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[Field Research]

Impacts of Innovative EU Companies on Smaller Emerging Markets under an Open Economy

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Abstract

Purpose – This study aims to analyze the relationship between trends in innovative EU industries and market distribution in smaller emerging markets under an open economy.

Research design, data, and methodology – Although innovation was well-distributed, due to socio-economic factors following European integration, CEE had not achieved sustainable economic growth. However, this paper analyzes the differences among changes in CEE innovation for smaller emerging markets dominated since 2000. Market distribution has facilitated new markets for innovative industries, according to EU surveys and economic indicators.

Results – The dominance of the local industrial market distribution has deterred innovation investment the survey shows that innovation investment has been shrinking, despite the EU's open innovation policy for CEE employment and R&D. For the CEE case, there were expectation gaps and uncertainty about whether to use the new distribution dominance or TNCs' innovation in smaller emerging countries without local industrial innovation.

Conclusions – Innovation generates market growth and distribution power however, small growth requires stimulation, and creativity and innovative edge need further focus in local public and corporate strategy.

Keywords: TNC, Small Emerging Market, Innovation, EU Companies, CEE, Confidence, Distribution Activity.

JEL Classifications: N93, N94, R12, O32.

1. Introduction

The article deals with the impact of smaller emerging countries like CEE on economical innovation comparison between activity of emerging retail markets under Austro-Hungarian Dual monarchy and EU. In the 19th century companies had chances to prosper thanks to the Industrial Revolution not only in Western Europe, but in Central and Eastern Europe. Let it review how many enterprises had anticipated the innovation products and distribution activity for about 44 years. Whileas, currently the innovation of CEE within the European Union at least 10 years have showed more gap than non-members. Because CEE had higher expectation than before openness, since the liberalization of CEE, Western Europe had occupied the Central and Eastern European markets by transnational companies, the innovative products localized in a market of CEE countries were losing their competitive edge and distribution channels.

There was a distinct difference according to innovation's expectation of each nation. Investing of European integration is less than 20% in the United States innovation (ICT) sector between 1995 and 2000. But with feeding the view of CEE in 2006-2009, Czech showed to intend on higher innovation of firms', while Hungary lower of them. In 2011, being analyzed by actual innovation performance of the European innovation scoreboard, there are big differences between the both the survey data and physical activities. Even though Hungary has a weakness for willpower of corporate's innovation, they have achieved more their own current innovation performance than the survey result of the innobarometer. We can realize that Czech was to show any similar data. That means particularly because Hungary has shrunken mind to relative neighboring countries about lower speed of growth. And from global financial crisis of US, IMF's request affects onto restructure of Hungary industries. But now and then a paradigm in Europe shift into data center platform from innovative products but it is true that EU industrial enterprises's CEE innovation supports are still on the local convergence of the existing methods that is not invested in there with a focus on digital data of the manufacturing process or service. And even current status in Europe has been left behind

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in the United States failed to respond properly to the digital information revolution.

2. Theoretical background: Changes in CEE market

2.1. History of autonomy and invention hub in CEE

In 1870 Budapest was a peripheral city of European core. The creation of the Austro-Hungarian Dual Monarchy in 1867 had first done a little to transform its economic structure, however, conferred substantial autonomy on Hungary and removed key obstacles to national development.

At the time, Queen Maria Theresa sought to promote industrial development by encouraging both the immigration of skilled foreign craftsmen, and more extensive regional specialization. The policy was not deliberately designed to keep Hungary like the fate of being a relatively underdeveloped supplier of agricultural produce to the West of the country, but this was their co-effect between the public and private sectors. Industrial activity in the Hungarian fiefs was not prohibited. Indeed, all plans were developed in the 1780s to increase Hungarian production of textiles, leather, paper, wood products and iron.

The rapid growth of banking and finance and its concentration followed hard upon these political events, making a great city for national economic modernization. Toward an integrated framework for finance and banking system, the Austro-Hungary Dual monarchy adopted the gold standard in 1892, a single currency, each separate governments' monetary union was ushered in their stability and prudent (rational) fiscal housekeeping. However, it had happened to create a separate National Bank of Hungary arose in 1905 because the Austro-Hungarian's central bank was accused of discrimination against Hungarians in its lending practices. In a way today Austro-Hungarian Dual Monarchy's monetary union was notable similarities compared to joining the Euro-zone from a political separation.

