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REGION OF WESTERN MACEDONIA
University of Western Macedonia – Research Committee

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UOWM Description

University of Western Macedonia is the leader organisation from Western Macedonia that participates as a partner in the SMEs Go Net Interregional project, within the INTERREG IVC project. It is a recently founded university (2003), comprised of six departments, with activities in the development of structures for exploitation of research products, spreading the culture of new technologies and innovation, diffusion of environmental awareness, promotion and respect of cultural local wealth. Despite its short history, it has been an active partner in competitive projects of the European R&D FPs, Innovative Actions of the ERDF (e.g. Knowledge Clusters in Western Macedonia), Regional Innovation Poles and INTERREG projects (Entrepreneurial Diversity- ENTREDI), LEONARDO projects (Training material in creativity and innovation for European R&D organizations and SMEs) on topics such as: role of innovation in regional development, knowledge clusters and networking, spin-off development, design of regional innovation poles, regional knowledge management, fostering entrepreneurship, elaboration of tools supporting technological innovation and technology management.

UOWM Activities

Within the scope of the SMEs Go Net project, UoWM, has been assigned to organise the kick-off meeting on the 17th & 18th of May 2011, in Kozani. During the meeting, overview and implementation guidelines of the subprojects were given, parallel subprojects working sessions were held, as well as study visits to paradigms of Innovation in Tourism, local product cooperation and production, successful network examples of innovation and clustering. The aims and objectives of the project were also highlighted through the participation of the UoWM in the 26th Mercantile, Crafting and Agricultural Exhibition, held in Koila, Kozani, on the 23rd – 28th of September 2011. Local enterprises' representatives were informed about the project development, action plans, innovation, clustering and the perspectives of collaboration and internationalisation. Within the project planned activities, on 30th of September 2011, a one day workshop was held, with parti-cipants small industries with innovative culture and interest in global networking participation. The enterprises selection was made in cooperation with the Commercial Chamber of Western Macedonia. The stakeholders were thoroughly informed on subjects such as "Open Innovation and the Blue Ocean Strategy", "The Gate to Global Networks" best practice and tools, while the aim of the workshop was to promote R&D, support and encourage enterprises, as well as forward businesses products and services, so as to potentially benefit from the development and expansion of cluster firms and contribute to the sustainable growth of clusters within the region.

On 12th - 13th October 2011, the 1st Interregional Project Conference was held in Krakow, Poland by Malopolska Region, LifeScience Klaster Krakow. The theme of the conference was promotion of RTD & SME Innovation. In this context, three areas were presented, as following:

- **ICT**
- **Health & Medicine**
- **Safety and Life comfort (environment)**

After the end of the conference, UoWM prepared an article on trust building between clusters' enterprises, in order to publish it on project's web page and include it in the final project's guidebook.On 28-3-2012 in the

Cluster Initiatives in the Region of Western Macedonia

In Western Macedonia there are 3 cluster initiatives at the moment, one successfully developed (Metal Manu) and two others, Bioclus project (Biomass cluster) and Hippofhaes or Seabuckthorn plant, in an early development stage. Regional Authorities of Western Macedonia and the scientific establishment of the area, after realized the needs of Metal Industry numerous (400) factories and enterprises, formed a cluster comprised of metal enterprises of Western Macedonia, called "Metalmanu". The Bioclus project is a project idea, related to biomass clustering and development, while the Hippofhaes plant project, regards the cultivation of a special plant, grown in the fields of Western Macedonia, much nutritive and totally adequate for animal feeding. These two newly developed innovative cluster ideas are proposed to be promoted through the SMEs Go Net, interregional project.

