

Entrepreneurial skills in a post-modern society

Aristotle University of Thessaloniki

Prepared by: *Grigoris Zarotiadis, Dr., Ass. Prof.*

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Skills covered: *1. Entrepreneurial, Innovation and Creativity skills*
 2. Technical skills

Estimated number of lectures / teaching sessions needed: *Three (3)*

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Grigoris Zarotiadis, Dr. Ass. Prof.

gzarotia@econ.auth.gr



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1. SCOPE, AIMS, AND INTRODUCTORY NOTES

Scope: Post-modern systemic change evolves mainly through the following two strands: (i) a re-boosting of economic internationalization – driven by R&D especially towards product and service differentiation, outsourcing (material and immaterial), internationalization of financial markets and of sales; (ii) the enhancement of Creative Industry and Cooperative – Social Economy. The new generation has to be aware of that they know the required skills and abilities in this evolving socioeconomic environment.

Aims: To determine and develop:

1. Entrepreneurial skills for activities in the fields of Social – Cooperative Production and / or in that of Creative Industries.
2. Entrepreneurial skills with respect to the special features of acting in a highly globalized environment.

Brief Abstract: The re-intensification of the globalisation of economic affairs – in the sense that spatial mobilization of production factors (mainly of capital), goods and services is accelerating – has been commonly assigned to various trends that appeared or strengthened considerably after the Second World War: the development of technology, resulting on the one hand in the diminishing of costs for overcoming spatial boundaries, in terms both of communication and transportation costs, contributing on the other to the deepening of differentiation of goods and services; the autonomization of financial capital and the intensification of its velocity of circulation cross-nationally; the institutional and organizational development with respect to the regulatory and legal integration.

On the other hand, cooperative initiatives in the social and /or creative economy are becoming increasingly important, given the structural changes in modern bourgeoisie. Along them, entrepreneurial skills are being modified, both in terms of their content and of their nature. The present module reveals these modifications and supports the specific skills of the participants that will be especially needed for having efficiency and viability in this type of initiatives.

Type of students: The present “Learning Material” is for students of both, Engineering & Computing and Business & Economics.

2. ENTREPRENEURIAL SKILLS FOR ACTIVITIES IN THE FIELDS OF SOCIAL – COOPERATIVE PRODUCTION AND / OR IN THAT OF CREATIVE INDUSTRIES.

Why “social”?

Accumulation of dead-ends from previous credit-expansion:

- (Over-) indebted countries;
- Autonomization of financial capital & financial bubble;

... increasing difficulty in financing public goods.

Deterioration of the commercial character of capitalistic production:

- Raising the requested initial capital;
- Rapidly decrease of marginal costs for (re-) producing goods and services;

... “socialization” of production and commodities

Why “creative”?

The importance of product and services differentiation:

- From covering general needs towards covering special needs;
- Competition in costs is being transformed into a competition in differentiation;

... quality gains significance against quantity.

Why “cooperative”?

The necessity of “corporatism” in modern capitalistic environment:

- Maintain / enhance horizontal and vertical specialization;

- Exploiting economies of scale in the individual phases of the production, use and disposal of goods, as well as in finding the necessary financial asset;

... maintaining economies of scale for quality activities.

Re-defining Entrepreneurship.

... and relevant skills...

- Post-modern methods of Financing – cooperatistic & ethical banking;
- Social Balancing;
- Democratization of Decision Making and Efficiency Boosting;
- Post-modern Human Resource Management;
- R&D, Product and Service Design.

2.1 TASK: SCHEDULE FOR A CORPORATIST TRANSFORMATION

Having in mind to reserve gains from economies of scale without losing the opportunities of differentiating – specialized qualities, choose a specific chain of producing and providing a product or service and proceed with rescheduling it using types of corporatist structures in different stages.

For instance think of the following generalized example and proceed with your own, specifically defined chain and transformation:

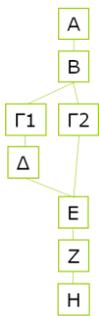


Table 1: A schedule for corporatist transformation

Phase	Subject	Proposed relation	Type of relation	Decision making	Dimension
A	Primary Production	Autonomy of producers	-	-	-
B	Primary Manufacturing	Autonomy of producers	-	-	-
Γ1	Industrial Manufacturing	Corporatist relations	Holding	Majority rule	Sectoral
Γ2	Special Manufacturing (i)	Autonomy of producers	-	-	-
Δ	Special Manufacturing (ii)	Autonomy of producers	-	-	-
E	Packaging	Corporatist relations	Holding	Majority rule	Sectoral
Z	Promotion and Disposal	Corporatist relations	Holding	Unanimity	Spatial
H	Re-usage and Recycling	Corporatist relations	Networking	Unanimity	Sectoral and/o spatial

3. ENTREPRENEURIAL SKILLS WITH RESPECT TO THE SPECIAL FEATURES OF ACTING IN A HIGHLY GLOBALIZED ENVIRONMENT

Re-boosting Globalization:

Globalization: Social, Political, Cultural and *Economic*

- Cross-regional, -national movement of commodities
- Cross-regional, -national movement of production factors – Labour and Capital (Portfolio speculations & FDI)

The reasons of “re-boosting”:

- Globalization is “good”:

Scale effect; technology spillovers; labour sharing and utilization of absolute and/or comparative advantages

- Globalization is “necessary”:

Way-out from over-production crisis; internationalization of autonomized financial capital; capital centralization as a way-out from over-accumulation.

