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**ELEMENTS OF REGIONAL DEVELOPMENT OF SLAVONIA – NEW
ECONOMY COMPETITIVENESS**

**SASTAVNICE REGIONALNOG RAZVOJA SLAVONIJE –
KONKURENTNOST U NOVOJ EKONOMIJI**

ABSTRACT

Synergetic effects can be the result of synthesis of traditional values and comparative advantages with high technologies and new organizational structures. Slavonia's autochthonous culture and customs, tradition of production and landscape e.g. Vučedol culture, Vinkovačke jeseni festival, bečar²³, kulen²⁴ and svinjokolja²⁵, Papuk geologic park and Kopački rit, should be the platform for unique and recognizable regional brand articulation. In this matter the authenticity should constantly be filled up and improved by basic elements of new economy such as green tech or clean tech, ecological agriculture, sustainable development i.e. responsible business, workforce competency and innovativeness, research and development, and high technologies. Traditional and post-modern economy integration is articulated through new structural forms that are network form of industrial organization, scientific and technological parks, clusters and risky funds. The process mentioned above should be based on the knowledge generated at scientific and academic community and developed within economical entity. Economic effectiveness is an important part of regional brand affirmation. It is based on maximally rational information managing, constant quality improvement and holistic approach to business conduct. High productivity and competitiveness finally result in business excellence of economical entities of that region in the lump. Processes of regional development of Slavonia have to be transparent and by conducting them basic processes like branding, education and innovativeness have to be formulated. Maximal affirmation of the new economy principle is possible within civil society frame in which civil activism is very important corrective of both political and economical processes. According to plan new economy citizens i.e. consumers are integrated in business policy and strategies with the aim of achieving better business results and organizational aims which are not essentially related to profit. In that way local community and thus region is successfully developed and this is positively reflected on economical entities' business.

Key words: Competence, Competitiveness, New economy, Processes, Regional development

²³ man about town

²⁴ paprika-flavored sausage

²⁵ pig butchering time

SAŽETAK

Sinteza tradicionalnih vrijednosti i komparativnih prednosti s visokim tehnologijama i novim organizacijskim strukturama može rezultirati sinergijskim efektima. Autohtona kultura i običaji, proizvodna tradicija te krajobraz Slavonije poput primjerice Vučedolske kulture, Vinkovačkih jeseni, bečarca, kulena i svinjokolje, geološkog parka Papuk i Kopačkog rita, trebaju biti platforma za artikulaciju unikatnog i prepoznatljivog regionalnog brenda. Pri tome tu izvornost treba nadopunjavati i oplemenjivati temeljnim sastavnicama nove ekonomije kao što su zelene odnosno čiste tehnologije, ekološka poljoprivreda, održivi razvoj odnosno društveno odgovorno poslovanje, kompetentnost radne snage i inovativnost, istraživanje i razvoj te visoke tehnologije. Integracija tradicionalne ekonomije i post-modernog gospodarstva artikulira se kroz nove strukturalne forme kao što su umrežene organizacije, znanstveni i tehnološki parkovi, klasteri i rizični fondovi. Navedeni procesi moraju se temeljiti na znanjima generiranim u znanstvenoj i akademskoj zajednici te nastali unutar gospodarskih subjekata. Ekonomska učinkovitost je važna sastavnica afirmacije regionalnog brenda a temelji se na primjerice maksimalno racionalnom upravljanju informacijama, stalnom poboljšavanju kvalitete te holističkom pristupu vođenja poslova. Visoka produktivnost i konkurentnost rezultiraju u konačnici poslovnom izvrsnošću gospodarskih subjekata te regije u cjelini. Proces regionalnog razvoja Slavonije moraju biti transparentni pri čemu treba formulirati temeljne procese poput primjerice brendiranja, obrazovanja te inovativnosti. Maksimalna afirmacija načela nove ekonomije moguća je u okviru civilnog društva u kojem je građanski aktivizam bitan korektiv političkih ali i ekonomskih procesa. Građani odnosno potrošači u novoj ekonomiji planski se integriraju u poslovne politike i strategije s ciljem ostvarivanja boljih poslovnih rezultata ali i organizacijskih ciljeva koji nisu prvenstveno vezani uz profit. Na taj način se uspješno razvija lokalna zajednica odnosno regija što se u krajnjoj liniji pozitivno odražava na poslovanje gospodarskih subjekata.