conference centrer Kozani, Koventarion a one-day workshop was held by the Employment and Career Structure of the UOWM with the theme "Start-ups, opportunities for employment and carreer". During the workshop the SMEGoNET sub-project was presented. After the end of the workshop an open discussion was held regarding the innovative entrepreneurship and start-ups creation in the region of Western Macedonia. On 8th - 9th of May 2012, the 2nd Interregional Workshop was held in Cluj Napoka, Romania. During day one, the sub-project's activities were reviewed between partners and guidelines were given regarding web issues design, manual guidebook design, marketing issues, structure of the Good Practices, use of the TED-ED platform for Training purposes, videos created and innovation lessons worth spreading. On the second day, a workshop was held by Cluj partner with title: "SMEs Innovation & Networking Capabilities". UOWM actively participated in the workshop and presented it's recent activities regarding EU projects implementation. Participants in the event were local innovative SMEs with interest in networking and clustering. After the end of the workshop, an open discussion was held between interested enterprises regarding networking. The hosting partner provided all participants a list with local businesses for networking and clustering. On 7/6/2012 the Regional Development Fund administration, organized the capitalization workshop of the project, where all sub-projects were presented. The participants were mainly local enterprises with initial clustering activities. During the workshop the SMEGoNET contest was announced with its criteria as well as the prize for the winning company. After the end of the workshop a discussion was held regarding clustering in the food sector. During this workshop the UOWM held its 2nd workshop with title: "SMEs Innovation & Networking Capabilities", according to initial application guidelines, where we invited more that 40 businesses. A capitalization workshop questionnaire was filled in by all partners.

Future Activities of the Sub-Project

Within the project future planned activities, is the organization of training workshops, addressed to SMEs, regarding clustering formation, innovation, generation of new ideas, including consultation activities and meetings. It is also planned to promote the idea of trust, collaboration and diversity within clusters, support open innovation and carry out contests with awards, as a tool for increasing competiveness and participation. It is also has been adopted the idea of using experts speakers in the workshops, the ones already held and the ones to be done, for spreading their knowledge and experiences, along with the presentation of good paradigms and best practices. Participation in international relevant workshops, as speakers or attendants, also helps to share perspectives and expectations and to increase level of services supporting collaborative innovation.

Innovation Tips from UOWM

As our basic approach in the region is to foster a new way to sustain open innovation, we provide some innovation tips from our experience.

- Innovation increases the competitive spirit, self-confidence and initiative of the organisation's members, creating a relaxed open to communication atmosphere, where employers can discover potential.
- Helps follow the rhythm imposed by the market, if faster than that of the organization.
- Brainstorming sessions for coming up with innovative ideas can prove very helpful, as make the best out of the human creative potential and can offer solutions, ideas, knowledge.
- Competitions with rewards, promote easier the idea of innovation. Fun is a key role factor to any idea of promotion, as is managing ideas and illusions of people.
- Groups of different sizes have more chances to solve a problem than individuals do.
- Increase capability of market prediction with participation in international workshops.
- Cultivate the power of diversity, through collaboration and trust.
- R&D centres help SMEs through familiarity of technological, economic and market trends.
- Make data and contact details available for companies that want to be informed, participate, exchange ideas or collaborate with international networking companies or find development partners.
- Use rejected business plans ideas, as suggestions with potential of optimization and implementation within the industry.
- Get in touch through networking process with venture capitalists in order to promote and exchange innovative ideas.
- Make use of innovation management techniques to support the innovative process of the company.
- Enhance participation in exhibitions, conferences, workshops relevant to innovativeness with mainpurpose focusing on exporting products processes.

Trust Building in Clusters of SMEs

Keywords: clusters, trust, co-operation, trust building, reputation

In an increasingly technological change environment most enterprises seek to follow the global economic climate. Geographic location and concentration is of high importance for regional development and competitive advantage, especially for SME's, seeking to maintain their social, environmental and economic agendas in a global economic climate. As there is increasing evidence that the performance and competiveness of these enterprises has significantly improved by networking and clustering, coordinated action in strategic initiatives, has become essential, in order to meet the competitive challenge of globalization, organisational growth, innovation and expansion (Lewicki et al, 1998). Cluster participants and partners in all strategic alliances, multi-cultural and multi-linguistic, are called to effectively develop and maintain and strategic partnerships among competitors, through exchange of ideas, cooperation, knowledge transfer and trust (Hamel & Prahalad, 1994; Cox & Tung, 1997). For these to function smoothly and result in cumulative - mutual gains, trust is of the greatest importance, although it implies a high exposure to risk of default or opportunism (Schmitz 1998).

