

INNOVATIVE ENTREPRENEURSHIP

ADDRESS BY ADEM KUMCU PRESIDENT OF UNITEE

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Mr Chairperson, Honoured Speakers and Guests ...

Let me express my **sincerest gratitude** to you all for being here today. As **President of UNITEE**, I feel **honoured** to be speaking on a subject that is **of crucial importance** for the **future of Europe**.

In **2000**, Europe set itself the **ambition** to become **by 2010** “the **most competitive** and dynamic **knowledge-based** economy in the world”. It was the **Lisbon Strategy**. In March **2010**, in the midst of an **economic crisis**, it was clear that the strategy had **failed**. A new one was launched: the “**Europe 2020**” strategy, which aims this time to achieve a “**smart, sustainable, inclusive growth**”.

Almost **four years** after its introduction, it is of course **difficult to evaluate** the new strategy. It has not helped us to **overcome the crisis** so far, with a **GDP** that **stagnated** last year, **unemployment** rate expected to stay at **12,2%** in 2014 in the euro zone and an **ongoing debt crisis**.

But, what is **certain**, is that we **still** have the **time** and the **resources** to turn this strategy into a **success**. A success in **2020**, but also a **success** for the **following decades**. A **long-lasting success**. Because what is **at stake** is not only whether **Europe’s economy** will be

strong enough to **give you a job** or to **support your businesses** in 2020. What is at stake is whether **Europe** will be a better place for **your children** and for the **generations** to come.

In this strategy, there is one **flagship initiative** for which we have a **special interest** at UNITEE: the “**Innovation Union**”, “creating an **innovation-friendly** environment that makes it easier for **great ideas** to be **turned into products and services**.”

Contributing to foster **innovation** in Europe is, indeed, one of UNITEE’s **key missions** for at least three reasons.

The need for an innovation-based competitiveness

The first reason is that the **race to global competitiveness** is, first and foremost, a **race to innovation**, a race for **global advantage**.

We all agree that **competitiveness** brings **growth** and **jobs**. And what is **competitiveness**? It is the **ability** of a **company**, of a **region** or of a **country** to **export more** in value added terms than what it **imports**.

How can you **export more**? By producing cheaper **products** than those of your competitors, by producing **raw materials** that others do not possess or by creating new **products** before others do.

As you all know, Europe has the **competitive disadvantages** of having a relatively **expensive work force** and of not being a **producer of raw materials**. So what is the **remaining alternative**?

To produce **innovative products**. In order to **remain competitive**, European firms must be **more inventive**. European firms shouldn’t aim to be **competitive on cost** for **highly standardized** products. Rather, they should aim to offer **unique products and services**. Competitiveness for Europeans shouldn’t mean **lowest cost** but **highest creativity**.

New Europeans and innovation

The second reason why innovation is one of **our core issues** at UNITEE is that we believe **our members** have a **key role** to play in **stimulating innovation** in Europe. Why?

Innovation and entrepreneurship

First, because they are **entrepreneurs**. And **Schumpeter's** words that **entrepreneurship is innovation** have never seemed **so appropriate** as today.

Fostering innovation does **not only** mean for Europe to **invest more in Research & Development**. It also means being able to **better transform** its **knowledge** into **new and innovative** products and services.

And right now, Europe fails in **transforming** its **success in research** into **commercial success**. It even has a name: the **“European innovation paradox”**.

Several reasons account for this **paradox**: the organisation of **academic research** (which **lacks funds** and is not enough **open to society**); the difficulties for innovative businesses to **access capital and markets**; and the **lack of entrepreneurial mindset** in Europe.

The last one is the **most challenging one** because it has to do **with culture**. **Europeans are not risk-takers**. They prefer to **head for a big corporation** and a **steady job** rather than look at **entrepreneurialism** as a **genuine career option**.

On the **contrary**, and that's where our **members** step in, New Europeans **are more likely** to become entrepreneurs, according to an OECD report. And **not just by default**, to, for example, bypass a **labour market** that is still **discriminatory** towards them. **No**. The **second and third** generations are more frequently **“voluntary entrepreneurs”**, motivated by **entrepreneurial values**.

So New Europeans can help us **transform our ideas** into **commercial products**. But they can themselves come up with **innovative ideas**.

Innovative ideas as they may have **expert knowledge** on specific **demands** or **sources of supply** related to **foreign products**; they create **market niches**, a **test bed** for innovations that **eventually go mainstream**.

But **innovative ideas** also because they are **increasingly well-educated** and invest more and more in **innovative sectors**. Actually, a report published by the OECD (Organization for Economic Development and Cooperation) in 2011 found out that:

→ Migrant entrepreneurs in OECD countries **are younger** than their native counterparts.

→ They are **more educated**: **36%** have high educational attainment compared to **25%** by their native counterparts. The only exception is **Germany**.

Our members are **not only filling vacancies** on the job market or work in **ethnic businesses**. They operate in **more than 115 sectors** and are **increasingly active** in **producer services, creative and high-tech industries**. Let me give you the example of an **entrepreneur of Turkish origin** in the **Netherlands** operating in the **high-tech sector**. After just **5 years**, he now employs **6976 persons!**

Innovative ideas, also because they **bring a different perspective**. That's my second point.