The new environment:

The re-intensification of the globalisation of economic affairs – in the sense that spatial mobilization of production factors (mainly of capital), goods and services is accelerating – has been commonly assigned to various trends that appeared or strengthened considerably after the Second World War: the development of technology, resulting on the one hand in the diminishing of costs for overcoming spatial boundaries, in terms both of communication and transportation costs, contributing on the other to the deepening of differentiation of goods and services; the autonomization of financial capital and the intensification of its velocity of circulation cross-nationally; the institutional and organizational development with respect to the regulatory and legal integration.

All the above may be factors that enable economic globalization, yet they do not provide an explanatory basis for the re-intensification of cross-regional and cross-national mobility. Following the “orthodox” economic theory, globalization is “good”, being the natural outcome of socioeconomic evolution, the efficient result of an economic system, where the objective market forces utilize the opened opportunities: the cross-regional, -national division of labour according to the comparative advantages that creates substantial gains for world output, in terms of both, quantity and quality; the global scale effect that strengthens, among others, the potential of technological evolution; the convergence effect, as the mobilization of capital, technology diffusion and socioeconomic imitation are supposed to close cross-regional growth- and level- gaps.

On the other hand, heterodox approaches consider globalization as the necessary response of the capitalistic economy to the internal, systemically reappearing crises of over-production and over-accumulation of capital. Imperialistic expansion, evolving in geographical and sectoral sense, accompanied by the integration and the internationalization of financial markets inhibits the systemic downward trend of the capitalistic economy by providing new investment opportunities for the over-accumulated capital.

Three years after the end of the 2nd World War, following the establishment of the International Monetary Fund and the World Bank, 23 nations signed the General Agreement on Tariffs and Trade (GATT) in Geneva on October 30 in 1947, “formally” and “regulatory” celebrating the post-modern globalization era. GATT lasted until the signature of the Uruguay Round Agreements by 123 nations in Marrakesh on April 14 in 1994, which established the World Trade Organization (WTO) on January 1 in 1995.

Along with the global developments, the evolution of regional cross-national integrations like the European Union (EU) and the North American Free Trade Agreement (NAFTA) co-determined the overall evolution. Think for instance of the removal of all legal and bureaucratic restrictions on the movement of agricultural products within the EU.

Because of their common commercial policy, since 1995 the Member States of EU participated in GATT in an indirect way, as the European Commission was representing them in the negotiations.¹

¹ http://www.europedia.moussis.eu/books/Book_2/7/23/04/index.tkl?lang=gr&all=1

The liberalization of trade, mainly through tariff barriers' reductions, continued with the negotiations of tariffs by WTO, which protects the rules of GATT and that of TRIPS (Trade of Intellectual Properties), carried out in the form of "Rounds". During the "Dillon" and the "Kennedy" Rounds tariffs were reduced by 50%. The "Tokyo Round", lasting six years, achieved further tariff reduction by 1/3, completed in 8 stages. "Uruguay Round" took seven years covering a broader range of issues and member states. The negotiations included issues of agriculture and the textile trade, branches that could be characterized as traditionally advantageous for low-wage, developing economies.

The liberalization of industrial products was almost complete since there was a reduction of at least 33% of the duties imposed in the following areas: building materials, agricultural machinery, medical equipment, steel, beer, spirits, pharmaceuticals, paper, toys, furniture and textiles. The average level of tariffs imposed by the industrialized countries fell from 5% to around 3.5%.² Indicatively, almost 40% of the European Union's industrial imports are now duty free.³ Today, the 9th Round is taking place, known as the "Round of Doha" and the negotiations on the liberalization of trade in services is still going on.⁴

The liberalization of trade appeared jointly with the effects of unrestricted capital mobility, which was introduced in a similar manner, "formally", by many international conventions and treaties, especially after the abolishment of capital controls in 1974 and 1979 by the United States and the United Kingdom, respectively. This was a necessary step, following the needs for a global intensification of the velocity of capital's circulation, a pre-condition for the post-war credit expansion, the chosen systemic way-out of the crisis. The geometrically growing forms of new financial products confirm this, as well as the explosive over-accumulation of a self-reproducing financial capital that keeps on preferring financial speculation instead of the productive investment.

The European Union (EU) can be considered as the most illustrative example of an almost perfectly internationalized environment of post-modern, neoliberal, capitalistic character. Its historical evolution from its premature

² It was close to 40% in 1947.