On the other hand, here was the key area at the time, crossing the existing markets and the emerging markets. In 1896 Budapest had opened Europe's first electric subway line. These modern symbols, the chain bridge and the subway were standing for the unification of the traditional elite (aristocratic) identified with Buda and the emerging elites (bourgeois) identified with Pest (Bender & Schorske, 1994).

Budapest outpaced the growth of all their European counterparts, it growing twice as fast as Vienna and three times as fast as Paris and London, dramatically changed its position in the European hierarchy in the 50 years. For instance, Hungary was practically the only European country to be able to transform part of his grain export into the export of food products (Halpern & Muraközy, 2012). Hungary's milling industry became an exporter on a world scale, because of the Hungarian invention like the roller mill. By 1913, Hungary had ten factories employing more than a thousand-people workforce. It was possible to produce agricultural machinery, tractors, cars and military

supplies for the Empire and Western Europe. The position of the Hungarian economy in terms of intra-national trade remained rather constant for people. Hungary specialized in agriculture, especially wheat while Austria specialized in industry, especially textiles. Such reasons on this divergence in development between the eastern and western Europe were still the subject of debate.

In emerging Hungary, Budapest grew by absorbing a lot of immigrants, while this immigration increased the diversity of the population of it, Hungary became more Magyar because of the powerful commitment of both authorities and immigrants to Magyarization. In 1880, 18 % of Budapest's population spoke only Hungarian. In 1910, 30 years later, 47% percent of the population spoke only Hungarian. All of the remaining Budapesters were speaking Hungarian as a secondary language.

Eventually without diversity and ambitions of population from many immigrants, it is hard to innovate cities and industries. This innovation had changed the flow of the European small markets, in those days, Hungary got an international reputation on two key industries, and one was the production of electrical generating equipment. The others was light bulbs. Hungarian industry did not show backwardness in relation to Austria. There were good reasons for many inventions by Hungarians like the telephone exchange of Tivador Puskas working for Western Electric and the aluminum-skinned air ship. Even if it could only be developed abroad, and the technological level of all but these exceptional factories got rather low. But they had not created an industrial power capable of competing independently against Western Europe.

The First World War and its aftermath ended Hungary's potential industrial evolution abruptly. As a result of the war the value of the currency depreciated sharply, and so many higher people left Budapest, Hungary. So it is important for a smaller emerging country to rather absorbing the higher people to innovate industries or cities than attracting the TNCs.

2.2. CEE's confidence from global financial crisis

Many of the banking sectors in the CEE region were majority foreign-owned as Western European countries expanded their banking empires into the post-Communist space since 1991. However, with the global financial crisis shaking the global investors begun to increasingly payback from the highly leveraged Hungarian economy getting served over its huge foreign debt. This resulted in depreciating the country's currency, the forint, to come under a speculative attack in 2008. In order to defend against its plunging currency, Hungary's central bank hiked its key lending rate by 3% to 11.5%. More than 57% of EU's banking governance affects severely the innovation industrial policy in Hungary when compared to the 73% of Czech. According to the abruptly shrink of the investment budget, the way to overcome it on public policy seemed to focus on more the existing industries than innovation industries.

In case of Poland, firstly a tight monetary policy cut an asset-price bubble under control (Strojwas, 2010). Secondly the property boom was kept under check by a bureaucratic

government. Thirdly, tough banking regulation restrained the borrowing, especially in foreign currency market, which bogged down Hungary during the financial crisis. Czech banking system has also certain advantages compared to many of its Western counterparts. Firstly the banks of conservative business model were more or less purify bad assets in the 90s. Secondly, they had a relatively underdeveloped mortgage market. Thirdly TNC within Czech was helping out local car makers at the expense of foreign subsidiaries in spite of accusing France protectionism. Along with the rest of the economy and thanks to strict supervision, the Polish banking system is showing resilience and has avoided serious problems in 2009 (Strojwas, 2010).

