

## News / Information

**- Announcement -**

**Prof. Danica Purg**

**International Dean of the Year 2010**

We would like to inform you that **Prof. Danica Purg, President of CEEMAN and of IEDC-Bled School of Management**, has been chosen as **International Dean of the Year 2010** by the **Academy of International Business (AIB)**, an international organization of scholars and specialists overseeing and promoting international business education around the world. She has received this award at the AIB 2010 Annual Meeting in Rio de Janeiro held on Saturday.

As listed in the Nomination for the 2010 Dean of the Year Award, these were five main reasons why she was awarded the AIB's highest level of recognition:

- The pioneering work she has done founding management education in Slovenia
- The important contribution she has made in the region by founding and developing CEEMAN
- Recognition of her never ending desire and ability to support others, with the result that she is a role model par excellence for deans, faculty members, and managers throughout the region and beyond
- Her innovations in how management education is conceptualized, designed, and delivered
- Her contribution to having the world recognize the powerful role that management education plays in the functioning of civil society, as exemplified by the President of the Republic of Slovenia awarding her the "Honorary Order of Freedom" in 2001.

In making the announcement, Eleanor Westney, Dean of the AIB Fellows and Professor at Schulich School of Business in Toronto, Canada, said: "This Award recognizes both the importance and the variety of Danica Purg's contribution: the foundation of one of Eastern Europe's leading business schools in the IEDC-Bled School of Management and the global networks she has generated for this institution, her professional contributions in building the cross-border networks of deans and business school directors through CEEMAN, and her many innovations in business education."

"I am honored to be selected for the award and to be recognized by the prestigious Academy of International Business, especially as being only the third European dean awarded," said Prof. Danica Purg. "I'm grateful to all of my

colleagues and employees who inspired, motivated and helped me during the last almost 25 years. I am seeing this award as recognition to IEDC-Bled School of Management, to Slovenia and whole Central and Eastern Europe.”

Past recipients of the International Dean of the Year Award are eminent deans of international business schools, such as Claude Rameau, INSEAD; Lauge Stetting, Copenhagen Business School; William Randolph Folks Jr., University of South Carolina; Robert Hawkins, Georgia Institute of Technology; Zhang Guohua, China Europe International Business School, and Norma Loeser, George Washington University.

This news has been also presented in the **Financial Times of June 24, 2010.**

**More information** about The AIB Academy is available at <http://aib.msu.edu/>.



## **Workshop Report**

### **SMEs in the Time of Global Crisis**

**5 - 7 April 2010**

**Tirana, Albania**

The Workshop on “SMEs in the Time of Global Crises” was held in Tirana, the Republic of Albania, on 5-7 April 2010. It was jointly organized by the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS) and the Representation of the Konrad Adenauer Stiftung (Foundation) (KAS) for Turkey, in cooperation with the Ministry of Economy, Trade and Energy of the Republic of Albania. ERENET provided assistance in selecting keynote speakers, moderating the workshop and compiling conclusions and recommendations.

Mr. Jan SENKYR, Resident Representative of the Konrad - Adenauer-Stiftung (KAS) for Turkey, opened the Workshop and welcomed the participants of the Workshop on behalf of the KAS. Welcoming statements were delivered by Ambassador Traian CHEBELEU, Deputy Secretary General of BSEC PERMIS; Dr. Willibold Frehner, Resident Representative of KAS for Albania; H.E. Mr. Enno Bozdo, Vice Minister of Economy, Trade and Energy of the Republic of Albania; and Mr. Luigi BRUSA, Head of Operations, the Delegation of the European Union.

The Workshop was co-chaired by Mr. Senkyr; Ambassador Chebeleu; and Dr. Antal Szabo, UNECE ret. Regional Adviser on Entrepreneurship and SMEs, Scientific Director of ERENET.

The Workshop was attended by the representatives of the following BSEC Member States: Albania, Armenia, Bulgaria, Moldova, Romania, Russian Federation, Serbia and Turkey.