Innovation and diversity

The **second reason** why New European entrepreneurs **foster innovation** is that they **bring diversity** into Europe.

Let me tell you a **little story**: one of the **first ice cream** cones was created when an **ice cream seller** at the **1904 St Louis World Fair** ran out of paper cups. The **waffle seller** at the next door stall started **rolling waffles** to put the ice cream into. Thus the ice cream cone **was born**.

This shows that innovation comes from the **interaction of different ideas**, from the **confrontation** or **combination** of different **perspectives**. Innovation is thus **more likely to flourish in a diverse society**, where there are **people from various horizons** bringing **different perspectives**.

Just take a look at **history**. Diversity has **always been** a force to innovation. And it has been proved. For example, in 1998, in a book called "**Cities in Civilization**", a **well-known American sociologist**, Peter Hall, studied **21 cities** at their greatest moments and his results show that they were **nearly all cosmopolitan**, that they **all drew talents** from the four corner of the world.

AnnaLee Saxenian, an American professor widely known for her work on regional economics, found that **more than half** of the **high-tech firms** founded at the **Silicon Valley** had at least one **immigrant founder**, including **Google** and **Intel**.

The **magic of Silicon Valley** happens because of its **diversity**, but also because the Valley creates a **diversity-friendly environment** that allows this **diversity to flourish**.

Indeed, the valley facilitates **networking**, **entrepreneurial mentorship**, **collective learning**. **Sciences parks** and **industry subsidies** can't do this. And this holds **important lessons** both for **business associations** and for **governments**.

THE ROLE OF UNITEE AND ITS MEMBER ASSOCIATIONS

For **business associations** such as **UNITEE** and its **member associations**, the lesson is **clear**.

UNITEE and its **member associations** should do exactly that: facilitate **networking**, **entrepreneurship mentoring** and **collective learning**.

One of our **members** once said to me that before the **business association** to which he is a member was launched, **many entrepreneurs** saw themselves as **competitors**, especially if they were **active** in the **same sector**. But via this **local business association**,

they now **meet together** and do not see themselves **only as competitors**, but also as **potential partners, investing together** to acquire **businesses** or **locations**.

The **same member**, who started up with a **small market business**, **against the will** of his family, not **knowing the language** of his **host country** and thus **not understanding** his own **accountant** now acts, via the association, as **role model** and **mentor** to **younger people**.

And we, at **UNITEE**, will make sure his **story and message** is shared to a **wider audience**. In fact, an **article** about this **entrepreneur** will be published **very soon** on our Blog.

So at **UNITEE**, we represent **more than 15 000 entrepreneurs** and **business professionals**, operating in **more than 115 sectors**. We currently have **6 national federations** and **77 associations** across **23 European** countries.

All our federations have a **specialization** when it comes to support the **innovation** of their members through **forums, conferences** or **networking** opportunities:

- **Germany**: innovation in **renewable energies**
- **The Netherlands**: innovation for a **sound** and **environmentally-friendly** agriculture
- **France**: innovation for a **sustainable urbanisation**
- **Finland**: innovation in **information technologies**
- **Sweden**: in **furniture design**
- **England**: in the **finance sector**

To cite but a few.

The fact that the **confederation** is based in **Brussels**, in the **heart** of the **European area**, is no accident.

We also want to **contact** and **collaborate with** European **stakeholders'** and most importantly, **change** their **mentality**, change **the way they look** at our members, if they **do** actually **take a look** at them...

New Europeans' potential is indeed still not **rightly acknowledged**. Today, we focus on **innovation**, but let me remind you that **New European entrepreneurs** not only foster innovation, but they also **create jobs** and, thanks to their **connections** and **knowledge** of the home country, facilitate **international trade**.

It is crucial that **policy makers**, but also **public opinion**, better recognise the **added-value** of New Europeans in order to create **favourable conditions** for them to **strive**, for European **diversity** to **flourish** and **enrich us**.

Finally, **UNITEE's role** is also to act as **intermediary** between our **members** and **European stakeholders**, especially regarding **funding opportunities**.

There are **existing programmes** at the **European level**, such as the **Entrepreneurship and Innovation Programme (EIP)** which **seeks** to support **innovation** and **small and medium enterprises (SMEs)** in the EU or the **COSME programme**.

While we can **inform** our members about **these programmes**, EU stakeholders can **better reach out** to New European entrepreneurs by **cooperating with UNITEE**. Our **membership** stand at 15000, but our **network** is much bigger.

CONCLUSION

Let me **conclude** with this quote from **Joseph Schumpeter**:

“Times of **innovation...are** times of **effort** and **sacrifice**, of **work for the future**, while the **harvest comes after**.”

An **innovation-based growth** will not be easy to reach, but in fact, we have no choice, as it will be **central** not only to **increase employment**, but also to **raise** or at least **maintain** our **living-standards**.

It will require the **cooperation** and **synergy** between **many stakeholders**, whether they are **students, universities, research centres, entrepreneurs, business associations** or **policy makers**.

This is why I am very **pleased** to have you all here, around this table, and I am looking forward to **Mr Drake's** contributions.

Thank you very much.