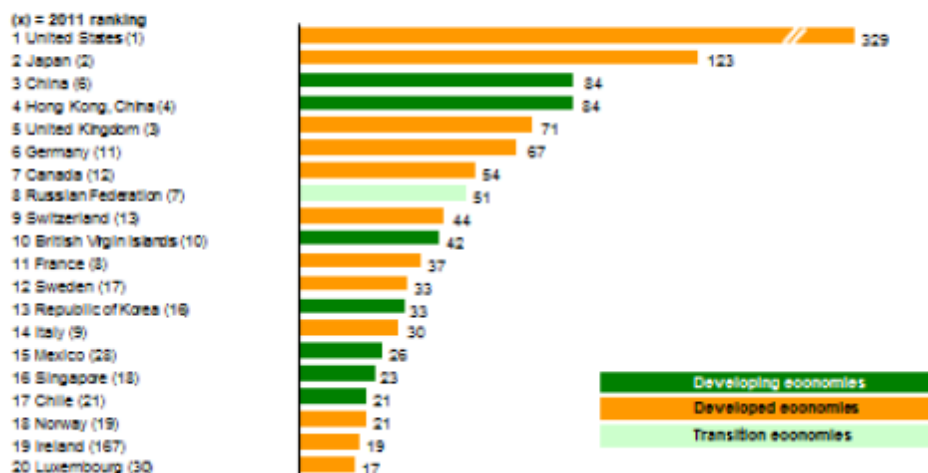


Developing economies' outflows reached \$426 billion, a record 31 per cent of the world total. Despite the global downturn, TNCs from developing countries continued their expansion abroad. Conversely, FDI outflows from developed countries dropped to a level close to the trough of 2009. The uncertain economic outlook led TNCs in developed countries to maintain their wait-and-see approach towards new investments or to divest foreign assets, rather than undertake major international expansion. In 2012, 22 of the 38 developed countries

experienced a decline in outward FDI, leading to a 23 per cent overall decline.

China moves up from the sixth to the third largest investor, after the United States and Japan

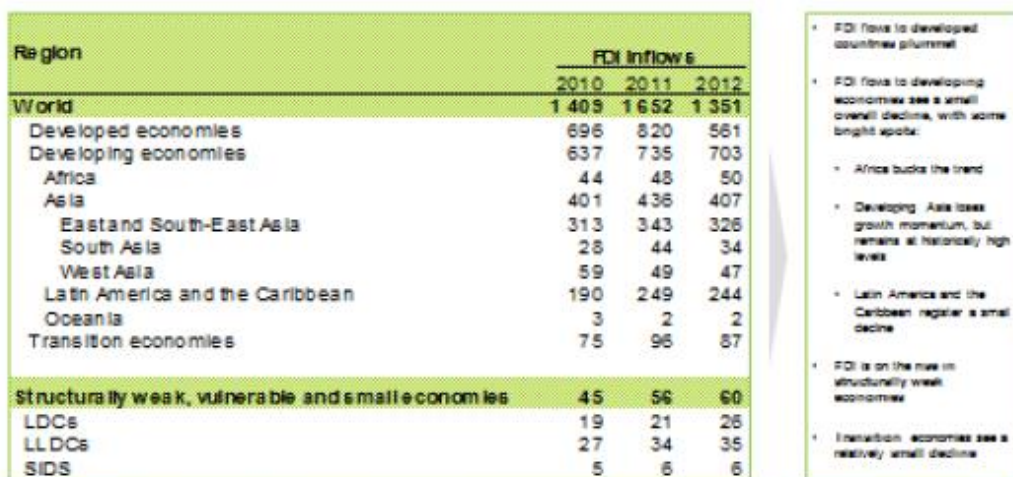
Top 20 investor economies, 2012
(Billions of dollars)



The global ranking of the largest FDI investors shows the continuing rise of developing and transition economies. Two developing countries now rank among the five largest foreign investors in the world, and for the first time ever, China was the world's third largest investor, after the United States and Japan.

Global FDI drop is due to developed economies, flows into developing regions remain at their high level

FDI inflows by region, 2010–2012
(Billions of dollars)



Looking at regional patterns, FDI flows from and to developed economies plummeted. In developed countries, FDI inflows fell drastically, by 32 per cent, to \$561 billion – a level last seen almost 10 years ago. The majority of developed countries saw significant drops of FDI inflows, in particular the European Union, which alone accounted for two thirds of the global FDI decline. Outflows from developed economies, which had led the recovery of FDI over 2010–2011, fell by 23 per cent to \$909 billion – close to the trough of 2009. Both Europe and North America saw large declines in their outflows, although Japan bucked the trend, keeping its position as

International production continues to grow at a steady pace

Selected key performance indicators, foreign affiliates of TNCs, 2012

	Change vs. 2011
72 million of employees	+6%
\$26 trillion of sales	+7%
\$7 trillion of value added (~9% of global GDP)	+6%
\$87 trillion of managed assets	+4%

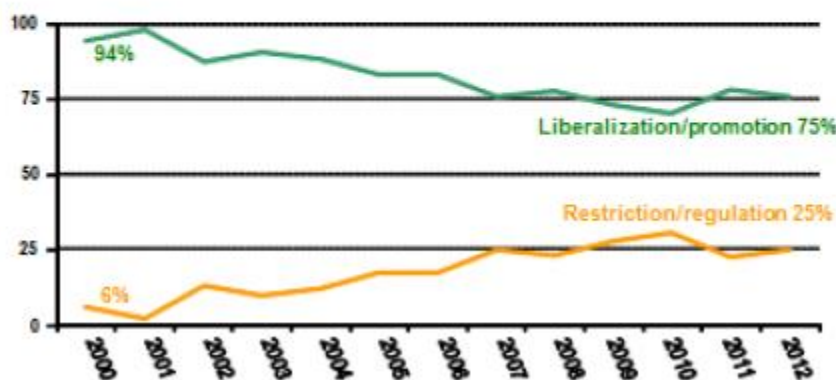
International production of TNCs continues to expand at a steady rate because FDI flows, even at lower levels, add to the existing FDI stock

In 2012, international production by TNCs continued to expand at a steady rate because FDI flows, even at lower levels, add to the existing FDI stock. FDI stocks rose by 9 per cent in 2012, to \$23 trillion. Foreign affiliates of TNCs generated sales worth \$26 trillion (of which \$7.5 trillion through exports), increasing by 7.4 per cent from 2011. They contributed value added worth \$6.6 trillion, up 5.5 per cent, which compares well with global GDP growth of 2.3 per cent. Their employment numbered 72 million, up 5.7 per cent from 2011.

I move now to the presentation of the recent policy developments related to FDI. I first present the developments in national investment policy making and then move to international investment policies.

Most countries remain keen to attract FDI while becoming more selective and reinforcing regulatory frameworks

Changes in national investment policies, 2000 – 2012
(Per cent)

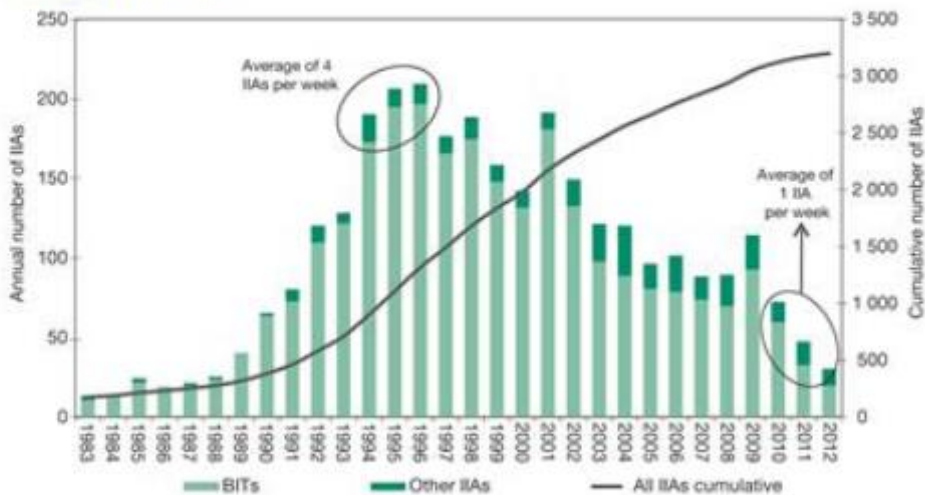


Looking at national investment policymaking, we see that *most governments remain keen to attract and facilitate foreign investment* and specifically target those investments that generate jobs, deliver concrete contributions to alleviate poverty, or help tackle environmental challenges. *At the same time, we see that numerous countries reinforce their*

regulatory environment for foreign investment, make more use of industrial policies in strategic sectors, tighten screening and monitoring procedures, and closely scrutinize cross-border M&As.

In 2012, at least 53 economies around the globe adopted 86 policy measures relating to foreign investment. The bulk of these measures, 75 per cent, referred to investment liberalization, facilitation and promotion. At the same time, the share of FDI-related regulations and restrictions rose to 25 percent, confirming a long-term trend after a temporary reverse in 2011.

The number of newly signed IIAs continues to decline but the total number has reached 3,196
Trends in IIAs, 1983–2012



Looking at international investment policymaking – or international investment agreements (IIAs) – we can see that the number of newly signed agreements continues to decline. More specifically, 2012 saw the conclusion of 30 IIAs. This includes 20 bilateral investment treaties (BITs) and 10 "other IIAs", such as integration or cooperation agreements with an investment dimension. As a result, by the end of 2012, the IIA regime consisted of 3,196 agreements, which included 2,857 BITs and 339 "other IIAs".