³ http://www.europedia.moussis.eu/books/Book_2/7/23/04/index.tkl?lang=gr&all=1

⁴ TRIPS is of great significance for the evolution of the tertiary sector, since it focuses primarily to income from services.

establishment (European Economic Community, EEC, in 1957) until its final configuration as European Union (EU) and the European Monetary Union (EMU) was pre-dominated by two economic principles: (a) the openness of markets and the “free trade / free mobility of resources”, not only within the EU but also with non-EU countries based upon various multilateral agreements and negotiations; (b) the “conservative” monetary integration justified as a necessity in order to confront the volatility of currency markets and the inflationary pressures induced by the Keynesian policies during the '60s, and the emergence of the energy crises in '73 and '79. A Monetary Union that is pre-dominated by the neoliberal orthodoxy and the substitution of the European democratic / social *acquis* by the militant technocracy.

Given the described deeper socioeconomic evolution and the induced legal and institutional framework, which are the alternatives for a country? More specifically, which are the choices for a member state of the EU, restricted by the intra- and inter-Union agreements, as well as by its own deficiencies and moreover the weaknesses that have been provoked after a period of intensive austerity and the resulted de-industrialization? Is extroversion a necessity for Greece? In the following chapters, we discuss this issue based upon a theoretical literature review and we proceed further providing an innovative, progressive plan for extroverted development, aside to the post-modern conservative dead ends.

Pre-requisites and Strategies:

Prerequisites for the internationally oriented, extroverted development for the producers: Define the way how to back up the following prerequisites for an internationally oriented, extroverted development of Hellenic (especially) producers:

- Strengthen financial health and sustainability, which, besides ensuring the necessary liquidity, it will reinforce the sense of security and reliability for the foreign customers – note that these two concerns are of extreme importance in the contemporary international markets. Given the current unfavourable economic environment, there is a necessity for loans with very favourable terms something that only a system of micro-finance and local cooperative banks can offer;
- Given the analyzed horizontal national advantages and the indisputable focus of Hellenic production in the highly specialized diversity, build a

regionally and sectoral well balanced system for the promotion of recognition, assertion and certification of the diversified qualities – unfortunately, several key studies depict clearly that till now certification is not considered by Greek producers as a significant indicator for extending their marketing advantages internationally (Dimara, Petrou and Skuras, 2004).;

- Promote effective logistics services through necessary public investments and administrative / institutional modifications– on the one hand this will open a range of opportunities for entrepreneurship in this sector; on the other it will support the competitiveness of all activities in the international markets, as costs and quality of logistics services is of immense significance.

Strategies for the internationally oriented, extroverted development: Stimulate the following three-stages strategy for the internationally oriented, extroverted development of production units – note that the three stages should not be seen as a strict inescapable sequence, but rather as a dynamic order that can be effectively adjusted according to the specificities of each branch and each unit:

- Undertaking significant, international projects, either autonomously or in national and / or cross-national consortia;
- Developing business-to-business(B2B) cooperation, both for the distribution of finished, but also of semi-finished products as well;
- Developing / participating in business-to-customers (B2C) international networks.

Features and skills – macro level:

There are some modern myths that need to be offset before we proceed.

- First, even if extroversion is a necessary aspect (think of the export-led-growth discussion and the re-intensification of globalization), no country were and will never be able to permanently improve its position in the international competitive environment, without ensuring a robust domestic market.
- Second, “closing” the economy is so impossible, as it is useful to apply modern protectionist policy. The “infant industry” arguments, private choices that fail to benefit from a region’s advantage, the need to prevent longer lasting social and regional disparities, the particular

significance of the (use-) value of some products / services, in other words simply the fact the neither markets are perfect, nor agents act according to the classical rationality, speaks for the necessity of an efficient policy support.

- Third, lowering costs is not the only, perhaps not even the most significant cause for international competitiveness. Moreover, regardless their relative significance, cost advantages do not result solely from diminishing labour costs. Even if they do, the caused negative macroeconomic externalities are enormous – think of the pre-mentioned necessity to sustain a robust domestic market.

Modern promotion strategy instead of the old-fashioned protectionism: instead of focusing at lowering the (relative) prices of domestic production (traditional protectionism), concentrate on the improvement of qualitative aspects.

The present institutional framework worldwide limits the countries' competence to apply trade-restricting measures. Moreover, traditional protectionism that focuses mainly at lowering the (relative) prices of domestic production is also inefficient. Recall that cost benefits are not the only valid comparative advantage – in post-industrialized capitalism, also qualitative specificities and differentiation play a role. Therefore, for reasons of lacking ability, but mostly for the shake of efficiency, contemporary policy for promoting local productions should concentrate on the improvement of qualitative aspects – in place of the a policy protecting through exchange-value-orientated measures, develop a bundle of use-value-supporting initiatives.

- Promote highly specialized, small / medium scale production of significant quality inclusion – note that this is an aspect that fits to the analyzed horizontal advantages of the Hellenic production;
- Develop the national framework for accreditation, certification and testing of qualitative production, covering domestic and international markets;
- Utilize the diplomatic corps(especially the group of trade attendants) for setting up the necessary networks in foreign markets;
- Finally, effectively utilize countervailing benefits (offsets) resulting out of national, public commercial contracts.



Features and skills – micro level:

- Linguistic Skills;
- Multicultural Skills;
- Communicative – Social Skills;
- Specialized economic and technocratic knowledge with respect to the functioning of (re-) internationalized economy and institutional framework.