As long as instability continues like financial crisis or sudden large inflow of FDI, it could review through the Eurobarometer about the willpower to innovate the industries by the enterprises and government. But currently Hungary is one of the moderate innovators with a below average performance. Relative strengths are in human resources and economic effects. Relative weaknesses are open, excellent and attractive research systems, finance and support, linkages & entrepreneurship, intellectual assets and innovators (Innovation union scoreboard, 2011).

And Hungary in 2012, the nationalistic right wing government adopted a law that tries to discriminate against foreign companies and force the consumption of Hungarian-produced food in a new, crafty way. The government adopted a law, creating the so-called "Erzsébet voucher". Previously, three major multinational firms were issuing the bulk of such food vouchers. The vouchers could be given to employees as a tax-free benefit, now only the state voucher can be given this way, while the tax on the other three vouchers is 51%. The new voucher is issued by a single governmental entity, the so-called Hungarian National Recreation Foundation.

In these days, Hungary's current economy is recovering gradually a point, however still remains "susceptible to shocks", "The economy is recovering gradually, helped by supportive macro-economic policies, favorable external conditions, and improved market confidence. Nevertheless, external and public debts remain high, thus making the economy susceptible to shocks; and the country faces subdued growth prospects. It recommended a fiscal strategy that is growth-friendly while reducing public debt as a ratio of gross domestic product, adding that the strategy should rely on "durable" consolidation on the expenditure side while gradually eliminating "distortionary taxes". At the same time, the government should carry out "growth-friendly fiscal reforms" which could entail better targeting of social benefits, restructuring at state-owned companies, and the "streamlining" of public sector employment.

3. Innovative edge in small emerging market

3.1. IT Distribution market vs. Brain train in Hungary

European transnational companies to enter the CEE market

because they were the primary purpose of spreading markets, Regardless of local labour's willpower and responsiveness to innovation it is associated with global businesses. They are indirectly proved that a lack of high-quality human resources is giving the negative impact on the IT distribution market. Expanded product distribution and market share of Western Europe rather than companies of the creative and competitive products. The research also provided the following insight that the importance of innovativeness and approaches in managing customers should be recognized in the process of repurchase and roles of manufacturing business as both way for customer management. Therefore, the relationship between customer satisfaction and service quality of service centers for the electronic products was very sensitive (Kim, 2013).

This was due to continuing to increase lower levels of vocational training programs and students in education of college-level, which causes them to be helpful their career in the simple work of transnational corporations and local businesses. This lowered national willpower to do innovations because of the brain drain from Hungary into Western Europe or the absence of jobs like more professional human resource. Even though well-being favored tends of domestic agricultural products, their prices are less competitive in global markets and even being lowered the market competitiveness of the products due to reduce the local industrial distribution.

When compared to exports and imports etc., in the average EU 27 countries, it can see the low ability to innovate on the other items, whereas being less negative experiences on IT related products as Table 1. This is consistent with the results shown below in the Euro barometer survey.

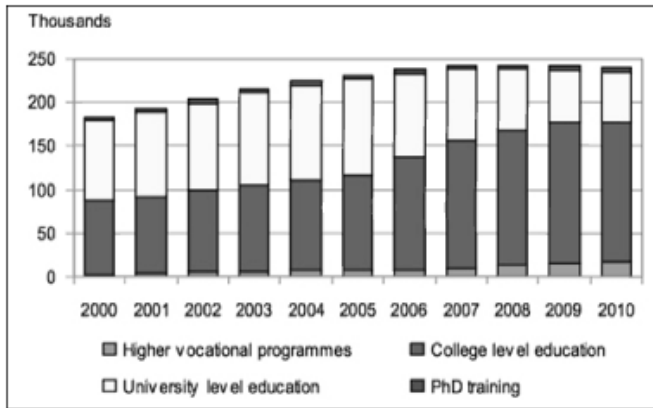
<Table 1> Negative experiences of Distribution market

	Information and communication equipment	Other household electrical equipment	Clothing and footwear	New motor vehicles	Entertainment and leisure goods	Fresh fruit and vegetables	Meat	Non-alcoholic beverages
HU	9%	13%	13%	10%	9%	8%	7%	3%
EU27	13%	10%	11%	15%	9%	13%	7%	3%

Source: European Commission (2009).

