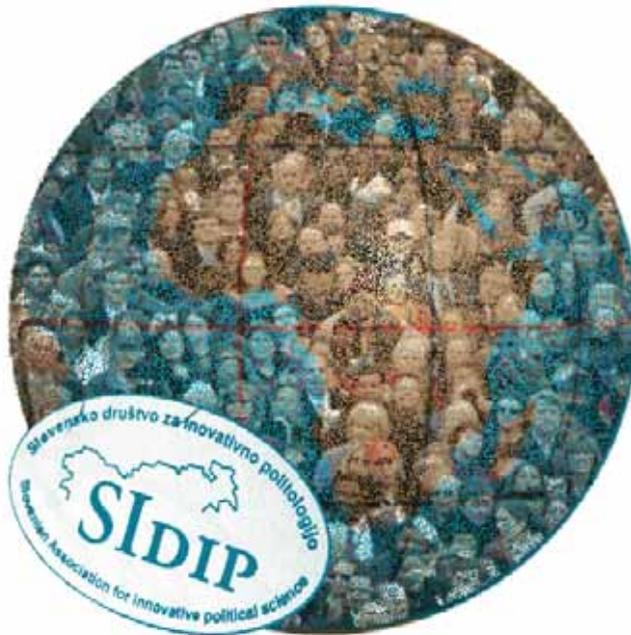


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Societal Communication in Strategic Processes

Borut Rončević¹

Abstract

Dilemma whether developmental processes should be steered or left to societal evolution is one of the oldest in the social sciences. Analysis of communication in strategic action of developmental processes shows that it is an issue that touches the very core of sociological analysis, especially neo-institutional analysis with its 'path dependency' and 'choice within constraints' concepts. In this paper we are dealing with the role of societal communication in strategic processes of three developmental latecomers: Finland, Ireland and Slovenia. The analysis focuses on developmental paths of the three countries, with a special focus on the path-dependency and path-shaping processes as coordination through systemic discourse and shows that transition to higher levels of development requires changes in approach to developmental steering. Strategic processes are now in a joint domain of all relevant systems and actors with more sophisticated forms of operation in place, especially reflexivity, contextual intervention and systemic discourse. These mechanisms, however, are successfully activated only in the most developed societies, as they require specific socio-cultural conditions. In the case of successful developmental latecomers context-specific forms of systemic discourse were a key factor contributing to developmental leap. Strategic actors, including the state, have to develop capacities to engage in sophisticated forms of societal communication.

Keywords: societal communication, strategic action, developmental latecomers, systemic discourse, neo-institutional analysis, path dependency, choice within constraints

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Introduction

In this paper we are dealing with the role of societal communication in strategic processes of developmental latecomers. One can say that developmental processes of successful latecomers are well documented. If so, why should one contribute to already substantial body of work about these processes? While writing about processes of post-socialist transition, Jerzy Hausner, Bob Jessop in Klaus Nielsen faced similar dilemma. They wrote – already in the middle of the 1990s – that there are so many publications on the subject matter that one has to have a very good reason to contribute to already substantial corpus of literature (Nielsen et al, 1995: 3). The authors justified their contribution by studying dialectics of structure and strategic action in the specific societal processes. Therefore, they connected transitology with some general problems of political economy and social theory. Our excuse is similar; we are dealing with universal social scientific issue: strategic steering of social and economic development of complex societies.

This issue is far from exhausted. Such processes offer unique empirical evidence, enabling insight to some universal questions in the field of social and economic development, including factors of developmental performance and possibilities of formulation of more effective and efficient developmental policies. Even a glimpse at the existing body of work reveals numerous unsolved issues and dilemmas. Let us just mention the most relevant from the perspective of this paper: are developmental trajectories the consequence of strategic choice –or is it path-dependent (Hausner et al eds., 1995; Beyer in Wielghos, 2001)?

Dilemma, whether development should be steered or should it be left to societal evolution – or market forces – is one of the oldest in and most relevant in the history of social and economic thought. However, the universality of this question does not imply the universality of the answer. The analysis of one specific social setting and policy guidelines, which were designed for this setting, can be completely irrelevant in the other. There are no universal answers to the aforementioned dilemmas and concrete solutions function only in specific societal constellations. Any attempts to transplant institutional arrangements to incompatible environment usually lead to high costs and chronic inefficiency.

The key question is whether strategic steering of economic development is possible at all? Namely, strategies of sustained development have to take complex co-dependency relationships of societal subsystems into account, if are to be successful in the long run.

