INNOVATIVE ENTREPRENEURSHIP

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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 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 other 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, form 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 15 000, 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.