The 20 BITs signed in 2012 represent the lowest annual number of concluded treaties in a quarter century. From 2010 to 2012, on average one IIA was signed per week. This was a quarter of the frequency rate during the peak period in the 1990s, when four treaties were concluded per week on average.

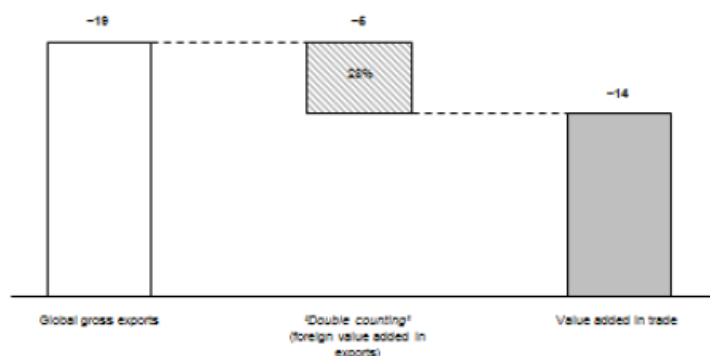
GLOBAL VALUE CHAIN AND DEVELOPMENT

I will dedicate remaining time this year's special Value Chains: and Trade for Development.

Trade is increasingly driven by global value chains (GVCs), leading to a significant amount of double counting

Value added in global trade, 2010
(Trillions of dollars)

ESTIMATES



the to illustrating topic: Global Investment

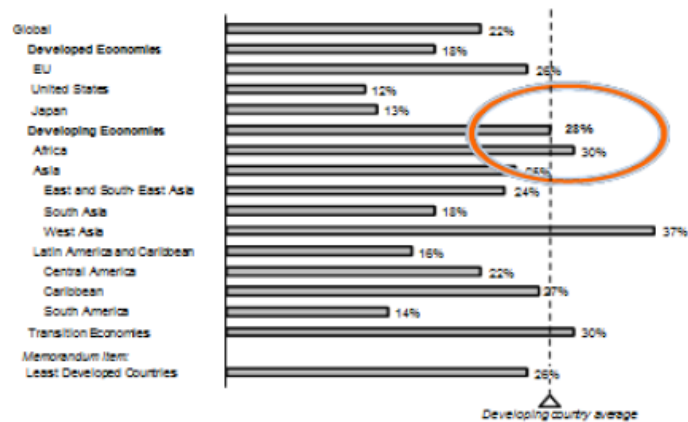
Today's global economy is characterized by global value chains (GVCs), in which intermediate goods and services are traded in fragmented and internationally dispersed production processes.

GVCs lead to a significant amount of double counting in trade, because intermediate goods and services may cross borders several times before final consumption. Raw material extracted in one country may be exported first to an affiliate in a second country for processing, then exported again to a manufacturing plant in a third country, which may then export the manufactured product to a fourth for final consumption. The value of the raw material counts only once as a GDP contribution in the original country but is counted several times in world exports.

Today, some 28 per cent of gross exports consist of value added that is first imported by countries only to be incorporated in products or services that are then exported again. Some \$5 trillion of the \$19 trillion in global gross exports (in 2010 figures) is double counted.

The contribution of GVCs to economic growth can be significant

Domestic value added in trade as a share of GDP, by region, 2010
(Per cent)

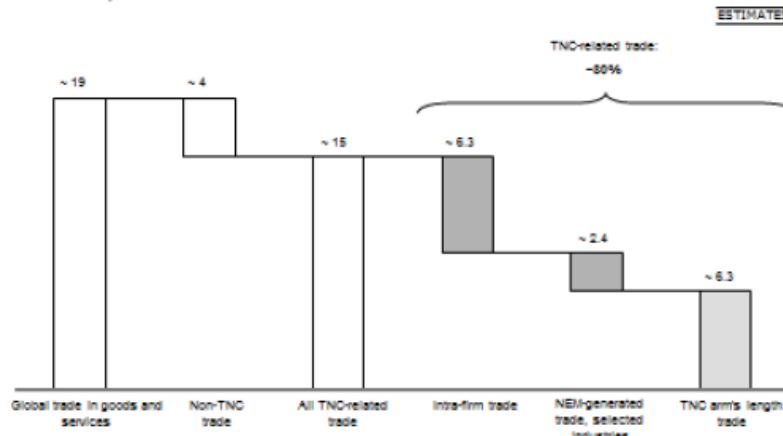


The contribution of GVCs to economic growth can be significant. In developing countries, value added trade contributes nearly 30 per cent to countries' GDP on average, as compared with 18 per cent in developed countries. And

there is a positive correlation between participation in GVCs and growth rates of GDP per capita. GVCs have a direct economic impact on value added, jobs and income.

GVCs are typically coordinated by TNCs

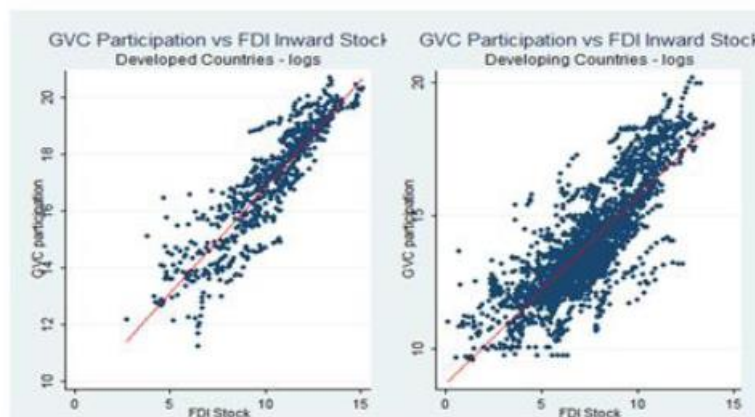
Global gross trade (export of goods and services), by type of TNC involvement, 2010
(Trillions of dollars)



GVCs are typically coordinated by TNCs, with cross-border trade of inputs and outputs taking place within their networks of affiliates, contractual partners and arm’s-length suppliers. TNC-coordinated GVCs account for some 80 per cent of global trade.

The presence of TNCs drives GVC participation

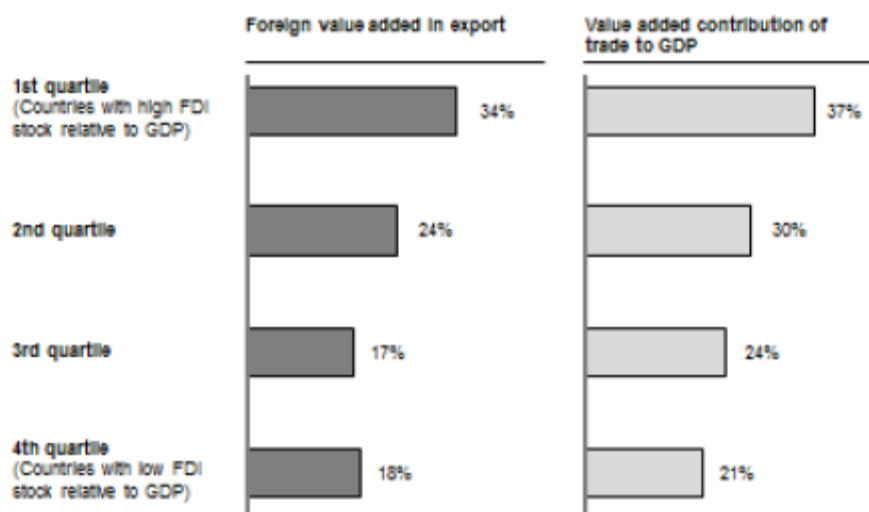
Correlation between inward FDI stock and GVC participation, 187 countries, 1990 – 2010



As a result of the role of TNCs in global trade, foreign direct investment, or FDI, is closely linked with countries’ GVC participation. The correlation between FDI stock in countries and their GVC participation rates is strongly positive, and increasingly so over time, especially in the poorest countries, indicating that FDI may be an important avenue for developing countries to gain access to GVCs and grow their participation.

FDI shapes patterns of value added in trade

Key value added trade indicators (median values), by quartile of FDI stock relative to GDP, 2010

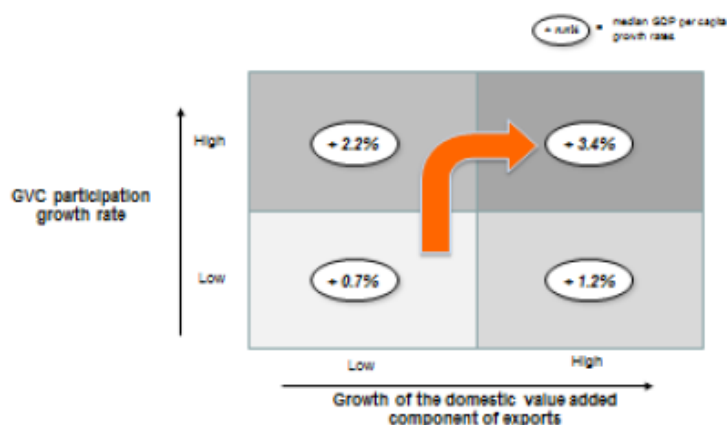


Patterns of value added trade in GVCs are shaped to a significant extent by the investment decisions of TNCs. Ranking countries by the ratio of FDI stock over GDP and grouping them in quartiles shows that the group of countries with most FDI relative to the size of their economies tend to have:

1. higher foreign value added in their exports (foreign affiliates of TNCs producing for exports tend to use value added produced by other parts of the TNC production network); and
2. a higher relative share in global value trade compared their share in global exports.