Over 10 years from 2000 since openness of CEE, higher vocational education program and college-level education have increased by 2010 as Figure 1. But this phenomenon appears relatively to be reduced student numbers to the level of university education and the doctoral education. And here is why people moved to college or career in Western Europe. They had their duty to the past, the development of local industries and innovative, high contribution of higher-educated researchers, the research and innovation continuously. The development of local industry was their duty to the past, ongoing innovations contributed highly by higher-educated researchers. However, it is the result from their absence. The Eurobarometer also will prove indirectly that local SME's willpower minimum lowered to enable

innovation. Thereby, the less they do, the more they shrink to build distribution channels. Dominance of distribution markets can be also exacerbated such as those left behind in the market without launching innovative IT products.



*From 2006 the number of students in BA/Bsc training is included in college-level education, and the number of students in unified, undivided and MA/Msc training is included in university-level education.

Source: Hungarian Central Statistic Office (2011).

<Figure 1> Number of students in full-time tertiary education, 2000-2010*

3.2. EU company in neighbored emerging markets

Emerging markets are by definition marked by economic and social upheaval. This means that the risks of buying equities are great, and so are the rewards. Headlines are always a factor, via government nationalizations of certain industries, coups d'état, electric power outages, and so on. But it is also not uncommon to see some of the fastest economies growing at high mid single digit rates, which means that business is growing in tandem, and that in turn usually means profits for investors.

In Turkey, a reversal of capital flows in the second half of last year led to a gradual fall in the exchange rate against the dollar and the euro. When the Turkish lira started to collapse, the central bank responded with steep increases in various official interest rates. It demonstrated that environmental sustainability, corporate reputation, technological capabilities and competencies through R&D intensity and patent are most likely to be significantly associated with most market-based performance measures, but the strategic significance of other variables such as capital intensity, leverage, and administrative cost efficiency on performance tends to be different depending on which performance measure is used across different countries with diverse economic and business contexts (Lee, 2013).

It was reported commonly that start with the direct effect of the Turkish crisis on Greece and Cyprus. The magnitude is not that great on a global scale, but significant for the two countries. Their main industry – tourism – is competing head-on

with Turkey. The Greeks and Cypriots have gone through incredible pains to improve their competitive position through wage and price cuts. The recovery in tourism is one of the few bright spots in their still depressed economies. The devaluation of the Turkish lira has put paid to all of this. Any holiday-maker headed for the eastern Mediterranean will find Turkey a lot cheaper. It is a game Greece and Cyprus cannot win (Munchau, 2014).

For the eurozone as a whole, the main problem is not trade because it has a moderately large trade surplus. Instead, the problem is the impact on the price level. Eurostat, the EU's statistics office, estimates that core inflation was 0.8 per cent in January. So, it's the cause that Europe will feel the pain of emerging markets.

4. Innovative companies through Eurobarometer

4.1. Single market and Distribution by R&D

To make a single European market to the world of science & technology, ensuring open and transparent cooperation in technology, it means to share with each know-how by creating an integrated framework of Europe on research and innovation. Since Financial crisis, European companies should try to turn to ecosystem-innovation to tackle rising input costs and scarcity of materials. The competitiveness of European businesses is increasingly vulnerable to growing materials scarcity what causes price volatility (Seo, 2012).

A Eurobarometer survey published (2011) shows that European citizens are, in general, satisfied with the possibilities that the Single Market offers in terms of a bigger choice of products (74%), more jobs (52%) and fair competition (47%). On the other hand, the Single Market is perceived as only benefiting big companies (62%), worsening working conditions (51%) and not benefiting poor and disadvantaged people (53%). 28% of those interviewed are considering working abroad in the future.

They also show that many Europeans are not aware of the Single Market and its benefits (35%). Firstly, the Single Market through the eyes of the people citizens' and businesses' views and concerns. Secondly, Consumers' awareness and skills worryingly low, survey finds. Thirdly, half of young Europeans ready to work abroad.