### **Final discussions and conclusions:**

The following points were made in conclusions:

1. SMEs and entrepreneurs play a significant role both in transition economies as well as in advanced ones, and they are key generators of income and employment and drivers of growth and innovation.

2. Even under normal economic conditions Governments have recognized that for survival and growth, SMEs need special policies and programmes. However, at present time, SMEs have been specially hit hard by economic crises. This led to sharp output decline, devaluation of national currencies and extreme increase of unemployment and inflation, as well as decrease in foreign exchange reserves, in capital inflow from abroad.

3. It is important to highlight, that SMEs are more vulnerable in time of crises for many reasons including:

- they are already small, this is why it is difficult for them to downsize;
- they are less diversified in their economic activities;
- they have weaker financial background;
- they have lower or no credit rating;
- in global supply chains, SMEs are even more vulnerable since large companies' abuse of power.

4. The crisis demonstrated that the more open is an economy the more dependent it is on the external effects of the world market. The strong economic ties and financial dependence made many transition economies highly vulnerable to the crises in the U.S.A. and the Western countries.

5. The global economic crises are primary the result of the irresponsible profit-oriented banking sector offering uncounted credit even at the dawn of outbreak of the crises. This was strengthened by underdeveloped financial systems, insufficient rescue policies and weak social security net in the transition as well as in the new EU countries. In spite of recapitalization of the banks many of them do not provide credit for SMEs.

6. In the financial crisis the world economy is still experiencing, the international financial organizations are trying to restore the confidence at the cost of painful restrictive measures.

7. The global recession has plunged the BSEC transition economies into social and economic crises, but so far the dynamism of reforms and economic integration did not stop.

8. The economic crisis pointed out that the market-driven economic model relying on strong inflow of foreign investment is not a right approach. The right response should include restoring the confidence by strengthening the national resources, particularly when it comes to citizens, consumers and SMEs.

9. The financial crisis did not finish yet and a worsening for SMEs is not excluded. For SMEs there are four related factors:

- lack of demand;
- increase payment delay on receivables, which results in decrease in liquidity;
- increase of default, insolvencies and bankruptcies; and
- lack of financial sources or difficult access to financing.

10. There is a risk that qualified workforce might migrate as a consequence of the crisis.

11. Some countries have recently put in place anti-crisis packages by combining:

- measures supporting sales, like creating fund for car scrapping incentives;
- measures to enhance SME's access to finance, mainly to credit through bank
- recapitalization and expansion of existing loan and credit guarantee schemes;
- measures aimed at helping SMEs to maintain their investment capabilities.

12. Neither EU nor BSEC Member States can address the global economic and financial crises by acting in isolation.

### **Recommendations:**

The following recommendations were made:

1. The crises indicated the importance of market-supporting policies and the role of policy institutions in this regard. The Governments should improve the regulation and strengthen the incentives to safeguard the jobs.

2. Governments should play a much more active role in managing the economy, as it is the case in many advanced Western economies.

3. One of the first lines of action for Governments should be to ensure a simple and straightforward access to finance by SMEs by providing enough liquidity and simplifying the criteria for their access to financial resources. The BSEC countries' Governments are urged to review their policy measures in order to make structural improvements and institutional changes in the SMEs financial environment in order to revitalize their growth.

4. Governments have to implement measures to accelerate the cash flows and to shorten payment delays for public procurements. The European Commission has

suggested that public authorities should pay their bills within 30 days. Such measure should be taken by Governments of the BSEC Member States as well.

5. The crises highlighted that SMEs should re-examine their activities and adjust their competitive performance and adapt innovation strategies. SMEs should reorient their activities and diversify their business in order to reduce losses, to be able to survive and increase profitability.

6. Governments should manage an active policy with multinational companies especially with international supermarkets in order to provide protection for indigenous suppliers and to encourage multinationals to participate in domestic reconciliation action instead of repatriating their profit.

7. Specific financial means and procedures are requested for microfinance facilities in order to decrease the unemployment rate and alleviate poverty in the BSEC region.

