

CLUSTERS TRANSFORM RIVALS INTO PARTNERS

There are a large number of examples of competitiveness clusters in Europe, since **they are tools through which SME's become more competitive and present on the international market.** Hence, this area of the economy is being raised to a higher level, pointed out Tomislav Radoš, Vice-President at the CCE *by Jozo Vrdoljak*



65 business clusters

operating within the Cluster Alliance at the CCE

around 460 companies

brought together through clustering

A special conference: Clusters – Tools for Enhancing Competitiveness in Southeast Europe held in Mlini brought together over 130 participants, primarily experts, originating from 12 countries. It was the first but similar conference held during the past four years and that fact was frequently pointed out throughout the conference.

Clusters are included in all strategies linked with economic development in Croatia, yet no government budget resources have been allocated for their development. According to Marko Šantić, President of the Chamber of Economy of the Federation of Bosnia and Herzegovina, in Bosnia and Herzegovina clusters have not been considered important in development documentation either. Other countries in Southeast Europe are faced with a similar situation which needs to be changed, as emphasised by conference participants, since the Conference primarily and comprehensively addressed the issue of clustering. Considering the fact that decisions on the desired direction of cluster development in Croatia have not been made thus far, the Conference provided an opportunity for discussion and analysis of a broad range of proposals and ideas that can quickly be transformed into concrete measures intended for strengthening competitiveness, as well as for cluster recovery.

The Conference was organised by the Croatian Wood Cluster and co-organised by the Croatian Competitiveness Cluster for the Food Processing Industry, the Croatian Competitiveness Cluster for Electrical and Mechanical Machinery Industry and Technology,

the Croatian Competitiveness Cluster for the Construction Industry and the Croatian Competitiveness Cluster for the Wood Processing Industry. It was sponsored by the Croatian Parliament, and the Croatian Chamber of Economy, Agency for Investments and Competitiveness and the Chamber of Economy of the Federation of Bosnia and Herzegovina were Conference partners.

EFFECTIVENESS IS FUNDAMENTAL

The Croatian Wood Cluster is an operating cluster that covers some 100 members from the wood industry and forestry, and is one of the most active clusters in Croatia. It was allocated two INTERREG projects and it applied for several additional projects, stated Rosana Šimunović, Project Manager.

CLUSTERS ADOPT A BROADER AND MORE SOPHISTICATED APPROACH BUT ARE NOT BUSINESS ASSOCIATIONS, NOTED MARIJAN KAVRAN

Marijan Kavran, Director of the Croatian Wood Cluster, believes that effectiveness is considerably more important than the met-



hods of operation of a cluster. “Our specific objective at this point is to provide a more propitious environment and support, either through government support or through interconnectedness. In addition to horizontal integration, a cluster also needs to be vertically integrated into a sector. Smart and integrated projects are crucial for meeting our objectives and, considering the state-of-affairs in the 21st century, research and development is fundamental for development of any industry or sector”, pointed out Kavran.

Moreover, in his opinion, there are no unique solutions since solutions cannot be provided by replicating basic models from best practices within the European Union. Nevertheless, through the implementation of international experience and practices we can define the direction to take whilst organising our activity in Croatia and in Southeast European countries. “Clustering is a highly important issue for any economy and primarily for small economies. Clusters transform rivals transform into partners. There is huge potential to clustering. Furthermore, they can impact on employment and research and development, as well as both on the acquisition and implementation of new knowledge. It has to be no-

ted that clusters adopt a broader and a more sophisticated approach as they are not business associations. Southeast European countries are currently faced with the challenge of harmonisation with European Union policies, whilst we simultaneously need to strengthen the vital cornerstones concerning innovation development”, emphasised Kavran.

A TURNING POINT FOR CLUSTERS

According to Tomislav Radoš, Vice-President of the Croatian Chamber of Economy for Industry and IT, Energy and Environmental Protection, clusters in Croatia are currently at a turning point. “Most problems are caused by poor communication and so conferences play a fundamental role in helping communication and providing solutions”, noted Radoš, adding that clusters are frequently associated with the competitiveness in a national economy. “The CCE helps in raising corporate competitiveness to a higher level and clusters provide a model through which this can be achieved. In 2003, we started providing support to the creation of operational clusters only to start with the foundation of 13 competitiveness clusters at a national level in 2013. Cluster foundation directly impacted on the development of the

13

Croatian competitiveness clusters founded



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Marijan Kavran, Director of the Croatian Wood Cluster

► Smart Specialisation Strategy, due to which Croatia currently has over €1 billion at its disposal for investment into research and development of innovation. Furthermore, clusters have assumed a crucial role in defining future competence centres. There are a large number of examples of competitiveness clusters in Europe, since they are tools through which SME’s become more competitive and present on the international market. Consequently, this economic segment is being raised to a higher level”, stressed Radoš.

Jacques Viseur, Communications Manager from European Cluster Collaboration Platform, also highlighted the importance of the role played by clusters in national policies and strategies. “Cluster internationalisation and business networking is of extreme importance for any economy. Our platform is intended both for bringing together and the co-operation of clusters comprises of over 550 members. It was established several years ago and has already brought together so many members. We have been progressing at a fantastic pace and we can voice your concerns and provide support in Brussels”, stated Viseur.

Andrea August, Assistant Director at the Agency for Investments and Competitiveness, noted that the Agency has continuously participated in and supported cluster development since their creation. “We grew together, acquired new knowledge, exchanged knowledge and experiences and defined projects. Against the backdrop of current circumstances, clusters could provide a stronger upswing using the resources provided through EU funding. Thirteen competitiveness clusters have been created primarily in order to absorb resources from EU funds and thus to provide additional dynamism to cluster operations. All the required strategies have already been developed and clusters are expected to see an upswing

through realisation and implementation of these projects. This is the only way to absorb funding by sectors and so strengthen them. The purpose of clustering is primarily in innovation within traditional sectors. The principal role of clusters will comprise of identifying innovative niches in specific sectors”, explained Andrea August.

