



EPIC - Enhancing and Promoting International Business Communication

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European Summary of Implementation Plans



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1. Introduction



Kaunas of Commerce, Industry and Crafts (Lithuania), El Hugar (Basque Country), Danmar Computers (Poland) and Centro per lo Sviluppo Creativo Danilo Dolci (Palermo, Italy), as part of the European funded EPIC project have undertaken a feasibility and implementation study of adapting the Language Communication Audit (LCA) to local conditions in their four countries and presented the results. They and their respective scheme managers have analysed the local conditions facing international SMEs in the aftermath of the financial crisis and provided a rationale, which includes the economic conditions and export background of the participating countries and financial justification for choosing to adopt and introduce the LCA scheme.

2.

Overall objectives of the Scheme



The Language Communication Audit offers the business person and entrepreneur an innovative way of succeeding in export communication by applying a set of measures specifically designed for the cross-border trading SME. The objective is to increase effectiveness and market competitiveness of SMEs by helping them to identify their export communication barriers, their weaknesses and market advantages in communication and by providing them with solutions for their identified problems.

The scheme runs in several countries in Europe and follows directly in the footsteps of Elan (2006) by offers a solution to identifying areas of communication failures and measures to overcome any identified linguistic and cultural breakdowns in SMEs. By adopting the scheme SMEs in the participating countries will have a new type of consultant, who will be able to help companies with their communication needs both linguistically and culturally.

3. Economic Conditions for the LCA



The economic crisis has strongly affected investment activity in all four partner countries with an increase in registered unemployment rate and reduction of employment by companies.

The **Polish** economy rests on the 90%+ of companies, which employ fewer than 9 people. The main target country of Polish exports (27%) is Germany. The other important target countries are UK (6.7%), France (6.8%) and Czech Republic (6.4%).

Poland can boast a successful long standing tradition in selling agri-food products, which are becoming increasingly popular not only in Europe but also in the world. Other successful export products include furniture, motor boats, clothes and woodwork. Algeria, Brazil, Canada, Kazakhstan and Turkey were the five strategic directions for Polish exports selected by the Ministry of Economy in 2013. In recent years SMEs have shown increasing interest in ICT, Games manufacturing and Graphic design.

In the **Basque** economy the industrial sector remains the most important one. Since 2009 the Basque economy has suffered a downturn, and the number of companies has fallen. In the BAC-Basque Autonomous Community, 164,824 out of 165,055 companies are SMEs (0-249 workers), in other words, 99.86%, according to data for 2011. They employ 65.6% of the workforce.

The industrial sector has considerable weight in the Basque Autonomous Community and it is the most important sector in terms of foreign exports. The main foreign export markets include France (17.8%), Germany (14.2%), UK (6.7%), USA (6.3%) and Italy (4.6%).

Lithuania is a fast growing economy in Europe with the service sector constituting the largest share of GDP and ICT being the fastest growing sector. Approximately 90% of the companies are micro companies with 0-9 employees. 75,4 % of the employees are employed in SMEs in Lithuania. 47% of SMEs are trading compared to 30% of the rest of Europe.

The traditional market for Lithuanian SMEs is Russia. 25% of the total export goes to this country. The other important target countries are Germany (10%), Latvia (8%), Belarus (6%), Poland (5%) and Sweden (4%).

Certain economic sectors in Lithuania are directed to the export markets. Two-thirds of the transport and logistics sector production and/or services are exported. The export of biotechnologies accounts for 84%, plastics industry – 56%, laser technology – 86%, metal processing, machinery and electrical equipment manufacturing – 59%, furniture manufacturing and wood processing – 55%, textile and clothing industry – 79%, and food – 44%.

Italy's economy, the seventh largest economy in the world, is fully diversified and dominated by small and medium-sized firms (SMEs). Italy sends 56% of its export products to other European countries. Overall Germany (13%), France (12%) and the US (6%) remain Italy's most important export markets. The main exports include precision machinery (18%), metal and metal products (13%), clothing and footwear (11%) and motor vehicles including luxury vehicles (10%).

The northern part of Italy and in particular the regions of Lombardia, Veneto, Friuli-Venezia Giulia and Emilia Romagna play the most active roles in international markets. Sicily is the eighth richest region in terms of total GDP. A series of reforms and investments in agriculture such as the introduction of modern irrigation systems have made this important industry competitive.