Path-dependency and development

Analysis of strategic action of developmental latecomers shows that it is an issue that touches the very core of sociological analysis. It is, at the same time, an issue that strongly touches economic theory. This overlap is perhaps strongest in the framework of neoinstitutional analysis, which deals with classical macrosociological issues – emergence, preservations of institutions, institutional changes – and at the same time integrates economic and sociological approaches (Nee in Brinton, 1998: xv). Furthermore, neoinstitutional analysis in sociology is also important to study strategic processes, as it deals with the idea of contextually dependent rational action.

Neoinstitutional analysis in sociology attempts to explain strategic action as a type of action that is taking place in the context of incomplete information and mental models, which contributes to transaction costs. Strategic actors regularly deal with these conditions (Nee, 1998: 1). It is important to note that transaction costs are important part of costs of production and exchange in contemporary economies. Therefore, alternative institutional arrangements can be the difference between economic growth, stagnation and recession (North, 1990; Nee, 1998).

The concept of *choice within constraints* is the theoretical centre of neoinstitutional analysis. Networks of interrelated norms and regulations are formal and informal constraints, shaping selection of options for the actors (Nee, 1998: 8). They can solve the problem of coordination and enable collective action. Norms are a type of social capital, enabling us to solve dilemmas and leading to optimal collective result. Suboptimal results occur when individual actors follow their specific strategic goals (goal rationality) and ignore rationality from the perspective of the system as a whole (systemic rationality). Norms of cooperation enable systemic discourse and systemic rationality.

One of the key questions is, as already mentioned, whether developmental trajectories can be influenced by strategic choices or whether development is “path-dependent”? By adopting “choice within constraints” approach, neoinstitutional analysis also adopts “path-dependency” approach to development. Regardless of the discipline, contemporary neo-institutional analysis has one common notion: “path-dependency” (Raadschelders, 1998: 569). Douglass North, one of the most relevant neoinstitutionalists, develops an approach which is closer to choice within constraints, in which social structures and culture do not determine, but limit set of options: on each step of the path there are choices, political and economic, which help to determine proper alternatives. “Path-dependence” is a method of conceptual reduction of available choices and not a story about inevitable future (North, 1990).

Process is “path-dependent” in cases, when initial movement in one direction determines future direction. Sequence of events influences new events in a way that developmental trajectories limit set of options for future trajectories (Kay, 2003: 2). This is consistent with two other phenomena. Firstly, in chaotic systems, which also includes social (and economic) systems, we are dealing with positive feedback loops. These are self-reinforcing mechanisms, which are intensifying societal processes. Secondly, social structures usually have emergent quality and independent dynamics, which is manifested in principles of inertness and sequences (Sztompka, 1993).

Aforementioned definition of “path-dependency” is leading to specific methodological status of this approach. One has to take into account that we are not talking about a typical theory or model of development as it does not offer a general list of relevant variables, which could be utilised for “diagnostic and prescriptive research” and does not offer hypotheses about generally valid causal links between these variables (Ostrom, 1999: 39). “Path-dependency” is empirical category, which can be utilised for explanation of a specific type of process in time dimension, which is becoming more and more important in social research. (Sztompka, 1993; Berend, 2001; Kay, 2003a). This approach does not offer generalised explanation about why systems sometimes develop in this way. Instead, researchers, using this concept, have to develop “explanatory frameworks, theories and models, explaining *microfoundations of ‘path-dependent’ processes*” (Kay, 2003a: 406-407).

Developmental paths of successful latecomers: Ireland and Finland

We will continue this paper with a short analysis of “path-dependence” dimensions of development of two successful latecomers, Ireland and Finland. To do that, one has to point to, first, existence of a situation of choice within constraints. Secondly, one has to prove that at a certain point there was an important strategic decision, which led to strategic shift. Thirdly, I will point to a systemic discourse as the only option for successful impact of strategic actors on developmental trajectories.