Longer term, the ideal development path involves not just participation but also domestic value added creation

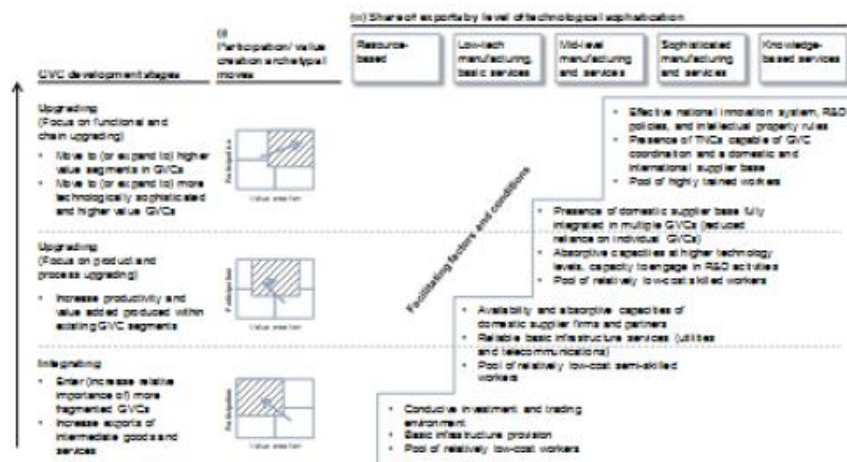
GDP per capita growth rates for countries with high/low growth in GVC participation, and high/low growth in domestic value added share, 1990-2010



Most developing countries have seen increasing participation in GVCs over the past 20 years (moving from the lower to the higher end of the matrix shown here), almost invariably at the cost of a higher share of foreign value added in exports, at least initially.

As is clear from the matrix, which shows the highest rate of per capita GDP growth in the top right quadrant, *the optimal policy outcome is higher GVC participation combined with or followed by higher domestic value added creation* (i.e. moving not just upwards but also towards the right).

A number of factors and conditions may facilitate ‘climbing’ the GVC development ladder



Climbing the GVC development ladder implies not only increasing GVC participation and increasing domestic value added in exports. It also means moving into activities that can provide more development value added and increasing participation in more sophisticated GVCs, from resource-based activities, to low-, medium- and high tech activities, to knowledge-based activities such as design, innovation, R&D, marketing and branding. In other words, climbing the ladder means moving up and to the right of the chart presented here.

At each step along the GVC development ladder – defined by opportunities to *increase participation* and to *upgrade* along GVCs – there are a number of facilitating factors and conditions that countries need to put in place, which are discussed in-depth in the Report.

So far I have discussed the contribution of GVCs to development, which can be significant. GVCs have a direct economic impact on value added, jobs and income. They can also be an important avenue for developing countries to build productive capacity, including through technology dissemination and skill building, thus opening up opportunities for longer-term industrial upgrading.

However participation in GVCs also involves a number of risks:

- The GDP contribution of GVCs can be limited if countries capture only a small share of the value added created in the chain.
- A large part of GVC value added in developing economies is generated by affiliates of TNCs, which can lead to relatively low “value capture”, e.g. as a result of transfer pricing or income repatriation.
- Technology dissemination, skill building and upgrading are not automatic. Developing countries face the risk of remaining locked into relatively low value added activities.
- Environmental impacts and social effects, including on working conditions, occupational safety and health, and job security, can be negative.
- And the potential “footlooseness” of GVC activities and increased vulnerability to external shocks pose further risks.

Thus, sound policies are needed to maximize the benefits and minimize the risks associated with GVCs.

Countries need to make a strategic choice whether or not to promote GVCs

- Countries need to carefully weigh the pros and cons of GVC participation, and the costs and benefits of proactive policies to promote GVCs or GVC-led development strategies, in line with their specific situation and factor endowments
- Some countries may decide not to promote GVC participation. Others may not have a choice: for the majority of smaller developing economies with limited resource endowments there is often little alternative to development strategies that incorporate a degree of participation in GVCs. The question for those countries is not so much *whether* to participate in GVCs, but *how*. In reality, most countries are already involved in GVCs one way or another
- Promoting GVC participation requires targeting specific GVC segments, i.e. GVC promotion can be selective. Moreover, GVC participation is only one aspect of a country's overall development strategy

First of all, countries need to make a strategic choice on whether or not to promote GVCs. They need to carefully weigh the pros and cons of GVC participation, and the costs and benefits of proactive policies to promote GVCs or GVC-led development strategies, in line with their specific situation and factor endowments. Some countries may decide not to promote GVC participation. Others may not have a choice: for the majority of smaller developing economies with limited resource endowments there is often little alternative to development strategies that incorporate a degree of participation in GVCs. The question for those countries is not so much *whether* to participate in GVCs, but *how*. In reality, most are already involved in GVCs one way or another. Promoting GVC participation requires targeting specific GVC segments, i.e. GVC promotion can be selective. Moreover, GVC participation is one aspect of a country's overall development strategy.

Policies matter to make GVCs work for development

A policy framework for GVCs and development

Embedding GVCs in development strategy	<ul style="list-style-type: none"> • Incorporating GVCs in industrial development policies • Setting policy objectives along GVC development paths
Enabling participation in GVCs	<ul style="list-style-type: none"> • Creating and maintaining a conducive environment for trade and investment • Putting in place infrastructural prerequisites for GVC participation
Building domestic productive capacity	<ul style="list-style-type: none"> • Supporting enterprise development and enhancing the bargaining power of local firms • Strengthening skills of the workforce
Providing a strong environmental, social and governance framework	<ul style="list-style-type: none"> • Minimizing negative effects and risks associated with GVC participation through regulation, public and private standards • Supporting local firms in complying with international standards
Synergizing trade and investment policies and institutions	<ul style="list-style-type: none"> • Ensuring coherence between trade and investment policies • Synergizing trade and investment promotion and facilitation • Creating 'Regional Industrial Development Compacts'

Second, policies are needed to make GVCs work for development. If countries decide to actively promote GVC participation, policymakers should first determine where their countries' trade profiles and industrial capabilities stand and then evaluate realistic GVC development paths.

Gaining access to GVCs and realizing upgrading opportunities requires a structured approach that includes

- embedding GVCs in industrial development policies (e.g. targeting GVC tasks and activities);
- enabling GVC growth by creating a conducive environment for trade and investment and by putting in place infrastructural prerequisites; and
- building productive capacities in local firms and skills in the local workforce.

To mitigate the risks involved in GVC participation, these efforts should take place within a strong environmental, social and governance framework, with strengthened regulation and enforcement and capacity-building support to local firms for compliance.

Finally, UNCTAD proposes three specific initiatives:

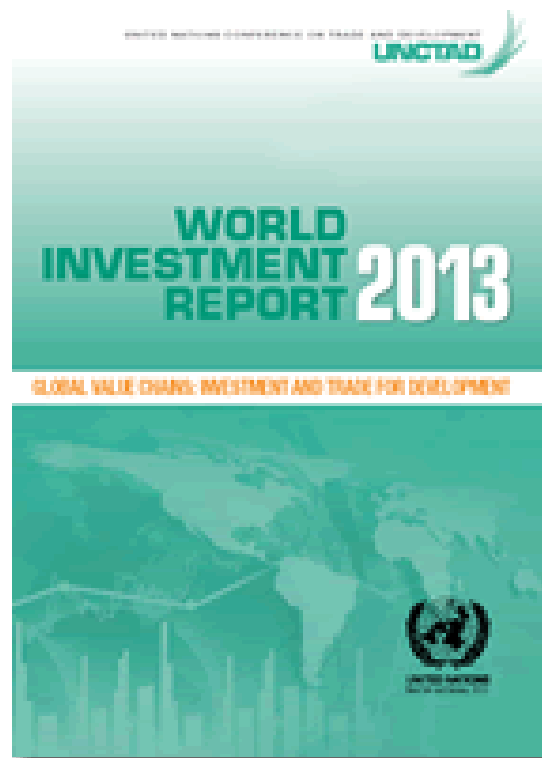
1. *Synergistic trade and development policies and institutions.* Trade and investment policies often work in silos. In the context of GVCs they can have unintended and counterproductive reciprocal effects. To avoid this, policymakers – where necessary, with the help of international organizations – should carefully review those policy instruments that simultaneously affect investment and trade in GVCs; i.e. trade measures affecting investment and investment measures affecting trade. Furthermore, at the institutional level, the trade and investment links in GVCs call for closer coordination and collaboration between trade and investment promotion agencies.
2. *Sustainable export processing zones (EPZs).* Sustainability is becoming an important factor for attracting GVC activities. EPZs have become significant GVC hubs by offering benefits to TNCs and suppliers in GVCs. They could also offer – in addition to or in lieu of some existing benefits – expanded support services for corporate social responsibility (CSR) efforts to become catalysts for CSR implementation. Policymakers could consider setting up relevant services, including technical assistance for certification and reporting, support on occupational safety and health issues, and recycling or alternative energy facilities, transforming EPZs into centres of excellence for sustainable business. International organizations can help through the establishment of benchmarks, exchanges of best practices and capacity-building programmes.
3. “*Regional industrial development compacts*”

Regional trade and investment agreements could evolve into regional industrial development compacts

Regional industrial development compacts for regional value chains



The relevance of regional value chains shows the potential impact of evolving regional trade and investment agreements towards “Regional Industrial Development Compacts”. Such Compacts could focus on liberalization and facilitation of trade and investment and establish joint investment promotion mechanisms and institutions. They could extend to other policy areas important for enabling GVC development, such as the harmonization of regulatory standards and consolidation of private standards on environmental, social and governance issues. And they could aim to create cross-border industrial clusters through joint investments in GVC-enabling infrastructure and productive capacity building. Establishing such compacts implies working in partnership – between governments in the region to harmonize trade and investment regulations and jointly promotion trade and investment, between governments and international organizations for technical assistance and capacity-building, and between the public and private sectors for investment in regional value chain infrastructure and productive capacity.