Ključne riječi: kompetentnost, konkurentnost, nova ekonomija, procesi, regionalni razvoj

1. Introduction

Transition processes are in a way still active in Croatia, thus contemporary market mechanisms are being established. Clear vision and precise strategy lack make defining Slavonia (and Croatia as a whole) as recognisable and competitive entity on the international market scene difficult. In this paper fundamental guidelines for future articulation of Slavonia as recognisable, attractive and prosperous region in the context of new economy will be pointed out.

Establishment of Slavonia and Croatia as a whole has to be realised in conformity with principles of post modernism i.e. new economy and sufficient attention is not devoted to it. The problem is evident, even though there are potentials for solving it. The aim of this study is to point out the strategic direction necessary for the development of Slavonia in the new economy context. In the process categorical analysis based on the insights of world literature and substantiated by empirical study results will be used.

2. Tradition and contemporariness

Contemporary principles of economic business should also be integrated in traditional activities. Numerous activities with long tradition exist in Slavonia. One of them is agriculture which has been relying on science for some time. It should be added that informational science can contribute to more efficient performance of agricultural economy. Software programs have been created to improve cattle-farm labour.

Slavonia's undertaking should be systematically prepared for innovative engagement and convinced that constant planned changes enable development and adaptability in contemporary economy. Due to strong traditional culture establishment of changes i.e. dynamism and flexibility in Slavonia presents a demanding task.

Within traditional activities domination of material resources as main level of growth is characteristic. Traditional paradigm integrated in craftsman practice and agricultural activity intensifies static quality i.e. activity ingrained in inherited practical experience. However, in such circumstances innovation and change of secondary significance occur.

Traditional paradigm stimulated individuality i.e. individual market competition regardless the craft guild and professional organization. In current conditions, traditional practice is necessary to be improved by new activity principles. One of the principles is networking by the Internet which enables efficient information and knowledge exchange. Even in Ancient Greece, where the idea of knowledge was invented, the most famous thinker reached toward knowledge exclusively through dialogue with others (Weinberger, 2011, 51). It is necessary that knowledge, information and skill exchange is made voluntarily with simultaneous affirmation of mutual trust (Mayo, 2001, 165).

The metaphor of the family is used to describe a type of corporate culture where relationships between managers are personal. There exists a well-defined hierarchy. (Jacob, 2003, 112) In contemporary business organizations it is desired to articulate egalitarian relationships which are characterized by trust and innovativeness and this is described as incubator by certain authors.

3. Trust

Croatian social relationships are currently burdened i.e. complicated by erosion of trust within almost all socio-economic segments. In Slavonia, one of the assumptions for successful economic and social development is the articulation of trust not only between managers and workers but between employees and politicians. Trust in general has to permeate whole Slavonia region.

Even though we live in time of systematic technology when technology and science are becoming key economical generator, human resources which include emotions like empathy are in radical contrast with technical tools of business/activity. Within technological reality emotional aspects of human engagement are important elements of economic and social reality (8; Hicks; 2010; p. 12). Regardless the scientific technological paradigm which is dominant in new economy trust is being more and more appreciated as an important element of organizational processes functioning. Moreover, interpersonal relations in which trust is key element are generators of technological innovations (Peppers, Rogers, 2012, 122). In the process, innovations and new ideas are a continuation of previous knowledge and discoveries. The exception is radical innovation which creates new market places and new social and economic processes. Legally lack of trust would result in long and detail contractual relations which can finally make the development of partnership more difficult (Fukuyama, 2000, 183).

A number of immaterial elements, together with trust, are important for new economy. Slavonian economy can be systematically articulated as post modern economy with the help of suitable educational system. Different personalities have to be appreciated and team work developed within educational processes.

Different students need to learn how to work and study together in the same class. Personality, skills and aspiration differences have to be considered when creating of surrounding for studying and pedagogical methods choosing in schools is being done. This has proved to be one of the most demanding challenges of teaching practice (Sahlberg, 2012; 102). Furthermore, Sahlberg states that

trust in the educational system can survive only when being surrounded by built trust, self confidence, professionalism and good management.