The past CEE in a union of monetary could be the growing stage of industrialization back from the brink. The dual monarchy in CEE had also included various nations to be intertwined. Now even in a different conception the integrated EU need to mix more complex and delicate system as multi-organized cooperation for stabilities of employment and R&D. There are four areas about the autonomy of MNE subsidiaries by technology transfer of the science research: technology, marketing, management, & finance. In terms of firm effects, sizes of MNEs are positively associated with autonomy in Poland, Hungary and Estonia (joined eurozone in 2010). In contrast of that, smaller firms have higher autonomy in Slovenia (joined eu-

rozone in 2007) and Slovakia (joined eurozone in 2009). The link between firm performance and autonomy could be attested for subsidiaries in Slovenia and Hungary. Finally, the study finds evidence for the heterogeneity of subsidiary autonomy that seems to be country, industry, and firm specific.

The innovation performance of a public sector may be dependent on many country-specific structural factors that are very difficult to address analysis strategies. For example, different levels of autonomy may directly influence innovation activity: in one case a smaller upgrade of a specific service may be implemented in a strict hierarchy by default, while in another similar service sector individual innovations are introduced by autonomous actors. With the broad perspective towards opening cooperation and funding with all regions of the pan-European science & technology instruments can also be understood as huge science system, even though they are currently not perceived as such in Europe, thus not yet employed intentionally in this way.

There is feeding the review of Hungary as a country which went through this process of transition and thereafter accession to the EU. It might be that the foreign-owned corporations might have disturbed the self-organization of local innovation systems, the texture of university-industry-government relations in which medium-tech companies cannot play a leading role in integrating the system (Lengyel & Leydesdorff, 2011). CEE had been filled with possible factors to invent new products for rapid industrialization as a financial stability support and large-scale business activities of domestic companies, like the scale expansion through the banking cartel at Austro-Hungary monarchy. So it depends on how much CEE can be activated by co-effort R&D between the public and private sector for large-scale business.

4.2. The potential edge through the innobarometer

The current innobarometer on strategic trends in innovation 2006-2008 was conducted during April 2009 in the 27 member states of the EU, Norway and Switzerland, under the framework of the Flash Eurobarometer surveys. Focusing solely on innovations in marketed products and services, the survey found that exactly two thirds of surveyed firms introduced a new or significantly improved service and product over the course of the past three years since 2006 (Eurobarometer, 2011).

Firstly, such product, or service, innovation characterised about three-quarters of enterprises surveyed Swedish and Slovenian (both 78%) enterprises came out at the top, but in Finland, Lithuania (both 76%), the Czech Republic (75%) and Switzerland (74%). Less than four in 10 enterprises in Hungary (38%) introduced a product, or service, innovation since 2006, and only slightly more than half of firms interviewed in Latvia and Bulgaria did so (both 55%). Secondly, the enterprise managers most likely to spend at least 5% of their annual turnover on innovation were interviewed in Portugal (43%), Romania (38%), Denmark (37%), Malta and Switzerland (both 36%). On the other hand, less than one in five firms provided similar reports in Hungary (9%), Finland (12%), Slovenia and the Netherlands (both 18%) and the UK (19%). The enterprise man-

agers in Hungary appeared relatively very low willpower for innovative thinking. Thirdly, knowledge management systems were most often deployed among enterprises active in innovation-intensive sectors in Malta (66%), Cyprus (56%) and Finland (55%), while only 14% of firms in Latvia and 15% in Hungary said they used such systems to integrate different company activities to support innovation. Fourthly, involving potential users in in-house development activities was most frequently reported to have taken place since 2006 in Sweden (38%), Finland (37%), the Netherlands (36%) and Slovenia (35%), and very rarely in Hungary (9%), Bulgaria (10%) and Cyprus (13%). Fifthly, sharing or exchanging intellectual property with the aim of facilitating innovation was most widely reported in Sweden (42%), Germany (36%), Switzerland (33%) and Austria (31%), and virtually nonexistent in Hungary (where only 6% confirmed such cooperation), France (7%), Finland and Belgium (both 8%). Sixthly, on the technology-push side, in most countries about 4 in 10 enterprises reported changes that had a positive influence on their innovation activities. Markedly above the EU average, at least half of the enterprises reported such developments in Finland (55%), Cyprus (54%), Slovenia (52%) and Sweden (50%). Recent changes in both factors played the least role in contributing to innovation in Hungary, where, in particular, on the technology-push side only a very small minority saw such developments (14%) (Eurobarometer, 2011).