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NEWS

ESBA STATE OF THE UNION ADDRESS 2013



On 11 September 2013, the annual state of the Union address took place at the European Parliament plenary session in Strasbourg. The speech by Mr José Manuel Durão Barroso, President of the European Commission was followed by a debate with MEPs.

In his speech, Mr Barroso emphasised that although Europe is still hard hit by the crisis, the first signs of recovery have started to show, and it is thus more than ever time to go towards recovery and shape this recovery in order to stimulate jobs and growth, to improve the union, not turn away from it. “When you are in the same boat, one cannot say: 'your end of the boat is sinking.' We were in the same boat when things went well, and we are in it together when things are difficult” said president Barroso.

This address touched upon many issues among which the banking union, the digital agenda, the way towards a single market for telecoms for which a proposal was published today as well, the Single Market Act I and II, the implementation of the Connecting Europe Facility, the priorities of horizon 2020, climate change, the trade agenda, trade and Investment Partnership with the US, the Multiannual Financial Framework and the crisis in Syria.

A few points were of particular interest for SMEs. Regarding the implementation of the banking union, Mr Barroso stated that it was “critical to address the problem of financing for businesses and SMEs.” In particular, the European Commission proposal on a Single Resolution Mechanism constitutes a “way to help restoring normal lending to the economy, notably to SMEs”, which would be especially helpful considering the lack of credit currently flowing in the euro area.

Stressing the fact that SMEs need support to build a strong European economy based on a dynamic industry, Mr Barroso announced the publication later this autumn of “proposals for an industrial policy fit for the 21st century.”

Throughout this address, the President of the European Commission made very clear that the top priorities of the European Union are growth and employment and the need to avoid a “jobless recovery”. In order to achieve growth, the European Union should exploit the full potential of the Single Market, not only for goods but also for sectors such as mobility, finance, communications, ecommerce, etc. this means removing all obstacles to the single market, completing the Connecting Europe Facility and adopting all remaining proposals under the Single Market Act I and II.

European Small Business Alliance – Brussels Office

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State of the Union Address 2013

Strasbourg, 11 September 2013 – ‘In 8 month’s time, voters will decide. Now, it’s up to us to make the case for Europe’, European Commission President José Manuel Barroso said in his fourth State of the Union Address in the European Parliament. The EU has come a long way since the crisis, President Barroso told MEPs, and although recovery is in sight for Europe, we still must continue to work together to reform our economies. The President also made the case for a genuinely united and more integrated Europe, where our values and standards, responsibility, solidarity and the rule of law are upheld. An overview.

1 **Scene Setter:** 5 years ago, the global financial crisis started. But Europe has fought back – by reforming the financial sector, improving the way governments work together, return to sound finances, modernise their economies.

“What matters now is what we make of this progress. Do we talk it up, or talk it down? Do we draw confidence from it to pursue what we have started, or do we belittle the results of our efforts?”

2 We have come a long way since the start of the crisis.

“The facts tell us that our efforts have started to convince. Overall spreads are coming down. The most vulnerable countries are paying less to borrow. Industrial output is increasing. Market trust is returning. Stock markets are performing well. The business outlook is steadily improving. Consumer confidence is sharply rising.”

For Europe, recovery is within sight.

“Of course, we need to be vigilant. ‘One swallow does not make a summer, nor one fine day’. Even one fine quarter doesn’t mean we are out of the economic heavy weather. But it does prove we are on the right track.”

“This should push us to keep up our efforts. We owe it to those for whom the recovery is not yet within reach, to those who do not yet profit from positive developments. We owe it to our 26 million unemployed. Especially to the young people who are looking to us to give them hope. Hope and confidence are also part of the economic equation.”

3 We must continue to work together to reform our economies

There is a lot that still can be delivered at European level in this Parliament’s and this Commission’s current mandate:

- deepening the economic and monetary union by delivering the **Banking union**, the **Single Supervisory Mechanism**, the **Single Resolution Mechanism**;

- delivering our **growth agenda**: the decisions on **youth employment**, the **financing of the real economy**, the **single market act I & II**, the **Connecting Europe Facility**, **Horizon 2020**, investments in **skills, education and training**, an **industrial policy** fit for the 21st century, support for **SMEs**, a new **climate framework** for 2030, pursuing our **trade agenda**, implementing the **Multiannual Financial Framework**.

“From the Commission’s side, we will deliver. (...) There is no time to waste, so I warn against holding it up. In particular, I urge Member States not to delay.”

“I cannot emphasise this enough: citizens will not be convinced with rhetoric and promise only, but with a concrete set of common achievements. We have to show the many areas where Europe has solved problems for citizens. Europe is not the cause of problems, Europe is part of the solution.”

4 Fighting this crisis is not easy. But it is possible – and necessary

“At this point in time, with a fragile recovery, the biggest downside risk I see is political: lack of stability and lack of determination.”

“In this phase of the crisis, governments’ job is to provide the certainty and predictability that markets still lack.”

“I’m sure you all know Justus Lipsius, he was a very influential 16th century humanist scholar, who wrote a very important book called *De Constantia*. He wrote: ‘Constancy is a right and immovable strength of the mind, neither lifted up nor pressed down with external or casual accidents.’ Only a ‘strength of the mind’, he argued, based on ‘judgment and sound reason’, can help you through confusing and alarming times. I hope that in these difficult times all of us – including the government representatives that meet in the Justus Lipsius building – show that determination and perseverance.”

5 Europe can only face its challenges by being genuinely united

“ In today’s world, the EU level is indispensable to protect these values and standards and promote citizens rights: from consumer protection to labour rights, from women’s rights to respect for minorities, from environmental standards to data protection and privacy. ”

- Only by acting together as a Union we can better help our companies compete, safeguard our social model, guarantee security and stability, stand up for our values and speak up for democracy and the rule of law, defend our interests in international trade, secure our energy provision, seek impact for development aid.

- Enlargement has been a success; neighbourhood policy was and still is the best way to provide security.

“ (...) It is only because they were offered a European perspective that now even Serbia and Kosovo come to an agreement, under mediation of the EU. ”

“ Let me say to all those who rejoice in Europe’s difficulties and who want to roll back our integration and go back to isolation: the pre-integrated Europe of the divisions, the war, the trenches, is not what people desire and deserve. ”

“ It is precisely with our values that we address the unbearable situation in Syria, which has tested, over the last months, the world’s conscience so severely. The European Union has led the international aid response by mobilising close to 1.5 billion euros, of which €850 million comes directly from the EU budget. The Commission will do its utmost to help the Syrian people and refugees in neighbouring countries. ”

6 We all need a Europe that is united, strong and open

Of course, as any human endeavor, the EU is not perfect

“ In the debate that is ongoing all across Europe, the bottom-line question is: ‘Do we want to improve Europe, or give it up?’ My answer is clear: let’s engage! If you don’t like Europe as it is: improve it! ”

“ Not everything needs a solution at European level. Europe must focus on where it can add most value. Where this is not the case, it should not meddle. The EU needs to big on big things and smaller on smaller things – something we may occasionally have neglected in the past. ”

There are areas of major importance where Europe must have more integration, more unity. Where only a strong Europe can deliver results.

“ I believe a political union needs to be our political horizon. ”

We can and must complement national responsibility with European responsibility and European solidarity

“ Strengthening the social dimension is a priority for the months to come, together with our social partners. (...) Solidarity is a key element of what being part of Europe is all about, something to take pride in. ”

Safeguarding its values, such as the rule of law, is what the European Union was made to do, from its inception to the latest chapters in enlargement.

“ Experience has confirmed the usefulness of the Commission role as an independent and objective referee. We should consolidate this experience through a more general framework. ”

“ There are certain non-negotiable values that the EU and its member states must and shall always defend. ”

7 Which picture will voters be presented with?

The elections will not only be about the European Parliament, nor will they be about the European Commission or about the Council. They will be about Europe.