NETWORKING IMPERATIVE FOR DEVELOPMENT

Florence Castel, CEO at the French cluster Advancancy, represented a cluster comprising over 180 members and she emphasised as follows: “Our objective is project networking and we are looking for partners in South East Europe”.

CO-OPERATIVES HAVE NOT BEEN IDENTIFIED AS A RECOMMENDED BUSINESS MODEL IN CROATIA, STRESSED ILDA STANOJEVIĆ

Vladimir Gumilar, Director of the Construction Cluster of Slovenia, a member of European Circular Construction Alliance, believes that development is currently impossible without networking. “Challenges require co-operation, not only inside sectors, but also networking with others, which is impossible without the services provided by clusters. We are currently working on networking with clusters in other countries. The European Union supports clusters and cluster members in internationalisation and networking, as well as

ŽELJKO ERKAPIĆ, DIRECTOR OF THE AGRICULTURAL EQUIPMENT CLUSTER

How to revitalise clusters?

Željko Erkapić, Director of the Agricultural Equipment Cluster, and the founder of two competitiveness clusters, noted that the cluster development process is currently stagnating against the backdrop of the circumstances arising from various policy changes. «We are faced with the challenge of how to revitalise clusters and get them back to the path we had planned. We have thus far achieved some results, yet we are cu-

rrently faced with stagnation. We have actively brought members together. At the inception, there were eight founders and now there are 23. Some projects have improved cluster competitiveness substantially, especially concerning business internationalisation and we are currently included in all the data bases of international producers. Our members export 70% of their products», pointed out Erkapić.



12 priority industrial sectors with high potential within the Croatian economy

Tajana Kesić Šapić, Director of the Industry and IT Sector at the CCE, noted that clusters have been participating in the Croatian economy since 2003. During the period between 2005 and 2011, the Ministry of Economy, Labour and Entrepreneurship co-financed 46 clusters and initiatives for cluster foundation through the provision of €3.6 million. These clusters and initiatives covered 504 companies with 25,063 employees. The Alliance was founded at the CCE in 2007. "12 priority industrial sectors with high potential have been identified within the Croatian economy, based on the collected analytical data, and the results of detailed mapping of existing clusters in Croatia. Moreover, several business clusters have been founded at the CCE amongst which it is important to note the AD Cluster, Intelligent Energy Cluster and Wood Cluster of North-West Croatia, whilst several communities and

associations also operate as clusters. The Cluster Alliance at the CCE covers 65 business clusters that bring together around 460 companies. In addition, 13 competitiveness clusters have been founded at the national level", emphasised Tajana Kesić Šapić. According to her, the specific objective of clustering is focused on the creation of a network of entrepreneurs who will jointly provide new products, and address the issues linked with fragmented production and a lack of production capacity. "The formation of clusters and bringing companies together into clusters was based and focused on joint investment into research and development, appearance at both domestic and international trade fairs, joint marketing expenditure, professional development programmes and finally via more competitive procurement. Bringing companies together into clusters is based



on the concept of increasing exports and providing the opportunity to access new markets, the transfer and introduction of new technologies into the Croatian economy, improvement of framework conditions for innovation, networking between various complementary sectors and intermediary organisations. Moreover, the issues of introduction and improvement of quality standards and processes in clusters and cluster members certainly need to be addressed", noted Tajana Kesić Šapić.

in their appearance on third markets", explained Gumilar.

Danka Milojković, Director of the Niš-based Cluster House, a Conference Partner, believes that clusters are tools for sustainable economic growth. "Cluster sustainability depends on three aspects: sustainability of company members, cluster governance and public sector support, yet it also depends on the strategy implemented by individual countries. In the case of EU member states, it is linked with the sustainability of SME's, whilst in South-East Europe it all comes down to private sector enthusiasm and cluster management. It has to be stressed that clusters cannot be developed only via private sector initiatives, since these are primarily focused on generating profit. The state needs to provide a framework for economic development", believes Danka Milojković.

Vlado Orešković, Director of Croatian Competitiveness Cluster for Electrical and Mechanical Machinery Industry and Technology, believes that networking and regional co-operation are fundamental for business and imperative for sustainable business in the future.

CO-OPERATIVES RECOMMENDED IN THE EU

Tomislav Kovačević, President of Local Action Group Lika, presented the Integrated Deve-

lopment Programme for Lika and Primorje. "We have brought together all those involved in agriculture in Lika Coop, which will participate in various programmes and apply for tenders. Travel agencies have also been brought together in a special project and thus we are all currently included and participating in an integrated project. Considering the fact that the project has been comprehensively planned, we believe it will be successful and some progress is already visible", noted Kovačević.

Ilda Stanojević, Director of the Croatian Centre for Co-operative Entrepreneurship, believes that clustering, as well as co-operatives, are all various aspects of networking that is primarily intended to enhance the competitiveness of members and strengthen their position on the market. "The main obstacles we are faced with are a lack of harmonised legislation and the regulations concerning co-operatives. Co-operatives are currently not recognised in Croatia as a desirable business model, whilst they are highly recommended in other EU member states, certainly in agriculture. Unfortunately, in Croatia that is not the case, irrespective of the fact that co-operatives are a highly desirable business model in terms of the absorption of EU funds", concluded Ilda Stanojević. ■

The foundation of 13 competitiveness clusters at the national level directly impacted on the development of Smart Specialisation Strategy, due to which Croatia currently has over €1 billion at disposal for investment in research and development of innovation.

Tomislav Radoš, Vice-President of the CCE