The study by selecting only the fields of Innobarometer surveys that appeared vulnerable in Hungary were analyzed. As the result, their own commitment to innovation and R&D co-effort was able to show what needed for ideal conditions.

4.3. Market Distribution and Job market through commercialized

In small emerging markets, currently the recovery of the job market led to having activated the distribution market. It is no different with between the confidence of employment for the innovation edge and the expectations of economic recovery. The following can be seen as below data that the distribution market activativity depends on by the innovator's confidence.

Optimism regarding the impact of the crisis on the job market is predominant in 22 Member States (up from 11 in autumn 2013). The highest proportions of respondents who think that it has "already reached its peak" are found in Denmark (78%), the Netherlands (72%), Ireland and Hungary (both 61%). Conversely, the feeling that "the worst is still to come" is the majority view in six Member States (down from 16 in autumn 2013): France (60%), Cyprus (59%), Greece (57%), Portugal (52%), Slovenia (50%) and Italy (48%, vs 47%). In the euro area countries, public opinion is now evenly divided, after a sharp increase in optimism regarding the impact of the crisis on jobs (46% "already reached its peak" vs. 46% "the worst is still to come", compared with 37% vs. 53% in autumn 2013). Outside the euro area, the proportion of optimists now outnumbers pessimists, after a more limited increase (48% vs. 41%, compared with 44% vs. 46% in autumn 2013).

<Table 2> Expectation of Recovering after the economic crisis

	DK	NL	IE	HU	MT	SE	FI	LU	LT	SK	RO	ES	CZ	BE	HR	AT	LV	EE	IT	EU 28	UK	SI	BG	PL	DE	EL	PT	CY	FR
A	78 %	72 %	61 %	61 %	59 %	58 %	53 %	52 %	52 %	52 %	51 %	51 %	51 %	51 %	49 %	48 %	48 %	48 %	47 %	47 %	45 %	45 %	45 %	43 %	43 %	41 %	41 %	38 %	34 %
B	18 %	25 %	34 %	36 %	25 %	38 %	44 %	40 %	40 %	45 %	44 %	46 %	46 %	46 %	47 %	47 %	44 %	43 %	48 %	44 %	43 %	50 %	36 %	38 %	39 %	57 %	52 %	59 %	60 %
C	4 %	3 %	5 %	3 %	16 %	4 %	3 %	8 %	8 %	3 %	5 %	3 %	3 %	3 %	4 %	5 %	8 %	9 %	5 %	9 %	12 %	5 %	19 %	19 %	18 %	2 %	7 %	3 %	6 %

Q : Some analysts say that impact of the economic crisis on the job market has already reached its peak and things will recover little by little.

Others, on the contrary, say that the worst is still to come. Which of the two statements is closer to your opinion?

A : The impact of the crisis on jobs has already reached its peak

B : The worst is still to come

C : Don't know

Source: Eurobarometer (2014).

In Table 2, the anxiety of the job market appears largely that expectations of recovery in Hungary and the labor market is less anxiety than other Western developed countries. Is there any relationship between innovation and expectation for this? These expectations are made innovation, and commercialization should be increasing investment. However, market expansion and innovation in CEE is not easy because it appears that technology transfer of TNCs in Western Europe are still at low level through manufacturing (Stephan & Jindra, 2005). The expectations of the local Hungarian high but this is because the EU government that support this role and the impact of enterprises still insufficient (Katalin, 2010). If expectation of growth is higher than performance, as a result it do not appear continuous innovation industries. In IT and general retail market, CEE has been occupied with products of TNCs. The market seems to be growing outwardly by them. However, it was becoming a very big problem just as when the financial crisis came this market growth in 2010.

5. Effect from the Emerging market shift of CEE

5.1. Korea perspective

People had expressed a confidence and the sustainable development of IT was emphasized by both government and companies as a potential breakthrough during the IMF period of Korean financial crisis in 1997~98. IT innovation policy was reviewed as a key factor in overcoming it (Kim & Oh, 2004). It shows that distribution activity through the IT was to strengthen the Korean economy by enhancing the technological improvement in mass production.