“ [MEPs], the democratic representatives of Europe, directly elected, will be at the forefront of the political debate. The question I want to see: which picture of Europe will voters be presented with? The candid version, or the cartoon version? The myths or the facts? The honest, reasonable version or the extremist, populist version? It’s an important difference. ”

Source: <http://ec.europa.eu/soteu2013>

Twitter: @BarossoEU #SOTEU



Ministry of Economic Development
of the Russian Federation

PLAN FOR ECONOMIC DEVELOPMENT IN RUSSIA

As the former Russian Minister for Economic Development *Elvira Nabiullina* became as the new Chairperson of the Central Bank of Russia, on 24 June 2013 Kremlin appointed *Alexei Ulyuakev* as the new Minister for Economic Development. On 25 July 2013 the new Minister already presented a plan for stimulation the country economic growth.

Ulyuakev highlighted that the Russian economy is stagnating for several reasons: the fall in world trade volume, the “catastrophic” decline in corporate profits, increased labor costs and tariffs of natural monopolies. Ulyuakev says that the Russian economy's recovery period following the recent crisis ended over a year ago. In the first half of 2013, Russia's GDP growth was 1.7 percent less than last year's; unemployment has been on the rise in the past three months, and capacity utilization has been falling with it. The output of the industry shows “virtually zero growth,” while investment activity shows a downward trend. “As for the decline in net exports, the line is also below zero,” the Minister said.

The cores of the new economic plan are support of small and medium-sized enterprises, development of infrastructural projects, open access to acquiring state-owned enterprises and tax holidays for investors. While financially support SMEs a federal state guarantee fund should be established to supplement the current system of regional SME funds. The National Welfare Fund should also support small businesses. A set of criteria should be elaborate on how to use the National Welfare Fund and pension assets in order to increase the availability of bank loans and support the operation of the public-private partnership.



Based on Gazeta.ru as of 29 July 2013 see at

http://rbth.ru/business/2013/07/29/russian_economics_minister_proposes_plan_for_growth_28477.html

INNOVATIVE TECHNOLOGY SERVICES PROVISION FOR MICROFINANCE INSTITUTES

The X. EMN Conference was held in Stockholm, Sweden in June 2013. I have took apart in the Innovative technology services provision for Microfinance Institutes Workshop as panelist speaker.

The main topics were: Microfinance institutions (MFIs) are increasingly experiencing difficulties to track their clients, develop Management Information System and be up-to-date with technology provisions. The microfinance market in Europe is developing and competition is rising. In this context, how can we best support MFIs? How can we better track clients' loans' history? How can we speed-up the lending process to facilitate the work of the officers? This panel aims at raising awareness about the latest tools/services, based on technology, that exist in Europe to support practitioners. We could see what these products can deliver, how they could be best implemented and by whom, and in which contexts.

Objective

The objective of this panel was to raise awareness about the current and recent tools and services, based on technology, that exist in Europe to support microfinance practitioners. We debate about these products and see what they can deliver, how they can be best implemented and by whom, and in which contexts. Advantages as well as disadvantages will be discussed.

Content of the Debate

Peer-to-Peer (P2P) lending platform and crowdfunding: Babyloan is an online platform based on philanthropy. Members of the Babyloan community choose a project, provide a loan that will finance microcredit for the microentrepreneur, who will in turn pay back the loan and the credit to the community.

Mobile Payment: the TagPay platform offers a complete range of services based on mobile payment. Through TagPay, any sort of mobiles can be used (even landlines) and serve as a means to secure electronic transfers. The system further offers to manage commissions, reminders, reports, etc. (www.tagattitude.fr)

Mambu (www.mambu.com) is a ‘System as a Software’ technology enabling MFIs to check clients’ information, loans and savings accounts, history, comments, etc. It becomes easier for MFIs to open new accounts and add new clients, to report and to proceed to accounting.

CREINFO system (www.credinfo.hu) and **DIFASS Project:** the latter project aims at facilitating access to finance for SMEs by exchanging business support measures (www.difass.eu). The CREINFO system was devised as a support measure for MFIs: it is an internet-based complex service providing system. It is now available for MFIs and will soon be adapted to smaller entities as well. The DIFASS project facilitates access to finance for SMEs by exchanging innovative business support measures, focusing development and implementation of **non-grant** based financial support instruments.

Main objectives of project: To create a network and a platform for exchange of experiences for the implementation of new financial instruments to SMEs and policy development.

Main expected outputs and results:

To create strategic guidelines for innovative financial tools and instruments of support to SMEs business internationalisation and growth.

DIFASS Transfer: CREINFO, the internet based Micro Finance Management tool from Hungary will be transferred to regions in Estonia, Spain, Italy and the Slovak Republic.

Interest for CREINFO

After determining the convenience to disseminate Credinfo tool among Spanish, Italian and Slovakian MFIs, as a result of a meeting between the project partners and the representatives of Credinfo in the Project Management Meeting held in Krakow (Poland), it was assessed how to proceed in order to fulfill this objective. In accordance with this the European Microfinance Network, was detected and considered the most valuable option in order to carry out the described action since the most important MFIs were among the List of Participants. There were about to take part in a workshop in the framework of the conference on “Microfinance Management Tools”. After attending this presentation, where Credinfo tool was presented by me, and where the interest showed by the attendees was tested, it was decided, in collaboration with the Hungarian representatives.

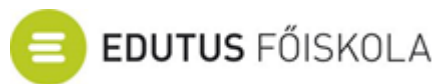
András Nagy (M.Sc)

Managing Director

Zala County Foundation for Enterprise Promotion

INSTITUTIONAL PROFILE

THE EDUTUS COLLEGE



The Edutus College is a new, dynamically developing higher educational Eco Institution playing a significant role in the field of higher education and scientific activities of the region, due to its unique and complex assortment of courses, high level of practice orientation, 21st century infrastructure and modern approach, increasing number of students, bustling student life and professional educational, R&D and consultation services.

In addition to its basic activities, taking on more responsibility and meeting the demand for training in the region is listed as one of the major goals in the institution's development plans. The College itself is an inspiration for investors and for launching research and development projects, therefore it actually makes the city and its surroundings a regional development centre.

The **primary goal** of Edutus College (Edutus) is to reinforce its position as a "knowledge center" by establishing **stronger ties with the business sector and creating new ways for cooperation** in order to facilitate the competitiveness of the region through its services.

The Edutus College (former College for Modern Business Studies) has a successful history of nearly two decades and has been playing a special part in the Hungarian higher education system. To survive as a private college for such a long time in a dynamic country like Hungary is remarkable in itself, however, the success is possible due to its ability to reform. The College was able to renew its training programs in conformation with the modernization of the higher education system while keeping up with the market demands. This is still an ongoing process. The merger of János Harsányi College made it possible for us to offer a new and popular program: the tourism and catering course.

It is important to note that our Technical Manager BSc training has been launched successfully, and that a new Mechatronics BSc training program will be announced this year. We have an ongoing project of establishing a research laboratory based on laser technology that has great importance internationally. The innovations and the expansion resulted in a decision of changing the name of the College. Maintaining respectability, the Edutus College is characterized by modernity and responsibility. Our training structure, curricula, training methods and research projects are up-to-date; and we are building responsible relationships in our external and internal environment, with our partners and everyone we are in contact with.

I am confident that we will find points of mutual agreement that will benefit your company. Together we will establish stronger ties between the business system and higher education thus strengthening the competitiveness of the region.

Sustainable Development Strategy

The establishment of alternative energy production and management in Tatabánya and in the region provides a great opportunity for the Hungarian companies to develop new technologies, create new jobs and offer better living conditions a more climate friendly environment is able to provide. Our latest development is the Renewable Energy Workshop that provides proper conditions for researching, teaching and promoting the possibilities of sun, wind, geothermal and biomass energy production and management.

The Workshop was established in January 2010, in order to perform various tasks in the areas of education, dissemination, adult education, research and development. The College plays a significant role in the joint research and development activities between Edutus College and Hungarian companies such as working together with the Élő Energia Kft. and Auróra 2003 Kft. on the design of equipments utilizing the energy of the sun and the wind. These projects are significant in making the concept of „Tatabánya a climate-friendly city" a reality.

In our alternative energy production and management training programs, students – such as the

Assistant Energy Engineer students can participate in the measurement, processing and evaluation of the heat generation and energy production data of the Solar parabola and the vertical axis wind turbine, and the photovoltaic solar panels placed on the top of the building. Further developments are in progress for establishing new training programs and four new, modern alternative energy laboratories.

The purpose of promoting the ongoing developmental projects and the environmentally-conscious lifestyle, the Edutus College has started the Sustainable Consumption Club. Its basic goal is to represent the eco-strategy of Edutus. Topics that are related to the strategies of the College and that are helpful for creating a better urban environment are discussed at meetings of the club. Thereby the College becomes an integral part of the regional cooperation aimed at improving conditions in the environment.