8. Governments and international organizations should develop innovative business models for SMEs to access technology.

9. Entrepreneurial education should be fostered at all levels of schools, universities and life-long learning with a view to developing skills and abilities to adapt to the new challenges and requirements.

10. The Governments should encourage NGOs to take active initiative to ease the negative impact of the crises on SMEs

**Call for Papers**

**The 2<sup>nd</sup> Copenhagen Conference**

**Emerging Multinationals' Outward Investment from  
Emerging and Developing Economies**

**25 - 26 November 2010**

**Copenhagen, Denmark**

**Overview**

Multinational companies from emerging and developing economies (EMNCs) are becoming major players in the globalized world economy and are likely to wield growing influence on economic dynamics in OECD, emerging, and developing countries alike. Host OECD countries will increasingly need to engage with the array of challenges and opportunities presented by emerging-economy multinationals seeking access to their markets and assets. A number of recent high-profile and controversial cases illustrate that the ascent of EMNCs onto the world stage will not necessarily be entirely without frictions.

Yet, in spite of the media attention towards investments into the OECD, important immediate impacts of outward direct investment from emerging and developing economies (OFDI) are likely to be felt also in developing host countries, where investments from other emerging and developing economies constitute more and more important complements to investment flows from OECD countries (South-South investments). No less important will be the effects in the home countries of the outward investing firms themselves. The rise of outward investment from emerging and developing countries requires further and continuous analysis, both empirically and theoretically.

**Topics:**

The emergence of MNCs from emerging and developing economies raise a wide range of challenges for theorists, business strategists, and policymakers alike, for example:

- Why do companies from emerging and developing economies (EMNCs) invest abroad, how do they do it and which challenges do they face?
- How do EMNCs impact on different types of host economies? How are costs and benefits distributed? How are benefits captured? Which new policy challenges do they introduce?

- How are home economies affected by the internationalization of domestic firms? Should home countries pursue particular policies to accelerate or otherwise influence their OFDI?
- Which internationalizations patterns and strategies do EMNCs pursue? Are these qualitatively different from what we know from the received literature?
- How does EMNC behavior vary between different industries and why?
- How does the rise of EMNCs influence global competition in different industries?
- Do EMNCs differ from industrialized-country MNCs in terms of corporate governance and corporate social responsibility?
- How are companies from China and India in particular coming to internationalize their operations?
- Which are the roles of state-owned EMNCs?
- Which are the roles of sovereign wealth funds?
- How are EMNCs and OFDI affected by the global financial crisis – globally and regionally and at the level of countries, sectors and firms?

**Important dates:**

- Submission of full paper: 1 September 2010
- Paper acceptance/rejection: 15 September 2010
- Submission of revised paper: 1 November 2010

**Submission:**

Submitted papers will be subject to a double-blind review process. Arrangement has been made for the best papers to be published in a special issue of European Management Journal.

Please email your abstract/paper as an MS Word document to Bersant Hobdari (bh.cees@cbs.dk). For the paper, the names, affiliations, and contact information of all authors must be noted only on a separate cover page.

Accepted papers will be uploaded to an ‘electronic proceedings’ on the conference website.

**Conference fee:**

The conference fee is EUR200. The fee covers conference materials, meals and refreshments. The concluding dinner is an optional extra.

**Further information:**

Peter Gammeltoft  
Department of International Economics and Management  
PorcelænsHAVEN 24; 2000 Frederiksberg  
Email: [pg.int@cbs.dk](mailto:pg.int@cbs.dk)  
Web: <http://uk.cbs.dk/int>

Visit also the conference website: <http://cbs.dk/ofdi>

**Organized by** Department of International Economics and Management,  
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**The 2008 conference:**

To the first conference were submitted some 90 abstracts, representing a total of 135 authors from 35 countries. The conference brought about two journal special issues: *Journal of International Management*, 16(2), and *International Journal of Emerging Markets*, 5(3/4).