4. Rationale for adopting the LCA Scheme



The degree of trade integration between the EU28 is very high; approximately two thirds of exports go to other EU countries. Considering the registered unemployment rate in Poland in the past five years, it has been steadily increasing, particularly amongst the 20-25 groups.

In contrast, exports in Basque companies have increased six-fold over the last 20 years. The growth has been greater in industrial companies than in services companies. Since 2009, the Basque economy has however suffered a downturn, and the number of companies has also fallen. 29.7% of Basque SMEs are planning to expand to other external markets in the short to medium term; in the case of exporting enterprises this is 55.1%, and in the case of industrial enterprises 58.4% will be selling to markets, where they have not had a presence until now.

For a small country like Lithuania international trade is crucial. Recent studies show, that a lack of international management and export competences slow down the development of this sector. Particularly, small and medium - sized export companies (SMEs) face language and intercultural barriers that can reduce efficiency and competitiveness. The EU is Lithuania's largest trading partner, which in 2011 accounted for 56% of Lithuania's total imports and 61% of total exports.

According to WEF (World Economic Forum) Italy's institutional weaknesses lead to increased business costs and undermine investor confidence. In Sicily there is the need to encourage the development of joint-stock companies. Sicily needs to encourage a recovery in profitability and capital accumulation. Most of Sicilian businesses suffer a negative expectation on the performance of turnover and the "tightness" of the margin. The low and decreasing profitability of firms implies a poor ability to accumulation of capital. Only a small proportion of Sicilian businesses is involved in strategy internationalization and / or innovation which, as noted, are the main areas the competitive development of the companies.

5. Operational Support in the Partner Countries



The introduction of the LCA in Poland will look for support from business support agencies and networks such as the Enterprise Europe Network, the Polish Agency for Enterprise Development, the Polish Business Support Agency and associated Business Clubs. The Industrial Development Agency in Poland, which supports innovative solutions to increase the competitiveness of enterprises is also a part of the network with which the Polish partner works. It is planned that when the program is completed, Danmar Computers will offer the services to the members of CCIC.

Exports are crucial for Basque companies so they can open up to the markets. The following categories of SMEs could be the targets of the Basque LCA (Language Communication Audit) services:

- The machine-tool industry
- Automotive industry

These categories are considered to be traditional categories. However, there are some new areas where SMEs are introducing new services in the Basque Country making them potential target customers:

- Electronics, computing and telecommunications
- Energy industry

El Huyar is looking at working together with language support organisations such as Lingune (The Language industry Association) and business support organisations such as Orkestra (The Basque Institute for Competitiveness), SPRI (the Business Development Agency of the Basque Autonomous Community Government). They will also present their findings and disseminate the scheme to already identified organisations such as make presentations to the players:

- Confebask (Confederation of Basque Enterprises)
- ASLE (Associations of Worker-owned Companies in the BAC)
- Association of Machine-Tool Companies
- The Charter Provincial Council of Gipuzkoa, Department for Innovation.

Kaunas Chamber of Commerce, the Lithuanian partner of the EPIC project has a vast network of professional partners such as the Association of Lithuanian Chambers of Commerce, Industry and Crafts (ALCCIC), a conglomerate of five chambers in the region. Enterprise Europe Network and the Lithuanian Confederation of Industrialists are together with Enterprise Lithuania and Invest Lithuania business support organisations with whom Kaunas Chamber of Commerce has the possibility of spreading the scheme.

As with the other partners the Enterprise Europe Network is a professional partner of Italy. Another important partner to Centro per lo Sviluppo Creativo Danilo Dolci is Confindustria Sicilia, which was founded in 1944, the first regional federation of Confindustria, the leading national organization representing the manufacturing and service industries in Italy. Confindustria Sicilia is present in all nine provinces in Sicily with its industrial associations.

Centro per lo Sviluppo Creativo already has an established collaborative partnership with Confindustria Sicilia.

There are no LCA training schemes available in Sicily. This project is therefore particularly suitable with the local conditions in order to help SMAs overcome linguistic barriers in their export activities. This is also true for the other partner countries, where no similar schemes exist. LCA hopes to make a difference in each partner region through the implementation of the Language Communication Audit Scheme and the prospect of helping many SMEs overcome their trade barriers.