Training programs and locations: Tatabánya, Budapest, Székelyudvarhely (Romania)

Training programs

Bachelor trainings (BA, Bsc)

Business (BA):

1. Trade and Marketing
2. Business Administration and Management
3. International Business Economics
4. Tourism and Hospitality

Technical (BSc):

1. Technical Management
2. Mechatronics Engineer
3. Master training (MA)
4. Marketing

Higher Vocational trainings (FSZ)

Business:

1. Tourism Manager
2. Hospitality Manager
3. Taxation Administration Manager
4. SME Manager
5. Public Relations Manager
6. Commercial Manager
7. European Union Business Manager

Technical:

1. Assistant Energetics Engineer
2. Assistant Mechatronics Engineer
3. Assistant Manager in Logistics Engineering

Specialized training programs:

- Online marketing
- Cultural Manager
- Market Research in Practice
- Development Assistant over Borders
- Modern Business Journalist
- Facility manager
- Business Development Manager
- CRM Manager
- Euro-manager
- Marketing Leader
- Advertisement

For further information please contact: **Ms. Krisztina Kun** at **Phone:** +36 (20) 250 7113

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EUROPEAN UNIVERSITY OF LEFKE

HISTORY

The European University of Lefke (further as EUL) is a non-profit university founded in 1990 by the Cyprus Science Foundation. The “philosophy” of the EUL is “science and education are universal in our age,” thus the EUL provides a broad range of contemporary education and is committed to maintaining international standards of excellence with all degree programs accredited and recognized by the higher education authorities around the world. The campus is situated in Northern Cyprus

EUL is an international university with a multicultural population of students from 35 different countries and has distinguished and experienced academic staff from around the world. The medium of instruction is English. EUL offers 7 Associate, 33 Undergraduate and 12 Postgraduate programs.

The main goal of the EUL is to be a top quality university according to European and International standards. The primary mission of the EUL is to have a young generation equipped to become competent, self-confident, contemporary, creative and independent individuals who are able to cope with all the challenges of the global world, thus contributing to the development of the region and international community.

The world wide recognition of the European University of Lefke is obtained by the accreditation of the Higher Education Council of the Republic of Turkey (YÖK). Within this framework of YÖK accreditation, the EUL students have transfer opportunities to other international universities all over the world. The European University of Lefke is one of the most affordable tuition opportunities for international students.

EUL has also signed agreements and memorandums of “understanding” with some of UK, USA, European, Asian, and Turkish universities. Besides international partnership with other universities, the University has also become a member of the various worldwide prestigious associations in the higher education sector.

2. INTERNATIONAL COLLABORATIONS AND ACCREDITATIONS

International Collaborations and Accreditations

International Partnership and Accreditations 2+2 joint degree, staff and student exchange, academic cooperation, joint programs and projects with the following institutions:

- Marshall University, USA
- Queen Mary University, London UK
- Liverpool John Moore’s University, UK
- Dronten Professional Agriculture University, Netherlands
- Republic of Iran, Qeshm Island
- Limkokwing University, Malaysia
- Galatasaray University, Turkey
- Istanbul Technical University, Turkey
- Haliç University, Turkey
- Ankara University, Turkey
- Trakya University, Turkey
- University of Houston (Clearlake),

INTERNATIONAL RECOGNITIONS OF EUL

- Higher Education Council of Turkey (YÖK)
- Accreditation Council of Higher Education of the Turkish Republic of Northern Cyprus (YÖDAK)
- Higher Education Commission of Pakistan (formerly called University Grants Commission)

Ministry of Higher Education and Scientific Research in United Arab Emirates
 Ministry of Higher Education in the Sultanate of Oman
 The greatest Socialist Peoples Libyan Arab Jamahiriya (Secretariat of general Peoples Committee
 for Higher Education)
 Iran Ministry of Science, Research and Technology

EUL INTERNATIONAL MEMBERSHIPS

1. International Association of Universities (IAU)
2. Federation of the Universities of the Islamic World (FUIW)
3. Global Compact - UNDP
4. Principles for Responsible Management Education (PRME)
5. American Council on Education (ACE)
6. International Association of Schools and Institutes of Administration (IASIA)
7. International Universities Council (IUC)

RESEARCH

The European University of Lefke gives paramount importance to the integration of appropriate information technologies and the establishment of research centres in all aspects of education. Consequently, one of the main goals of the University is to increase the number of the Research Centres and advance the quality of research conducted at EUL as well as the volume of research produced. Given below are the details of the various research centres at the EUL as well as the details of research programs undertaken.

:: EUL Journal of Social Sciences

:: The Centre for Construction Innovation and Research (CCIR)

The Centre for Construction Innovation and Research (CCIR) at European University of Lefke has been established in March 2006 as an international centre of excellence for construction research. The CCIR is specifically committed to serving the research and consultancy needs of the North Cyprus construction sector, with a particular focus on innovation, productivity, sustainability, constructability, culture and competitiveness in construction. The centre possesses a wide portfolio of ongoing research conducted in close collaboration with industry. We welcome enquiries from all areas of the construction and related industry sectors.

Vision

"To develop the key technologies, tools and management systems to improve the effectiveness of the Construction Industry".

Mission

Our broad and achievable mission is to deliver tools, technologies and management systems that will improve the long term effectiveness, competitiveness and dynamics of a viable construction industry in North Cyprus and international contexts. This will be achieved through greater innovation in business processes, strengthened human relations and ethical practices, and more effective interactions between industry and its clients.

CCIR's objectives are to:

- » Search for innovative research opportunities within the construction industry
- » Define and develop high quality research projects that meet the needs of industry, its clients and customers, and enhance the knowledge base

- » Build close partnerships with existing and new industrial collaborators in addressing their core technical and business needs
- » Create and commercially utilize tools, technologies and management systems to deliver assets to further the Construction Industry
- » Publish research findings widely and to actively engage in technology transfer to industry
- » strengthen and exploit established links with other leading international research groups
- » Provide education and training programs that will disseminate the knowledge gained through contacts and research
- » Encourage people within the construction industry to rethink their approach to business and understand the benefits of best practice
- » Deliver project value for stakeholders for the whole-of-life, from business need, design and construction through to ownership, asset management and reuse through
- » Improved communication and use of knowledge,
- » Increased productivity and value, and
- » Effective delivery and management of whole-of-life assets.

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:: The EUL Scientific Research Coordination Centre

In October 2006 “Scientific Research Coordination Centre” has been established in order to coordinate scientific research for our rapidly growing institute. The director of this organisation is Dr. Özge Özden.

Our centre’s aims are follows:

- Promote and encourage scientific research at EUL
- Collaborate with EU and UNDP offices for international research projects
- Collaborate with TUBITAK (Turkish Scientific and Technological Research Council) for scientific research projects
- Make notification to the EUL academics about current EU or UNDP funding applications
- Organizing scientific seminars, symposium or conferences during the academic year.

Also our centre has been established two different committees for fairly easy communications:

1- EU Coordination Committee

2- TUBITAK Coordination Committee

PUBLISHED RESEARCH PAPERS BY EUL ACADEMICS IN 2008-2009

:: The EUL Cyprus Research, Development and Implementation Centre (CRDIC)

:: Computer Science Research, Development & Implementation Center (CoRDEC)

The EUL Scientific Research Coordination Centre established in October 2006 in order to coordinate scientific research conducted at the University. The Centre aims at promoting and encouraging scientific research, collaborate with EU and UNDP offices for international research projects, collaborate with TUBITAK (Turkish Scientific and Technological Research Council) for scientific research projects, make notification to the EUL academics about current EU or UNDP funding applications, and organizing scientific seminars, symposium or conferences throughout the Academic Year. The Centre has established

under it two different committees for fairly easy communication: 1) EU Coordination Committee, and 2) TUBITAK Coordination Committee. The Scientific Research Coordination Centre had its first seminar organized on 27th November 2006, on “Marine Turtle Research project in Northern Cyprus” presented by Wayne Fuller from Exeter University (UK).

The EUL Cyprus Research, Development and Implementation Centre (CRDIC) was founded in November 2006 with the aim of conducting research about North Cyprus in general including TRNC history, education, economy, political science, law, art, literature, nature, folklore, tourism, finance and other issues about North Cyprus; also to prepare and attend scientific projects and to execute educational programs. CRDIC provides academic support for researchers; encourages the preparation of research projects concerning North Cyprus, and accepts various project proposals. CRDIC assists and helps researches in the understanding of relevant issues ordered by public or private sectors. In addition, CRDIC prepares and organizes various certificate programs and executes partnerships & common studies concerning relevant issues cooperating closely with institutions in and outside North Cyprus. The Centre has begun to form private archives and information centre for research regarding North Cyprus; it has drafted various projects for the organization and establishment of bilateral and international activity programs and workshops. The CRDIC aims to broadcast scientific contents, publish scientific data presented in the activities organized by the Centre, contribute in the formation of academic discussion and scientific production environments, and take an active part in socio-cultural projects of the EU and UN institutions such as UNDP-UNOPS.

The EUL has also recently established the **Computer Based Research and Development Centre** that supports the university teaching staff with computer based research in their national and international academic level research, education and application studies. The Centre also contributes in updating the administration, registrar and health units by offering computer based services to faculties, advanced vocational school and other units. The Centre’s purposes are to connect to local and international computer networks; to contribute in exchanging information and technology with local and international universities; to offer any kind of computer services to the public and private sectors as per their request; to support the researches; to support publications and to produce projects and sell them on the market. The Centre is in the process of drawing up projects concerning the above mentioned subjects and is continuously updating the computer based infrastructure of the University

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NEW COMING EVENTS AND CALL FOR PAPER

3rd HIGH LEVEL ROUND TABLE – DUBROVNIK 2013



Entrepreneurship in Tourism

EU and World-wide Trends & Best Practices

**October 5, 2013
Valamar Lacroma Hotel**



In the framework of

6th Global Entrepreneurship Week

High Patron President of the Republic of Croatia

&



EU SME Week

11th EU Open Days

European Year 2013

10th European Day of the Entrepreneur in Croatia

Patron
Ministarstvo turizma
REPUBLIKE HRVATSKE

Ministry of Tourism of the Republic of Croatia

Collaborators



Supporter


The Context

The 3rd High Level Round Table – Dubrovnik 2013 is designed to build on the objectives of the **ICTS – International Centre for SMEs in Tourism** initiated by HUMP – Croatian Small Business Union and OECD Investment compact for SEE to be developed with partners interested in collaboration.

