

THE BUSINESS SYMPOSIUM

“SMEs Competing in a Knowledge Economy”

3 June 2004 Istanbul, Turkey

Recommendations



Presented at the Joint Session of the

2nd OECD CONFERENCE FOR MINISTERS RESPONSIBLE FOR SMEs

**“Promoting Entrepreneurship and Innovative SMEs in a Global
Economy**

--Towards a More Responsible and Inclusive Globalisation”

4-5 June 2004

**BACKGROUND NOTE
FROM
THE BUSINESS SYMPOSIUM ORGANISING COMMITTEE**

1. In the framework of the Bologna Process, it was agreed upon by the OECD Council on 9 January 2003, to hold the 2nd OECD Ministerial Conference on *SMEs “Promoting Entrepreneurship and Innovative SMEs in a Global Economy”* in Istanbul on 3-5 June 2004, at the invitation of the Turkish Ministry of Industry and Trade. The Turkish Authorities proposed to organize the *Business Symposium*. **The Business Symposium was held on 3 June, the day before the Ministerial Meeting (4-5 June)**. The Turkish Authorities selected as the theme of the Symposium “*SMEs Competing in a Knowledge Economy*”. The conclusions from the discussions held during the Business Symposium were brought forward to Ministers **on the morning of 4 June**.

2. The Business Symposium offered business organisations and individual firms (both small and large) the opportunity to strengthen their co-operation at international level and to influence government policies and the international agenda for SMEs. The Symposium was attended by Chief Executive Officers (CEOs) of SMEs and large firms, representatives of federations of entrepreneurs at the national and supranational level, providers of SME financing (e.g. banks, financial institutions) and agencies providing business services for the globalisation of SMEs. Representatives of international organisations were also invited to participate in the Business Symposium.

3. The Recommendations for the Business Symposium were prepared by an organising committee co-chaired by Mr. Faruk Eczacıbaşı (*Chairman of the Board, Turkish Informatics Foundation, Turkey*) and Mr. Peter Fritz (*Group Managing Director, TCG, Australia*). **The draft recommendations were posted on the Istanbul Ministerial Conference Web site (www.oecd-istanbul.sme2004.org and www.insme.org)** at the beginning of May, for comments from the private and public sectors.

- The *final Business Symposium Recommendations* were adopted by business representatives at the Business Symposium on **3 June 2004**.
 - The final Recommendations were presented to Ministers **on the morning of 4 June during the plenary Joint Session of the Istanbul Ministerial Conference**.
-

BUSINESS SYMPOSIUM'S RECOMMENDATIONS

Representatives of the Business Community participating in the Business Symposium (3 June) of the Second OECD Conference of Ministers responsible for SMEs, Istanbul, 3-5 June 2004:

- I. RECOGNISING that the transformation process to a Knowledge Economy results in shifts in the employment sector and causes structural changes in labour force demand with additional implication for training and the education system, RECOMMENDED that in developing SME policies, the following be considered:**
- Regional education and human resources management policies include special measures to encourage SMEs to benefit from local training and education institutions, in order to reduce the skill disparities.
 - Specific financial and other incentives be applied to encourage enterprises to invest in training.
 - Targeted investments be considered to stimulate public and private enterprises.
- II. RECOGNISING that e-transformation undergone by governments will create demand for knowledge-intensive products and services, RECOMMENDED that in developing SME policies, the following be considered:**
- Governments outsource these products and services to businesses, specifically to innovative SMEs.
 - As increased transparency and adoption of international best practices encourage the establishment of knowledge-based technology SMEs, therefore transparency should be increased by the introduction of e-procurement models to government procurement.
-

III. RECOGNISING the vital contribution of innovation to SMEs' competitiveness, the role played by SMEs in regional innovation systems, and the importance of collaboration with regional stakeholders, RECOMMENDED that in developing SME policies, the following be considered:

- The local administration, NGOs and universities, together with private partners, develop and facilitate regional clustering and networking strategies.
- Universities promote their role in the development of incubators and knowledge transfer, and in the effective use of intellectual property, so as to facilitate the creation of start-ups and increase the innovation capacity of existing SMEs.
- A strategy for leveraging global networks be developed, fostering partnerships of stakeholders for greater economic benefits.

IV. RECOGNISING that investment in ICT infrastructure facilitates access to the Internet which is vital for knowledge exchange and networking between SMEs, RECOMMENDED that in developing SME policies, the following be considered:

- Governments play a leadership role in building trust in the Internet, by encouraging relevant local content development and focusing on the enhancement of the Internet penetration in low-income and regional groups to allow wider access.
- Appropriate laws and regulations be developed to encourage the acceptance by SMEs of Internet as a trustful means to conduct business.

V. RECOGNISING the significant potential opportunities of the digital world for overcoming geographical and culture distance, RECOMMENDED that in developing SME policies, the following be considered:

- Governments work with business and other relevant stakeholders to address the issues and impediments that so far have prevented active international collaboration in the development and implementation of effective solutions.
 - The existing schemes be examined systematically for the purpose of identifying best practices, as well as for developing promising technological solutions.
-

VI. RECOGNISING that risks of cyber-crime and the misuse of digital communication are rising, creating problems of data confidentiality, availability and integrity of e-commerce, RECOMMENDED that in developing SME policies, the following be considered:

- Better-coordinated, effective and non-discriminatory approaches be adopted to help improve standards and the regulatory environment, and to enhance security and trust without compromising the efficiency and openness of international markets.
- A Global Trust Centre be established for researching, developing and delivering on these recommendations.

VII. RECOGNISING that Knowledge Capital is neither measured nor reported under current accounting practices, and that the lack of universally agreed valuation standards for Knowledge Capital represents a serious issue for management and investment decisions, RECOMMENDED that in developing SME policies, the following be considered:

- A Consultative Committee be established to build recognition of Knowledge Capital through: the development of universal standards for its assessment in the financial reporting of government and private enterprise; voluntary support from senior government departments and commercial enterprises in this process; acceptance and implementation of these standards for the valuation of knowledge-based intangibles.

VIII. RECOGNISING that long term outcomes require continuous dialogue and ongoing involvement, WELCOMED the Istanbul Ministerial Conference as a globally significant initiative and PROPOSED that:

- A Steering Committee be formed under the auspices of the OECD charged with overseeing the coordination and implementation of the recommendations of the Business Symposium
-