**STRENGTHENING CULTURE, KNOWLEDGE AND INNOVATION AS DRIVERS OF ECONOMY GROWTH**

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Abstract

Creating a business environment conducive to entrepreneurship and enterprise creation requires a broad range of reinforcing and supportive policies. These include fiscal and monetary policies, which are essential to provide a basis for a stable macroeconomic environment. They also include structural policies that determine the overall economic framework in which the business sector operates, such as those affecting labor markets, tax design, competition, financial markets and bankruptcy laws. But, the main question is what is about culture and creativity impact of economic growth.

Knowledge and innovation have a powerful impact on the way how people work together in a business, how they do their jobs, and how they treat their customers. Technological and culture innovative company manifests itself in many ways. Although it is an intangible characteristics, a company's culture has a powerful influence on everyone the company touches, especially its employees. No two companies have same culture innovative model.

This paper responds to the growing importance of the creative economy, knowledge and more specifically to the role of the information and innovation as a means to tackle future challenges in the context of a globalized economy.

Key words: culture, knowledge, innovation, creativity, entrepreneurship

JEL Classification: L26; D83; O31

Introducation

Entrepreneurship has become a real policy strategy of every economy. The rise of solo self-employment is important because it increases the flexibility and productivity of every economy and contributing to a higher degree of job market. Early-stage entrepreneurial activity may be an even more important measure of entrepreneurship. This trend has strong implications for the labor market and for the external organization of the business sector. However, at the upper end of the entrepreneurship spectrum an apparent positive correlation between the prevalence of ambitious, export-oriented and innovative business start-ups on the one hand and average per capita income on the other may be dominant in qualitative terms. This stylized fact represents the onset of an innovation-driven stage of economic development while marking a regime switch in the relationship between entrepreneurship and innovation.

Entrepreneurship is a critical component of regional development of every country and fostering entrepreneurship is one of the principal measures to accelerate economic and social development. To promote entrepreneurship we need to know the barriers that affect entrepreneurship to overcome the barriers and promote new policies and measures to create new ventures. But, what about with ability to create a new business and can help to eliminate the barriers and to ‘make entrepreneurship accessible to all’.

Despite the multitude of varying theoretical standpoints in respect to the treatment of entrepreneurs in modern economic theory, a question arises as to whether entrepreneurs are predestined for their business activities or whether their excellent organizational skills and creative and innovative characteristics are a direct result of adequate environments and the solid academic background in management, marketing, IT etc., all which influence the personality of an entrepreneur.

The entrepreneur is future-oriented with constantly new ideas and production innovations, which makes entrepreneurship a dynamic development factor, given the strong correlation between the development and entrepreneurial function. In the work of Thomas L. Harrison titled “Instinct”, it is suggested the genetic preordainment of entrepreneurs to be brave, creative, active and innovative. Only the brave the persistent ones, the ones who will take on the challenge of the contemporary trends of business and the application of IT, will survive. The risk always exists but only the perseverance and the persistence in realization of the priorities and plans can result in success.

A company’s culture is distinctive, unwritten, informal code of conduct that governs its behavior, attitudes, relationship, and style. It is the essence of “the way we do things around here”. Culture has a powerful impact on the way people work together in a business, how they do their jobs, and how they treat their customers. Company culture manifests itself in many ways. Although it is an intangible characteristics, a company's culture has a powerful influence on everyone the company touches, especially its employees. No two companies have same culture.[[1]](#footnote-1)

World is great cultural diversity polygon. The modern world and the globalization of economic relations require fast action and clear-cut decisions because competition is all around and can easily overtake and grab a piece of the profits. But in this cultural “rainbow” has opened opportunities for the new innovative products and services, new challenges for economic growth. As innovation is now acknowledged as encompassing more than just technological and scientific changes, the cultural and creative industries (CCIs) offer the opportunity to bring essential change in non‐technological innovation for products, services and processes, contributing to a more inventive Europe.

Cultural creative industries

Nowadays, power of information and cultural creative ability in the company are the core of global competition. Corporate Creativity is characterised by the ability to perceive the world in new ways, to find hidden patterns, to make connections between seemingly unrelated phenomena, and to generate solutions. Generating fresh solutions to problems, and the ability to create new products, processes or services for a changing market, are part of the intellectual capital that give a company its competitive edge. Creativity is a crucial part of the innovation equation.