The round table debate **aims at exploring the new ways in which government officials, academic and business community could use local, national and international competitive advantages in tourism to overcome current high levels of unemployment and negative collateral effects thereof by:**

- ✓ **Raising awareness** in local communities of the impact of micro, small and medium enterprises in tourism – entrepreneurs as heroes
- ✓ **Promoting new ways** of thinking and acting based on exchange of best practices in tourism
- ✓ **Fostering innovation** in tourism offering, responding to evolving individuals' and societal needs
- ✓ **Informing** about development opportunities in tourism through EU funds by examples of good practice

- ✓ **Inspiring** regional networks of potential investors and entrepreneurs to initiate improvement of investment climate in tourism
- ✓ **Initiating** and connecting local partnerships for the development of entrepreneurship in tourism
- ✓ **Stimulate entrepreneurial spirit** among young people to start their own businesses in tourism

Format of the event and participants

Non-political round-table debate between selected group of representatives, from the local communities, academic and economic community, innovators to students, moderated by the relevant foreign and Croatian experts. All participants are active in the discussion.

Benefits of participation

FOR LOCAL COMMUNITY OFFICIALS

- ✓ Active participation in the debate, opportunity to share best practice and influence on suggesting new policies
- ✓ Opportunity to learn about the needs of the education and business sectors with respect to the policy environment
- ✓ New ideas for projects to apply for EU funds

FOR STAKEHOLDERS IN EDUCATION FOR TOURISM SECTOR

- ✓ Opportunity to learn about the specific needs of the business sector in terms of skills
- ✓ Address any outstanding issues with the policy environment
- ✓ Discuss possible evolution of curricula with representatives of the business sector

FOR BUSINESS COMMUNITY

- ✓ Explain the private sector perspective, with a vision for growth and investment in the tourism sector
- ✓ Present specific constraints to business development and potential policy barriers
- ✓ Address the issue of skills gap between the needs for specific skills and the typical skill profile found in the workforce

Outputs

The Dubrovnik 2013 Declaration will be issued and delivered to all the participants and relevant bodies in Croatia and abroad. ICST Plan of Action will be issued.

Contact: katarinaj@hump-crosbu.hr

MESSAGES

Prof. dr. sc. Ivo Josipović - President of the Republic of Croatia

Entrepreneurship is the foundation of progress and we encourage it. At a time of crisis affecting not just Croatia but a major part of Europe, the way out is possible only by creating new jobs, starting new production and strengthening the economy. Entrepreneurship, innovation and boldness are the best ways how to achieve these goals.

In that sense, it is especially important to emphasise the significance of education, particularly in relation to the younger generations. It is important that they accept the spirit of entrepreneurship and innovation in order to be better involved in the world of business. They need to accept the fact that in the world of entrepreneurship it is possible to succeed but also to occasionally fail – and they need to cope

with that.

We are a country that has all the prerequisites to provide, perhaps the best tourism offer in Europe. However, there is still much room for additional investment in the tourism industry as well as industries which are closely linked to it such as the energy sector, production, transport, infrastructure etc. The current economic crisis must not discourage us. After all, in a time of crisis, if money is not put to work, if it is not invested into some business undertaking, it will be lost.

I wish you every success and a pleasant stay in Croatia.

ICST

International Center for SMEs in Tourism

INITIATED BY HUMP – CROSBU & OECD SEE INVESTMENT COMPACT

To be done

- **Create a mindset:** entrepreneurs as heroes
- **Create an environment...**
 - Doing Business: Croatia ranks 80th (MK: 22; SI: 37; MNE: 56)
 - Registering property (sale between companies): Croatia ranks 102nd
 - Construction permits: Croatia ranks 143rd
- **Entrepreneurial learning**
- **Triple Helix**

The Centre will contribute to

- Economic growth and prosperity in local communities oriented towards tourism development
- Social equity and cohesion
- Promotion and utilization of the environmental and cultural heritage, achieved through the balance of good feelings of the tourists, raising awareness about preserving natural and cultural environment and the competitiveness of destinations and businesses
- Improving the quality of work performance or / and new professions / jobs in tourism

PROGRAM

October 5, 2013

Place: Hotel Valamar Lacroma ****+

09.00 – 10.00

Registration of participants

<p>10.00 – 11.00 Round table <i>debate</i> PART 1</p> <p>STIMULATE entrepreneurial spirit among young people to start their own businesses in tourism</p>	<p>Rationale: Entrepreneurship is a key driver of long term economic growth. There is the need for:</p> <ul style="list-style-type: none"> - Better support and environment for entrepreneurship - Increased entrepreneurial activity - Faster growth - Employment - Prosperity <p>Moderators: Dr. Alan Paić, Head of OECD Investment Compact for SEE Patrick Gibbels, GPA & ESBA</p> <p>Keynote : Ms. Madi Sharma, EESC Rapporteur <i>Entrepreneurship as an exit to the crisis</i></p>
<p>11.00 – 11.30</p>	<p><i>Coffee break - Networking</i></p>
<p>11.30 – 12.30 Round table <i>debate</i> PART 2</p> <p>AN ECONOMIC TURNING POINT IN CROATIA</p>	<p>Rationale: Croatian firms will be exposed to more vigorous competition with EU accession. There is the need to:</p> <ul style="list-style-type: none"> - define new growth model for the future while the economic crisis revealed the external vulnerabilities of Croatia's consumption-driven growth model - move towards more sustainable and export-driven growth <p>Moderators: Mr. Charles White, European Commission - Be</p> <p>Keynote: Ministry of tourism of Croatia <i>Entrepreneurship in Tourism: EU and World- wide Trends & Best practices</i></p>
<p>13.00 – 14.30</p>	<p><i>Buffet lunch - Networking</i></p>
<p>14.30 – 15.30 Round table <i>debate</i> PART 3</p> <p>ICST International Centre for SMEs in Tourism</p>	<p>Rationale: The vision of the ICST is to develop motivation and entrepreneurial skills among young people to start their own businesses in tourism / releasing of new ideas and turning into a project with a willingness to invest and take risks. To:</p> <ul style="list-style-type: none"> - Motivate and educate entrepreneurs - Simplify procedures for SMEs in tourism - Promote Triple Helix methods of co-operation between science, business and local government to foster innovation - Create a network of international collaborators for transfer of best practices <p>Moderators: Ms. Madi Sharma, EESC Rapporteur</p> <p>Keynote: Dr. Alan Paić, Head of OECD Investment Compact for SEE <i>Croatia as regional leader for tourism entrepreneurship in the CEE/SEE region</i></p>
<p>15.30 – 16.00</p>	<p><i>Coffee break - Networking</i></p>
<p>16.00 – 17.00 EU FUNDS</p>	<p>Mr. Charles White, European Commission <i>Examples of EU funded projects</i></p>
<p>17.00– 17.30 Closing</p>	<p>Conclusions / recommendations ICST Advisory Board / ICST Action Plan / Dubrovnik 2013 Declaration</p>



ISSME WORLD CONFERENCE 2013

18-21 October, 2013

The Leela Kempinski Hotel, Gurgaon, NH -8,
New Delhi (NCR), India

Organiser: International Society for Small and Medium Enterprises (ISSME)

Supported by: Ministry of Micro, Small and Medium Enterprises, Government of India

As world economies, particularly the developing countries, try to meet the needs of Small and Medium Enterprises (SMEs) in a globalized world, the International Society for Small and Medium Enterprises (ISSME) is organising a world conference to assess how effective they are in terms of policies, support structures and initiatives to promote greater cooperation for optimum results. The conference is designed to attract policy makers from National Governments, representatives of International Organisations like the UN, Support Agencies, Chambers of Commerce & Industries, Industry Associations, Entrepreneurs, Business Advisers, Coaches, Counsellors, Consultants, Educators, Financiers, Mentors, Banks & Financial Institutions and NGOs responsible for the promotion and development of SMEs.

WELCOME

In existence for over 4,000 years, India is one of the oldest civilizations in the world. A melting pot which has witnessed the fusion of multiple customs and traditions, the country boasts of a rich culture and heritage.

Historically, India has been a country of the self-employed and not of employees. The entry of large corporate organisations into the economy has not changed this character. In fact, the bulk of the income generated in India is a result of the enterprise and hard work of small and medium business owners. Being the largest contributors to national income & employment generation, it is not surprising that these businesses have increasingly been courted by financial institutions and policy makers.

The organising committee for the ISSME World Conference 2013 (IWC 2013) invites you to experience Indian culture, heritage and natural beauty, engage with small business experts, heads of organisations and policy makers on best practices in promoting small and medium-sized enterprises. Come and hear firsthand how they are fostering international linkages for SMEs development.

The IWC 2013 is being held in Delhi, the capital city of India. It is one of India's fastest growing cities and the seat of the world's largest democracy. Delhi as a city is truly modern, yet it transposes the contemporary with the historical. It has some of the finest museums in the country. Its markets, boutiques and shopping arcades offer access to a wealth of traditional and contemporary crafts from all over the country. Diverse cultural elements absorbed into the daily life of the city have enriched its character. Exploring the city can be a fascinating and rewarding experience.