"Trust is the most important product of clusters, through a wide variety, that cannot be bought or sold, that belongs to both no-one and everyone, that does not wear out when used, but indeed, diminishes when left unused" (Mathews, 2008, p. 2). According to Fukuyama (1995 p. 26) "trust is the expectation that arises within a community of regular, honest, and cooperative behaviour, based on commonly shared norms, on the part of other members of that community". Deutsch (1958) uses the example of parents leaving their kids alone with the babysitter, to illustrate that "trust is evident only in situations where the potential damage from unfulfilled trust is greater than the possible gain if trust is fulfilled". Trust can also be defined as "an individual's confidence in the intentions and capabilities of a relationship partner and the belief that a relationship partner would behave as one hoped" (Deutsch, 1960)

Collaboration with the competitors is also considered a key factor in the success of clusters, as reduces costs, pools resources and creates the structural conditions for knowledge transfer (Hamel et al., 1989). In order for cooperation between firms to be effective at reasonable cost, trust is essential. However, trust is not a necessary antecedent to cooperation, but may develop from cooperation. (Paniccia, 1998; Ring and Van de Ven, 1994). In addition, schemes or centres which promote, assure and certify quality are unlikely to emerge without joint initiatives from participants. Clustering and trust facilitates such joint action, innovation atmosphere, promotion of regional technological specialization and economical development. (Schmitz, 1998).

After all, it is a general assumption, that success grows out of good relationships between partners having a common vision, cultural proximity, sense of fairness and mutual trust, while poor cooperation and lack of trust lead to disaster (Bidault and Castello, 2010).

However, trust entails inherently the assumption of risk. Unconditional trust rarely exists in the marketplace. It is not unusual for business owners to fear opportunistic behaviour from competitors. How can firms cope with this risk? Selecting a trustworthy partner is not enough to sustain trust and secure long term stabilised relationships between enterprises (Sheppard and Sherman, 1998). A cluster partner before trusting, will seek for as much information as possible,

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including the trustee's background, past actions etc. Trust does not exist as a default setting, but may be developed over time as a process where partners' past actions give rise to positive (or negative) expectations about a trustee's intentions (Coleman, 1990). At this point reputation is crucial for trust establishment, as it continues to exist even though it is damaged (bad reputation), whereas, in such a situation, trust disappears. Reputation can therefore represent one of the constitutive trust components (Mathews, 2008).

Can firms start the process of building a trust mechanism by following the slogan of a well known sports shoe manufacturer and "Just Do It"? (Mollering, 2006) or they should follow the FBI's motto "In God We Trust: Everyone Else we Check Out?" (Mathews, 2008). The idea of reflexivity (Mollering, 2006) is that, a first trusting step taken by the trustor (intentional or accidental), is perceived by the trustee to be indicative of a trusting disposition. It is then in the trustee's court to confirm or decline the invitation. Over time, as the participants begin to know each other better, have their expectations confirmed (or contradicted), doubt will be replaced by trust (or not). This implies that high levels of trust within clusters cannot be established automatically, but relations can initially start with small orders, demand of references and after a trial period, establishment of the relationship. Thus, it is through favorable repeated interaction over a period of time that trust and co-operation can emerge (Dwivedi, 2003). A good example is Japanese auto manufacturers who indicate clearly to suppliers that contracts will be renewed without competitive bidding if performance is satisfactory (Dyer and Chu, 2003). At the same time companies must develop methods and procedures that indicate their trustworthiness to possible partners, possibly by making and showing themselves to be vulnerable (Mathews, 2008).

Visits to better performing clusters can also create a positive atmosphere and get rid of many doubts and inhibitions, as negative attitudes usually do not have a factual basis. On the organizational level, as there is necessity of reducing the psychic distance to potential foreign business partners, the need of informal meetings between stakeholders becomes apparent. New areas of cooperation can evolve during visits and meetings, as well as from discussions and comparisons of performance. This implies that the involved parties acquire specific knowledge (e.g. languages, social codes etc.), and that they replace prejudices and scepticism with profound knowledge and openness towards other partners. Another simple way to reach this goal would be an exchange program for employees, facilitating the diffusion of cultural codes across borders, thus preparing the ground for the evolution of trust.

However, an appropriate level of healthy criticism should be developed by leaders entering a joint innovation partnership, so as to ensure an optimal level of trust, yielding maximum impact. As the level of trust increases, effectiveness rises to a maximum level and thereafter decreases. Participants, who do not trust each other's experiences, conflict and resulting in not working together efficiently. On the other hand, a high level of trust and mutual caring might become too accommodating for individuals, quickly accepting their partners' ideas and thus reducing the amount of dynamic task-oriented conflict. If too much trust develops, it might be necessary to remind the team of its objectives and priorities (Bidault and Castello, 2010).