The imminent changes around Apple since 2007, it was the big problem in the ecosystem of the phone distribution market. However the previous just business were a level grafted from the IT. When Apple launched the smartphone, the market distribution for two years delayed by Korea government, and com-

panies responded quickly to changes in technology commercialization in Korea. So did maintain the dominance of market distribution.

Implementation of such efficient policy was helping based on understanding the industries and competitors. Government policies were related to industries that benefit from the spillover effect of IT. Thus, a policy based on selecting an IT industry only as the imagined winner should be rejected. Instead of that, the market oriented policy that makes an IT economy friendly was recommended. For example, Business Incubators (BI) in Korea were under more pressure to make significant contributions to the national economy. Now BI are sprouting up rapidly in Korea. During the last 17 years from beginning to control by IMF, the number of BI has grown very rapidly and almost 350 incubators are now in operation. Because the majority of BI in Korea were in the infant stage, there is room for improvement.

On the other hand, emerging countries such as Hungary, the market demand were maintained distribution system to be absorbed mobile apps since 2007. There were a few innovators in Hungary under the new open economy.

Korea companies could overcome and develop the market distribution as having such confidence to make it after the IMF crisis or the imminent change of IT.

They has changed it from government-chaebol-initiated innovation into small business and university-industrial production. Finally the innovative companies should act it on employing higher-level education and venture businesses from domestic and oversea.

5.2. Lessons from innobarometer on Hungary

CEE has undergone three times economic risks from disconnecting the openness process in the next stage of industrialization every decade since 1989. They had to overcome the impact of economical transition from 1989 to 1991 and then, the opposite shock of economy by large FDI inflow from 1998 to 2000, and finally the impact of financial market from 2008 to 2010.

The survey of innobarometer showed as Table 3 in 2011 and

2014, smaller emerging countries have been involved on some confidence to commercialize it according to raise or lower on national expectation. Poland has adopted rather different directions on openness than that of Hungary. Poland had been able to maintain relatively stable economic growth amidst the international financial crisis and the Euro debt crisis over the past few years. But in 2011 the EU commission emphasized Poland's stable banking system, relatively lower share. As a result, Polish authorities implemented anti-crisis measures.

In 2013 the survey of innobarometer, firstly, companies in Portugal (47%) and Cyprus (43%) are the most likely to have introduced new or significantly improved organisational structures, compared to 8% (Hungary) and 14% (Estonia) of companies in smaller emerging markets. Secondly, companies in Italy (49%), Portugal and Malta (both 48%) are the most likely to say they have introduced new or significantly improved goods, compared to smaller emerging markets (15% of those in Estonia, 20% in Lithuania and 24% in Hungary and Latvia), which have introduced innovation in this area. Thirdly, Finland (56%) and smaller emerging countries (Estonia and Lithuania 53%) within Euro-zone are the Member States where at least half of all companies have collaborated with client companies or individual consumers to market distribute or promote innovative goods or services since January 2011. At the other end of the scale 20% of companies in the UK and 23% of those in France, Ireland and Hungary (emerging country within non-Eurozone) have done the same. Fourthly, it can be observed that Croatia (53%) and Portugal (52%) are the only countries where at least half of all

companies say they have introduced new or significantly improved services since January 2011, although companies in Poland (49%) and Malta (48%) are not far behind. In fact at least one third of all companies have introduced innovation in this area. In contrast, companies in smaller emerging countries (only 18% of Hungary, 20% of those in Estonia and 23% of those in Lithuania) have introduced new or significantly improved services.

In a time of the financial instability CEE of emerging countries's recognition on R&D necessity in order to develop the country's own industry should get bigger. Therefore, here are some shifts between 2011 and 2014. Firstly, even if it neutralizes the impact of corporates' willpower to invest in innovation fields, they need to confidence to commercialize of it. Secondly, because of lower adoption rate of CEE-driven research projects like Framework Program Projects, Eureka, etc. European Commission has focused on supporting in the commercialization of innovations. Thirdly, it is a good result for smaller emerging countries being joined Euro-zone that all companies have collaborated with client companies or individual consumers to market distribute or promote innovative goods or services since 2011, because it rather be made work creations from a stable monetary as national banking regulation of Poland government, at the same time anotomy of markets than keeping R&D funds. Fourthly, they will continue to have their own confidence to commercialize it at new IT era, within local traditional industries and small companies in order to compete with TNCs, and have any dominance of the distribution markets.