“The center of a modern society, economy and community is not technology. It is not productivity. It is the managed institution as the organ of society to produce results … Management is the specific function, the specific instrument to make institutions capable of producing results” wrote Peter Drucker in Management Challenges of the 21st Century.[[2]](#footnote-2) Drucker’s ideas were the panacea for institutional giants of his time, and the business climate of the 80s was ripe for adopting them. In this context, he treated both innovation and entrepreneurship in the “new entrepreneurial economy” as practices, decisive duties that could be controlled best in a systematic work environment.

However it does suggest that entrepreneurs may often collect information and respond to it in more innovative ways. Peter Drucker viewed innovation as the tool or instrument used by entrepreneurs to exploit change as an opportunity. He argued that innovation, as a discipline, is capable of being learned, as well as practiced. While he never agreed to a theory of innovation, he realized enough was known to develop it as a practice – a practice based on when, where and how one looks systematically for (innovative) opportunities and how one judges the chances for their success or the risks of their failure. From Drucker’s perspective, systematic innovation consisted of the purposeful and organized search for changes, and in the systematic analysis of the opportunities such changes might offer for economic or social innovation.

What are the factors that cause the creation of new ideas? Almost one third of the private owners consider that to be the result of individual capability and to the individual inspiration in search of new changes. Some of them become aware of their capability after an actual challenge has appeared, more precisely, after suitable conditions have been created. There are not ideas without actual possibilities. “To be on the real place and in real time is the most important for new idea”.

The information is the substratum of entrepreneurship. No management function can be executed effectively without correct information. Efficient decision making is the function of efficient information application. The reverse relation between: the information - the decision making - the action - is crucial for every system of entrepreneurship. The information courses are the blood stream of the business system. The receiving, processing and exploitation of information are operations demanding a professional well-organized information system.

Innovation, motivation and creation go hand-in-hand to Entrepreneurship. Informational issues are central to entrepreneurship theory. Opportunity identification, investigation, and exploitation can be seen as an information collection process, with entrepreneur’s optimal strategy being closely related to this information costs, and his beliefs.[[3]](#footnote-3) For instance, some entrepreneurs already in the relevant industry might be able to cheaply trial a new idea, while for others trialing the same idea could be much more expensive.

Creating a culture that supports a company’s strategy is no easy task, but entrepreneurs who have most successful at it believe that having a set overarching beliefs serves as a powerful guide for everyday action. Culture arises from an entrepreneur’s consistent and relentless pursuit of a set of a core values that everyone in the company can believe in.

In conditions of very different culture oriented company in highly developed national economies in Europe and worldwide, the new and young entrepreneurs face strong obstacles in their businesses. Fostering entrepreneurship in the CCIs means strengthening Europe’s cultural and creative diversity by reinforcing the ability of cultural and creative entrepreneurs to efficiently carry out their activities and propose new products and services, and this can act as a non-technological driver of innovation.

Creativity is act of turning new and imaginative ideas into reality. Creativity involves two processes: thinking, then producing. Innovation is the production or implementation of an idea. If you have ideas, but don't act on them, you are imaginative but not creative. Creativity is the mental and social process used to generate ideas, concepts and associations that lead to the exploitation of new ideas. Or to put it simply: innovation. Through the creative process, employees are tasked with exploring the profitable outcome of an existing or potential endeavor, which typically involves generating and applying alternative options to a company’s products, services and procedures through the use of conscious or unconscious insight. This creative insight is the direct result of the diversity of the team – specifically, individuals who possess different attributes and perspectives.

It’s important to note that innovation is usually not a naturally-occurring phenomenon. Like a plant, it requires the proper nutrients to flourish, including effective strategies and frameworks that promote divergent levels of thinking. For example, by supporting an open exchange of ideas among employees at all levels, organizations are able to inspire personnel and maintain innovative workplaces.

The term cultural and creative entrepreneurship thus attempts to draw these worlds together: recognising the latent entrepreneurial spirit of an artist, the latent creative spirit of the entrepreneur and the particular environments in which cultural and creative enterprises operate. Having framed the distinct term in comparison to the general term, the entrepreneurial dimension of CCIs can be better understood using the determinants of entrepreneurship adapted to the characteristics of CCIs.

Therefore supervisors must manage for the creative process and not attempt to manage the creativity itself, as creativity typically does not occur exclusively in an individual’s head but is the result of interaction with a social context where it’s codified, interpreted and assimilated into something new. Within this system, incentives are paramount – ranging from tangible rewards such as monetary compensation to the intangible, including personal satisfaction and social entrepreneurship.