4. Branding process

Competent work force has to manage immaterial resources maximally rationally. Slavonian entrepreneurs and managers have to systematically approach branding with speed, time, flexibility and quality. Articulation of Slavonia as recognisable destination rooted in autochthonous tradition which encloses gastronomy, folklore, flora and fauna diversity, culture, landscape, old craftsmen, wine-growing tradition is one of the strategic branding aims. Mentioned elements of Slavonian brands offer a unique emotional experience which can be placed with the help of original tourist offer. In the process, tourist industry of Slavonian region has to be focused on other market niche such as cycling and religious tourism. Original emotional and unforgettable experience which is a significant element of new economy will be ensured in this way.

Traditional heritage needs to be constantly explored in order to be preserved and with the help of certification and branding and to gain exclusiveness which ensures competitiveness on global economy market. Being specific, attractive, exclusive and innovative is not only the part of tourist offer but new economy in general which accepts difference as well. In the process, competitiveness has to be ensured.

PDO - Protected Designation of Origin – is the label of protected origin food which is produced, processed and prepared in specific geographical area in recognisable and acknowledged way. PGI – Protected Geographical Indication – is protected indication which confirms that certain product is related to certain geographical area in at least one of three segments (production, process and preparation) (Vukić, 2008, 168).

Finally, TSG – Traditional Speciality Guaranteed – stands for traditional speciality, not necessarily related to certain site but made traditionally and with such ingredients (Vukić, 2008, 169). With the help of labels, traditional *svinjokolja*²⁶ and recognisable Slavonian products like *kulen*²⁷ and *čvarci*²⁸ have to be preserved. Branding of Slavonia has to be based on healthy i.e. food grown organically which harmonically supplements with traditional production and customs creating specific and recognisable image.

In the future, branding of Slavonia will have to be based on creative economy on larger scale. Today, creativity permeates all segments of economy. For example, Vučedol culture and Kopački rit which possess great potentials for stimulating emotional experiences with tourists should be maximally and rationally established and exploited in tourist industry.

5. Elements of new economy

Knowledge is one of the basic guidelines in new economy. Because of it patents i.e. intellectual property in general represents legal frame for the protection of creativity i.e. research and development. Number of entrances for vegetal and generic patents is increasing exceptionally rapidly (Howkins, 2003, 74). It is necessary to organize a “bank“ of vegetal species in Slavonia focused on preserving i.e. protection of autochthonous vegetal species. Processes and knowledge developed in Slavonia have to be protected with patents because only in this way sustainable competitiveness can be ensured.

²⁶ pig butchering time

²⁷ paprika-flavored sausage

²⁸ greaves

Slavonian companies have to articulate transparent chain of values in which each link functions with help of clear, precise and measurable goals. Managers have to be concentrated on processes and the context in which they are done. It is necessary to organize production of knowledge which will cause innovation processes. In the process managers have to be sensitive to local community development by using the model of socially responsible business with immediate planned and rational networking of business processes.

Establishment of innovative processes initiates additional possibilities for learning in new organizational context suitable for confronting with numerous changes (Easterby-Smith, Burgoyne, Aravjo, 1999, 189). Learning organization is one of organizational matrix which represents suitable structural platform for maximally rational manipulating of information and knowledge. Networking and noticing strategic challenges on the market are important elements of contemporary organizational paradigm (Macrae, 1996, 270). Slavonian businessmen and politicians have to be aware of the importance of these processes for realizing competitiveness on international market.

Branding of Slavonia which includes traditional and autochthonous products i.e. processes which have to be harmoniously completed with fundamental principles of new economy. New economy articulation includes contemporary informational and telecommunication technology usage which presents suitable infrastructure building and new tools usage.

Social networks developed into a powerful tool for designing corporate reputation which cannot be centrally supervised or which cannot be managed from one place. In 2011 there were over 800 million active Facebook users and every day 300.000 new users join Twitter while 35 hours of videos are uploaded on You Tube servers every minute (Flynn, 2012, 216). Social networks i.e. multimedia are essential to be maximally rationally used for the establishment of positive image of Slavonia and in the process recognisability and attraction of the region should be systematically articulated. New communication tools are used by young people but also by more and more older citizens/consumers.