Delhi is all about captivating ancient monuments, fascinating art galleries, architectural wonders, a buzzing performing-arts scene, fabulous eating places which promise an unforgettable culinary experience and bustling markets which offer a mind-boggling variety of products.

Join over 500 Indian and overseas delegates from more than 50 countries, who will bring different experiences and backgrounds. This is being a major International Conference on SMEs to get organized in India for the first time, at least in two decades. It will attract and expose different aspects of SMEs throughout the World and it will be an effective vehicle & media for them to reach out the World standards.

Based on inputs from the SME sector as well as supporting partners, the IWC 2013 secretariat has worked out the following tracks for the parallel sessions which it believes should guide the discussions to support the underlying theme of the conference. Participants can choose one or more to get the experience and

exposure they are looking for. There are 15 tracks for which you can make submissions. The tracks are:

- Track 1:** Fostering International Linkages (Main Theme of the Conference)
- Track 2:** Community, Migrant, Ethnic and Social Entrepreneurship
- Track 3:** Entrepreneurship Education, Training and Support
- Track 4:** Green Energy, Technology and Sustainable SME's
- Track 5:** Creativity, Innovation and Technology Transfer
- Track 6:** Indigenous Entrepreneurship
- Track 7:** Socio-Economic Development and SMEs
- Track 8:** Small Business Cooperation and Performance
- Track 9:** Women Entrepreneurship and Family Business Development
- Track 10:** New Research Approach, Theory Development and Critical Entrepreneurship Studies
- Track 11:** SMEs Management and International Entrepreneurship
- Track 12:** New Venture creation, finance, taxation and regulation
- Track 13:** Young Entrepreneurs Support Programs & Small Business Owners
- Track 14:** Corporate Entrepreneurship
- Track 15:** e-entrepreneurship, e-business and e-learning

There is a concurrent Exhibition which is an excellent platform for SMEs and their support institutions to showcase their products and services.

One of the highlights of this conference is the ISSME Global Awards, as recognition to the outstanding achievements/contributions of global businesses, entrepreneurs and eminent personalities, institutions or organisations to the development and promotion of Small and Medium-Sized Enterprises.

Special negotiated rates available for delegates staying at Partner Hotels like the Leela Kempinski, Lemon Tree, Country Inn Suits, Veera Residency, etc. Also discounted rates available on Air Tickets through Qatar Airways (Official Airline for IWC 2013), so you benefit from the special savings of up to 20%.

The conference has an excellent program on recent small & medium enterprise (SME) development with renowned speakers coming from all around the world. Some of the Confirmed Speakers include: Ms Tine Staermose, Country Director, ILO; Mr. Ivan Rossignol, Chief Technical Specialist, World Bank; Mr Torek Farhadi, Senior Adviser, International Trade Centre; Ms. Christin Pfeiffer, Secretary General, International Network for Small and Medium Enterprises (INSME); Dr. Maria Markatou, National and Kapodistrian University of Athens, Greece; Mr. Wolfgang Haehn, Chairman, German Asia Pacific Society; Germany; Dr. Rodrigo Varela V. PhD, Director, Centro de Desarrollo del Espíritu Empresarial, Columbia; Mr. Suman Jyoti Khaitan, President, PHD Chamber of Commerce and Industry; Prof. N. K. Goyal, President, CMAI Association of India; Mr. Harold Schenk, SA Representative, South African American Business Chamber, South Africa; and many more...

Tel.: +91-11-29993844; Fax: +91-11-29993845

Conference Website.: <http://www.iwc13.org>

Organisers Website.: <http://www.issme.org>

FOR FURTHER INFORMATION, PLEASE CONTACT:-

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Source: <http://www.iwc13.org>

EMERGING MARKETS QUIRIES FINANCE AND BUSINESS - EMQFB Tirgu Mures (Romania) 24-27 October 2013

The aim of the International conference “Emerging Market Queries in Finance and Business” is to overview trends, to gain a common attitude towards latest challenges in finance and business given the context of emerging markets in general and Central and East European Markets in particular. Papers should address the field of economics, corporate finance, banking industry, optimization in finance, entrepreneurship, management, econometrics, supply chain management, governance, accounting etc. We wish to develop and extend scientific collaboration in Central and East European Countries by bringing together academics and practitioners that have common research agendas; disseminate research output and stimulate the development of new ideas in the challenging context of Emerging Markets.

Organized by

PETRU MAIOR UNIVERSITY OF TIRGU-MURES
Romanian Academy Institute for national economy
Romanian Research Group for Corporate Finance and
Economic Faculty of the Technical University in Kosice

Topics

The organizing Committee invites submissions of both theoretical and empirical research papers on issues of interest in the field of economics, finance, business and management, related but not limited to the following topics in the specific context of emerging markets (Social Science Citation Index, Scope Notes, 2012):

Business

These may include marketing and advertising, forecasting, planning, administration, organizational studies, compensation, strategy, retailing, consumer research, and management. Also covered are resources relating to business history and business ethics.

Business, Finance

Business, Finance covers resources primarily concerned with financial and economic correlations, accounting, financial management, investment strategies, the international monetary system, insurance, taxation, and banking.

Economics

Economics covers resources on all aspects, both theoretical and applied, of the production, distribution, and consumption of goods and services. These include generalist as well as specialist resources, such as political economy, agricultural economics, macroeconomics,

Management

Management covers resources on management science, organization studies, strategic planning and decision-making methods, leadership studies, and total quality management, management information systems.

Social Sciences, Mathematical Methods

Social Sciences, Mathematical Methods covers resources concerned with the quantitative methodologies used for research in social sciences such as mathematical modeling and statistical techniques for economic data evaluation.

For further information see at <http://www.rorcf.ro/>

INTERNATIONAL SCIENTIFIC CONFERENCE ON INTERNATIONAL ENTREPRENEURSHIP AND INTERNATIONALIZATION OF FIRMS IN VISEGRAD COUNTRIES V4

Kraków (Poland) – April 3, 2014

The conference is organized within the research project no. StG-21310034 entitled “**Patterns of Business Internationalization in Visegrad Countries – In Search for Regional Specifics**” conducted in the years 2013-2014 and financed by the International Visegrad Fund IVF. For more details please visit: <http://www.visegrad.uek.krakow.pl>

Conference Themes

- internationalization of firms in Visegrad countries V4 (CZ, HU, SK, PL)
- international entrepreneurship in Visegrad countries
- foreign direct investment in Visegrad countries
- international business in in Visegrad countries and its specifics
- international management in Visegrad countries
- international marketing in Visegrad countries
- international trade in Visegrad countries
- internationalization of family entrepreneurship in Visegrad countries
- international strategies of **Central European** businesses
- international competitiveness of **Central European** businesses
- **Central European** businesses in the process of EU integration and Europeanization
- politics and economic policy in Visegrad countries and **CEECs**
- Europeanization of law, administration and public policies in Visegrad countries

Conference Calendar

December 1, 2013	Deadline for Submissions and Abstracts
December 15, 2013	Acceptance Notification
February 15, 2014	Dedline for Full Paper
February 21, 2014	Fee Transfer
April 3, 2014 (Thursday)	Visegrad Conference
April – June 2014	Reviwing, Editing and Correcting Processes
July – September 2014	Book Pubishing

ORBITRUARY

IN MEMORIAM PROF. PÉTER SZIRMAI

This is a sad news to inform you, that one of the Founders of our ERENET Network Prof. Péter Szirmai, former Director of the Small Business Development Centre (SBDC) at the Corvinus University (CUB) died Sunday on 25 August 2013 after he was hospitalised due to a serious illness.

Associate Professor Prof. Szirmai at his age of 66 years was mentally full of ideas. In spite of the fact that his legs did not allowed him to move as he would like to do it, he was full of potential and ideas. From 1990, he trained entrepreneurs, later developed courses on entrepreneurship, advised startups, created university business incubator at the Corvinus University and established the bachelor on entrepreneurship courses.

[Péter Szirmai makes presentation at the Workshop on Business Incubation held in 2006 at the CUB](#)



On 1-2 April 2004, the United Nations Economic Commission for Europe organized an Expert Meeting on Good Governance for SMEs, which focused on current governance practices and analysed models of SME governance. During the discussions Dr. Péter Szirmai has been called for co-operation amongst the Colleges and Universities in Central and Eastern Europe dealing with entrepreneurship and SME research and education. At his initiative the Entrepreneurship Research and Education Network – ERENET – was created at the Inauguration Meeting held during the spring 2005 at the Corvinus University of Budapest. From that time Péter was an active supporter of ERENET providing many inputs and clever advises.

In 2007, Professor Szirmai was the initiator of the Spin-Off Club, organized by the CUB Innovation Nonprofit Ltd. and SBDC at the Corvinus University of Budapest. Students with various business ideas from different universities in Budapest meet regularly and have the chance to discuss with successful entrepreneurs and learn how to make a business planning and what is the secret to run a successful company.

We also should remember his activity in creation and mentoring the ÉLETPÁLYA – Hungarian Live Wire – Foundation.

[Péter Szirmai meet young entrepreneurs at a meeting organized by the ÉLETPÁLYA](#)



The small entrepreneur departed. Dear Peter! We miss you, however, we shall always remember you!

Rest in Peace!

Dr. Antal Szabó
Scientific Director of ERENET



The address of the ERENET Secretary sees below:

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