<Table 3> Government-led commitment and Company supports for innovation

2011	Gov't-led commitment	SK(euro)	SI(euro)	ES(euro)	CZ	PL	HU
	The situation of the economy (good expectation by EB)	11%	8%	4%	21%	34%	8%
	R&D expenditure in the public sector (growth performance by IB)	6.5%	2.0%	6.0%	2.8%	8.7%	-3.1%
	Medium and high-tech product exports (growth performance by IB)	2.8%	1.2%	-1.5%	0.3%	1.7%	-0.4%
2013	Supports in the commercialization of innovations						
	Public sector organizations being collaborated with companies for innovations	11%	7%	7%	13%	7%	1%
	all companies have collaborated with client companies or individual consumers to market distribute or promote innovative goods or services	42%	26%	31%	40%	43%	23%
	Being innovated in the area of processes, while companies in a country	29%	31%	29%	23%	26%	13%
	all companies say they have introduced new or significantly improved services	39%	38%	36%	29%	40%	24%

Source: Eurobarometer (2011/2014).

It can be seen in Figure 2 that the surge in the emerging distribution market sale appears through confidence by a little change of IT innovation in Hungary, while growing expectations of technology were lowered in 2011.



Source: Hungarian Central Statistic Office (2014a/b).

<Figure 2> Activity of retail sales through IT innovation

Due to the online cash register system created along with the transformation, for example, tobacco retailing, there was a rise in declared sales (the economy became more transparent). On the basis of the data source, the volume of retail sales rose year-on-year by a calendar adjusted 4.1% in June 2014. The volume of sales rose by 6.2% in food, drinks and tobacco stores, by 1.1% in non-food retail trade and by 4.6% in automotive fuel retailing. In June 2014, sales in the national retail trade network as well as in mail order and internet retailing increased year-on-year by HUF 34 billion to HUF 727 billion at current prices. In June 2014, food, drinks and tobacco stores accounted for nearly half (47.0%) of all retail sales, while figures for non-food retail shops and the network of petrol stations were one third (34.3%) and 18.7% respectively.

Even if it is made possible as any parts of the purpose of the EU-wide harmonized effort, in a way CEE needs to have their self determination on the R&D collaborated & intensity between the small business and university initiated. In recent years the innovative activities of firms and universities has become an important center of their attention, especially within the EU it is necessary to consider the motives of foreign-owned companies for selecting specific locations like CEECs and Eurasia.

6. Conclusion and Implication

The industries in Austro-Hungary also can developed larger with their own invention than before. For it was stability of monetary in emerging market. EU needs to build their distribution in-

frastructure within smaller emerging countries like CEE and adopt their own industries for innovation. EU companies do develop it for export-oriented product in their own countries rather than sell local products in CEE & smaller emerging countries. Thereby, they was limited to outsourcing for the manufacture rather than that for the technology.

As reviewed of the innobarometer survey data in 2014 Hungary appeared relatively very low willpower for innovative thinking in CEE. This was because the lacking of the co-effort on R&D and the expectation of people along with FDI inflows seems to be greater than corporate's innovation willpower. But the innobarometer & Distribution market survey allows us to inform any evidence that innovation like Information and communication equipment or other household electrical equipment has impact on distribution market under bigger expectation regardless of financial crisis or negative experience. EU innovative companies have a distribution power in smaller emerging markets with innovation goods developed in their own countries. At first TNCs were able to dominate the market with new products. Also even there were industries that lost willpower to innovate in CEE, including Hungary with outflow of skilled labors, Low expectations of this innovation was difficult for a company to distribute it in emerging market. Like Korea case, when the product was innovative for its own industry, such as mobile phones, distribution also showed greater activation of the market distribution. So this is shown in the small European country and around the emerging markets that continuous innovation does enable the market.

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