Macedonia and institutional fostering of innovative entrepreneurship

Macedonia has yet to harness the widespread benefits of innovation and has gaps in total R&D spending and within the private sector, when compared to other countries at similar levels of development. The private sector has limited capacity and know‐how to develop, “package” and commercialize new innovations. Furthermore, Macedonia lacks an effective environment for supporting innovators and offering the services needed to move from concept to business.

Since the independence of the country in 1991, the absence of the national innovation policies and appropriate measures has been compensated with two programmes, Programme for Technological Development (PTD) and Programme for Technical Culture (PTC). While the PTD mainly is a supply-side measure, the PTC includes several demand-side tools, like awareness raising campaigns, support to open innovation and user-centred innovation. Since 2009, several new complementary measures that affect demand-side innovation have been implemented in the country. The measures comprise procurement of innovative products and services, awareness raising activities, regulations, standardisations and financial incentives. They are not part of the integral innovation strategy, and are not always complemented with the supply-side measures. However, the demand-side innovation policy is becoming more relevant in the Republic of Macedonia and it is expected that in the National Innovation Strategy for the period 2012-20 it will have a significant role.

Since 2008, the Republic of Macedonia is in the process of developing or adopting several policies that have an influence or are targeted towards innovation in the country. Currently, the National Innovation Strategy for the 2012-2020 period is in the process of development. Through cooperation with the Macedonian Academy of Sciences and Arts (MASA), universities and the business sector, the Ministry of Economy (ME) prepares this strategy with support from the OECD (Organisation for Economic Co-operation and Development). The main objective of Macedonia's Innovation Strategy 2012-2020 is to improve the capacity of domestic companies to absorb new technologies. The development of this strategy will respond to the challenges of missing a clear vision, strategy and policy for developing of National Innovation System. Furthermore the strategy has to deal with issues regarding the concentration of research activities at one university, overlapping of responsibilities between the Ministry of Education and Science (MES) and the Ministry of Economy and the low level of awareness and demand for innovation. The strategy is expected to propose tax incentives for companies that invest in R&D and an intensified focus on entrepreneurial learning to all levels of education.

In the period 2007-2010 organisations from the Republic of Macedonia have shown the biggest interest for the FP7 inter-government scheme. They have participated in 271 eligible proposals, with 47 proposals retained for funding with a total amount of €7.51m. The Republic of Macedonia has been a member of EUREKA since 2008. In this period the Republic of Macedonia has been involved in seven projects in the fields of industrial manufacturing and materials and biosciences and technologies. Four projects, with a total value of €3.45m, are still running, while three projects with a total value of €12.8m are completed. The total national value of the projects is €0.98m, and the total number of participants is 13. The structure of the participants is seven universities, one research institute, two large companies and one SME.[[4]](#footnote-4)

Fostering technology transfer (through licensing or sale of intellectual property -IP rights) from universities to private companies would facilitate the collaboration between the scientific community and business operators. The establishment of technology transfer offices in universities could contribute to this endeavour. Not less important could be measures encouraging academic entrepreneurship. To foster spin-offs, universities should have coherent policies regarding the ownership of patents, which provide financial incentives for successful researchers. These incentives could be incorporated in an agreement between the research institution and the inventor to share revenues generated by the patented invention

Summary

Globalisation processes, rapidly changing in information technologies and global connectivity have radically changed the environment and competition between nations. This convergence between technological, social, economic and cultural aspects has forged changes that affect our daily environment. Knowledge ages quickly and today’s innovation is tomorrow’s old news, so creative economies react quickly and succeed in the process. However, universal formula for market success does not exist. It cannot be found neither in theory nor in practice. Each company operating business in market conditions is a story by itself. Its market success or failure is often identified with the success or failure of the entrepreneur or the manager. So the question of the ability of the entrepreneur or the manager is whether he will discover the best way toward company success on the market, combining his knowledge, skills, talent and corporate culture.

In R. of Macedonia has lacks a well defined relationships between science, technology and innovation, and their link to economic development. Better performance in relation to science, technology and innovation would assist the process of transition and attainment of higher levels of economic growth in. In the coming period is needed in order to highlight the interactions between various institutions and actors in this domain, as well as how it could be improved the situation in science and innovation development.

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