



WORLD SME CONVENTION

- 16th international conference -

Bucharest May 15-18, 2005

PREPARING SME'S FOR THE KNOWLEDGE BASED ECONOMY The Bucharest Declaration

The debates within the WASME 2005 - World SME Convention, held in Bucharest, on 15-18 May 2005, with the theme "**SMEs internationalization and transition to the knowledge-based economy**", have confirmed once again that the knowledge-based revolution is taking place at world level and especially in the developed countries. The studies and the analysis prove that the economical, social and political implication of the knowledge-based revolution are as profound as those of the industrial revolution, which has generated the industrial economy and democracy that is prevailing currently.

The result of the knowledge revolution is represented by the new economy or the knowledge-based economy, which is radically different from the previous economy types known by mankind.

Essentially, the knowledge-based economy is characterized by the conversion of knowledge into essential raw material, capital, products, production factors of the economy and through economic processes within which such activities as generating, selling, buying, learning, storing, developing, sharing and protecting the knowledge become a predominant and decisive condition for profit generation and the long-term durability for the companies and economy. The knowledge-based economy presents some characteristics which differentiate it fundamentally from all the previously-known types of economy:

- priority of knowledge from all the areas of, due to the decisive impact which they have on the organizations' functionality and performances.
- intellectual property holds a considerable weight into the national patrimonies, which is permanently growing and, in the fully-developed knowledge-based economy the intellectual property will be prevalent.
- fundamenting of the economic activities mainly not only on tangible resources (land, buildings, equipment), but on intangible resources, represented by knowledge and the minds of competent people.
- concentration of the economic activities (business), not on making products, but on information processing, knowledge accumulation and producing knowledge-goods, which tend to become the most required and valuable merchandise for the enterprises.
- proliferation of the equipment and symbolic products and systems (cards, e-commerce, e-banking, programme package for computers, projects), simultaneously with the relative decrease of the physical products.
- production demassification, by eliminating the need to concentrate into an organization a high amount of physical and human resources, in order to generate viable economic results.
- creation, exploitation and improvement of the technologies become a very common and important field, essential for the survival and the performances of a considerable part of the organizations.

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- the increasing weight that the service sector has within the entire economy, to the production sector detriment, considering that the services incorporate, generally, a higher amount of knowledge, compared with most part of the products.
- development and growth of the exports, due to the decrease of the differences between the national markets and the gradual elimination of institutional, time and space, between countries.
- fast proliferation of small and medium enterprises, because they are leaner and can easily adjust to the contextual evolutions.
- proliferation and diversification of economic association forms between the organizations – strategic alliances, company networks, clusters, industrial parks a.s.o. – in order to better turn to value the information and the other resources they possess.
- fundamenting the competitive advantage at the level of all social structures – groups of enterprises, clusters, companies networks, economic branches, economic regions, national economies and world economy – prevalent on the knowledge used.

The main component of the knowledge-based economy is the knowledge-based organization, that presents some characteristics which clearly differentiate it from the traditional industrial company, currently prevailing at international level. The knowledge based economy becomes the crucial component (engine) of the national and international economy.

The transition to the knowledge-based economy is an inevitable, extremely complex and difficult process, which generates many opportunities and threats for SMEs. These **opportunities** are based on:

- the creation and commercialization of the new products, services and technologies
- the amplification and diversification of demands on local, regional, national and international markets
- the externalization of an important part of the activities for the big companies, state and public institutions
- the extension of home work and telework for the companies
- the development of the organisational and technical networking structured on branches and/or territorially.

The **threats** for SMEs, associated to the transition to the knowledge-based economy concern:

- The disappearance of the demand for a great number of traditional products and services usually realized by the SMEs
- The appearance of new equipment and technologies, very expensive and performant, whose usage is crucial for the company's survival
- The incredible acceleration of the equipment obsolescence in the companies, which often requires their replacement in 2-3 years of usage
- The dramatic growth of the financial resources necessary to create up-to-date firms, especially in industry, agriculture, constructions, transportation and services

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- The extremely high competition of transnational and large companies on the regional, local and traditional markets, crucial for SMEs
- The migration of very qualified specialists from the small enterprises to the large and transnational companies, that offer better work conditions and wages

The opportunities' evaluation and the threats' counteraction by the SMEs involve far-reaching actions in many directions, which require the joint efforts of entrepreneurs, employers associations and other businessmen organizations, national governments, international organizations and bodies.

The main directions are:

1. Extensive and sustained SMEs information upon the content and the specific of the knowledge-based economy, through conferences, work-shops, specialized web sites, booklets, guide books, editorials, special mass-media broadcasts a.s.o.
2. Intensive training for entrepreneurs, based on obtaining of knowledge, methods, techniques, competences and behaviors specific to the knowledge-based economy and organization, through seminars, distance learning, tutoring, mentoring etc. in management, techniques, marketing, finance, informatics technology a.s.o.
3. Constancy and assistance in obtaining, usage, fructification of knowledge for SMEs, by extensively public-private partnership, projects and programmes with local, national and international co-participation.
4. Investments from entrepreneurs, venture-capitalists, foundations, states in infrastructure, informatic systems, knowledge-based technologies and equipment, appealing to public-private partnerships, to insure the technical support for SMEs, specific for the knowledge-based economy.
5. Networking between the SMEs and between these and the other enterprises and , at local, regional, national and international level, realized through clusters, incubators, subcontracting, product distribution, spin-offs

The participants at WASME 2005 – World SME Convention call upon the entrepreneurs, the organizations representing them, the national governments and the international organizations and bodies to get involved and to intensively cooperate in the elaboration and rapid implementation of programmes and projects centered upon efficient assistance for SMEs in changing its management and activities, suitable to knowledge-based economy demands.

Undertaking this actions in all the countries concerns the whole society, since an increasing number of competitive SMEs imply additional jobs, a better and more diversified supply of products and services, higher incomes for the local, regional, national and international budgets, with extensive and substantial positive effects on the population and the economy.

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