Social media marketing is based on the synthesis of classical marketing channels and new communication tools. Efficient usage of social media stands for integrated or better to say holistic approach (Evans, 2012, 46). Marketing strategy for promoting Slavonia should be realized with the help of tangle i.e. traditional and new communicative channel mix. Holistic approach should be practiced in marketing and in strategic thinking within all economic segments, for example production, distribution and development (Gallardo, 2012, 194-195).

Establishment i.e. Slavonia's image defining has to include public relations operation techniques like press conference, sponsorship, event management, crisis management and guerrilla marketing campaigns (Lea-Greenwood, 2013, 27). Strategic and holistic promotion can result in recognisable and attractive Slavonian image articulation.

6. High technologies

Science and agriculture permeation, healthy food, traditional craftsmen, landscape and culture are some elements of Slavonian identity which needs to be promoted. In the process industrial sector is of extreme importance for image development, not only regional image but country's image in general. Nokia Corporation is global association for Finland, Mercedes for Germany and Sony for Japan and vice versa, when one mentions one of these countries they think of these corporations. It is necessary to develop high, clean i.e. "smart" technologies in Slavonia which in the first place depend on human creativity and in doing so great financial funds are not often needed in the beginning.

Since 1960s, Slavonia has been losing population dynamic because population from areas with passive high rate of birth is not attracted by fertile land, and in Slavonian towns dominant food processing industry is of low technological level and it does not initiate development. Support of certain number of city centres which would keep population in the region has failed to take place in Slavonia (Group of authors, 2011, 33).

Young people and people in general are key element of new economy. It is necessary to establish business characteristic for new economy which is based on innovation and relatively low financial investment. At the same time hard work is essential and it presents challenge for young people. Young people and businessmen novice have to be directed to agricultural production with high added value (organic i.e. functional food and food supplement) and certain segments of high technologies (software production and computer simulation in different scientific and engineer disciplines).

Slavonia's development strategy has to focus on the development of new (clean) technologies together with preservation and development of traditional heritage i.e. skill and applied evaluation of geostrategic components. In this way it is necessary to develop suitable infrastructure which will stimulate innovativeness and science, organize applied advising support for the development of business i.e. start-up company, organize financial mechanisms of development of innovative small and medium-sized enterprises, organize suitable stimulating regional norms and systematically network business entities and economic sector with scientific community as well (Ružinski, Salamon, Švarc, 1994, 31). Incubators, technological parks, campus, institutes, risk fund capitals, scientific parks and clusters can provide an important motive to the development of high and new technologies.

In the world there are numerous innovative regions like Ontario, Canada, Silicon Valley, USA or Toscana, Italy. Intensive cooperation and communicative networking within certain region enable synergy which is additionally generated by flexible specialization which finally results in successful (industrial) development. In Baden-Württemberg province vertical integration which led to strong development of high technologies is noticeable (Braczyk, Cooke, Heindrich, 1998, 225-226). Horizontal and vertical integration which enable not only cluster organization but also supplying chains articulation (vertical integration), which is particularly interesting for food processing industry (field to table relation), should be combined in Slavonia. For the development of Slavonia system of flexible specialization which among other things implicates skilled work force, precisely defined market and suitable technology should be developed simultaneously with innovativeness (Welford, Prescott, 1996, 168). Flexible specialization i.e. computer managed production is capable of producing small production runs in economical way. Such technologies and skilled workforce are the basis for high productivity in which consumers' unique interests are possible to satisfy. Furthermore, profitability ensures consumers integration in the new products production process. This is the new economy business philosophy which has to be established in Slavonia so it can become a region recognised by its high and green technologies with harmoniously included ennobled tradition.

7. Conclusion

Development of Slavonia has to be urgently worked out in accordance with new economy principles. With systematic principles, it is essential to pay attention to implementation which is based on innovative businessmen and small and medium-sized enterprises networked in dynamic entity. This does not represent marginalization of large business entities which have to be maximally focused on the development of new products and services. The whole region has to rationally use material and immaterial resource with the help of traditional heritage and contemporary actions of economical activities synergy. In the process it should be highlighted that human resources are generator of new added value and the process can be realized by particularly

motivated and skilled workforce within stimulating surrounding and with latest structural forms usage.

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