Another key issue of trust is once established may break down due to wrong expectations which result from sub-optional communication. This needs to be remedied immediately through open discussion. A good, continuous information flow among stakeholders is very helpful in handling contingencies (Dupuy and Torre, 2002). The question of trust has therefore become more critical. Its foundation is changing from trustworthiness being "ascribed" to being "earned", "sustained" and "remedied" if lost (Schmitz, 1998).

Innovation analysts of the car industry's history, will surely debate who the mastermind behind the microcar was: Nicolas Hayek, C.E.O. of Swatch, or Helmut Werner, then head of Mercedes-Benz. According to the dynamics of innovation, it may be that neither gentleman was the true innovator. It was rather the tension between the two companies that caused the partners to explore new concepts and designs that led to the Smart car breakthrough. When inventing together, trust is good; but avoiding too much trust is better (Bidault and Castello, 2010). However, no matter how strong the trust relationship is, it will help break the boundaries of different industrial chains and promote the collaboration and new product development as part of the innovation process.

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Good Practices in the Region of Western Macedonia

Metal Manufacturing cluster (MetalManu), in general, aims to:

- Improve the production process and the quality of products and services
- Enhance the competitiveness, research and innovation
- The development of new products and services adapted in the international market
- Foster extraversion and access new markets
- Create an 'ideal' work environment

MetalManu objectives are:

1. The collaboration between the metal enterprises (participation in research programs, development of common projects)
2. The development of new products and patents research, technology and innovation
3. The participation in National and European Programs
4. The organization of scientific congresses, meetings, and the diffusion of knowledge between metal enterprises.
5. he promotion of extraversion and infiltration in new markets.
6. The use of laboratory equipment
7. The certification of materials and products
8. The development of co-operations and the networking through, scientific institutions in national and international level.

The members of MetalManu come from of the Region of Western Macedonia. In addition, it collaborates with equivalent clusters from Western Europe.

MetalManu cluster will enhance transferability through the flow of know-how and exchange of knowledge for disseminating the clustering initiation in the region of Western Macedonia in relevant metal manufacturing enterprises and other interregional enterprises which wish to introduce similar activities.

Metalmanu stakeholders involved are:

a. Metal enterprises

b. Technological Institute of Western Macedonia

c. Public bodies (Regional authorities)

Financial resources come from EU programme funding

MetalManu is considered a successful good practice in the Region of Western Macedonia for the following reasons:

- The improvement of the production process and the quality of products and services
- Enhancing competitiveness, research and innovation
- New product development
- Export enhancement and access to new markets
- Offering opportunities for global cooperation and networking

Objective results of the MetalManu action and impact indicators are:

- Building capacity and safe working environment creation along with employment growth in the Region
- Interregional cooperation through EU Funded INTERREG IVC programs. In detail MetalManu is preparing proposals for cooperation with manufacturing enterprises of Albania intending to open business opportunities and foster entrepreneurial activities for its participating members with the neighbor country
- Upon recent notification for a solar park creation in the Region, the know-how and expertise of MetalManu enterprises will give the opportunity for the manufacturing of metal components that will be used in he solar park

Presentation of Alfa SME Global Innovative Company

Alfa is a family business. The concept began with one person and later on one company-owned location, and by 2003 the chain had expanded to four locations. In the mid 1950's the founder, began "hands – on" producing and selling pies. The company was founded later on, in 1965. Alfa has grown substantially in the past ten years. Today, Alfa completed four decades with high traditional pastry products and values of a Mediterranean-based diet. Its Headquarters remain in Kozani, in a modern industrial facility with the most impressive technology which is located in a 8.000 m3 area and 30.000 m3 storage. The extent of variety in products, in excess of 240, reaches the major markets of the country via a well organized network. The company products have been well received in the market and Alfa experienced a 535 percent of sales increase between 2000-2004, thanks to KIHI mass production and advertisement. Remarkably, in 2004 Alfa is ranked 2nd among the biggest national companies in the food private sector. By the end of 2003, alfa products were available in every city, every supermarket, bakery, cafi, or hotel. Alfa is continuously evolving and maintains our leading role in the Greek market with a love and passion for tradition. Traditional recipes and baking secrets are being passed on for generations. As a result, it meets today's consumer's needs and preferences. Today, Alfa exports to Europe, Canada, USA and Australia. The products are well received and the aim is to enlarge the existing co-operations and to open new markets.