Ireland and Finland are interesting from the perspective of this study for a number of reasons. But above all, they are the only cases of successful latecomers, which joined the group of core countries after WW2 in Europe. In the global context one could also emphasise four Asian tigers, with their spectacular growth rates from the 1960s to 1990s (see O'Hearn, 1998).² However, Asian cases are far less interesting from the perspective of this study; their developmental trajectories were rather specific if compared to European societies.³

Twenty years ago, when the successful transformation started, Finland and Ireland were perhaps closer to the level of better off east-central European countries today. In the beginning of the 21st century they are among the most developed and competitive European economies. This is not evident only from their GDP levels. Both countries have also substantially improved their innovation capacities. Finland belonged to technological core already in the late 1980s, but not at the very centre. However, in past twenty years

² Before their astonishing economic development, the four Asian tigers were Third World countries. Huntington makes an interesting comparison. In the beginning of the 1960s, the level of development of South Korea and Ghana was remarkably similar. Level and structure of GDP were comparable. Exports were based on products from primary sector. Levels of foreign aid were comparable. Only three decades later, Ghana was in a similar situation. South Korea was industrial giant with fourteenth largest economy in the world. Numerous Korean multinationals are successful competitors in the global markets in automobiles, electronics, communications and other more or less sophisticated products. (Huntington, 2000: xiv).

³ This is not only the case for EU and EFTA countries, but also in comparison with post-socialist countries of East-central Europe. In their authoritarian period, these countries went through process of forced partial modernisation and extensive industrialisation, which caused rapid deindustrialisation in the beginning of the 1990s. Asian tigers, on the other hand, went through a prolonged and sustained process of upgrading its development processes in direction of more complex products and services.

the density of innovations increased by three times, which is the highest growth in the group of technologically advanced countries.

Ireland

Irish economic history and policy can be, generally speaking, split to two distinct periods. The first period was between 1922 and the beginning of the 1960s. In this period, starting with Irish political independence from the UK, it is rather difficult to talk about Irish national economy. Even after political separation, its economy continued to operate as a regional economy of Great Britain (accounting for 90% of all Irish exports and almost entire imports). As predominantly agricultural country it served Great Britain with food and other primary products⁴ (Battel, 2003). Thus, political independence did not lead to substantial shift in economic orientation and developmental performances. In the first few years, developmental policies were directed primarily to ensure stability of newly created state, building basic infrastructures and preserving free trade with Great Britain. These policies consolidated as *import substitution model*, especially after 'customs war' with Great Britain in the 1930s, which had both nationalistic (national identity) and economic goals (Battel, 2003). In this period, economic policies were not determined by a rational economic calculation. Namely, any substantial changes were not possible in the first period, as Irish nationalists would interpret opening of its economy as an act of betrayal to foreign masters. This orientation persisted, even though it caused structural problems, low economic growth, continuing mass migrations and – ironically – continuing economic dependence on Great Britain.

Economic problems continued after WW2, in the period when economic growth started to accelerate on the continent.⁵ It became obvious that established policies fail to deliver desired results. Hence, after a decade-long "commitment" to specific strategic orientation (Ghemawat, 1991) a strategic shift took place. However, complete discontinuity with the past was not possible, which is also consistent with "path-dependency" thesis. Such structural vacuum is only possible in theory. It is therefore not

⁴ There was even a process of deindustrialisation of Irish economy in the period between 1821 in 1841. The share of employment in industrial production was reduced from 43% to 28%. (Battel, 2003: 94-95). This was not a consequence of increase in services, but a flight to subsistence agriculture.

⁵ Ireland received only small part of the aid from Marshall plan, as it did not actively participate in the war and consequently did not suffer direct war damages.

surprising, that the new economic policy in the 1950s, part of which was also opening to international trade and foreign investments, was started by the nationalist party Fianna Fail, which was the ruling party after 1932.⁶ The first steps were conducted under leadership of Eamon de Valera, teoiseach (prime minister) for many years, and his successor Sean Lemass – both veterans of independence war (Battel, 2003: 97-99). The breaking point was 1958, when the programme *Economic development* was written, as a reaction to severe economic crisis. This was the beginning of the second phase of Irish economic history and policies. In the next few decades Ireland became one of the most attractive locations for FDI in Europe. Decisions taken in this period effectively narrowed down available options.

We can also see that it took quite a long time between strategic shift and the time when this shift started to produce results. Fast economic growth started only towards the end of the 1980s. In the meantime, the situation was rather unfavourable, e.g. in the 1970s, when public debt increased dramatically and Ireland became one of the most indebted countries in Europe, and inflation and unemployment were very high. Nevertheless, fast change in policy orientation – perhaps towards the old patterns – was not possible.

The situation changed dramatically in the 1990s. Ireland achieved staggering GDP growth rates. For example, in the period 1994-1998 the Irish average annual GDP growth was 7,5%, while EU average was 2.5% (Walsh, 1999).⁷ There is no agreement on causes of this sudden growth. Most authors notice that it was influenced by a number of factors, which have been in place for a rather long period of time prior to that, but with no obvious results (Walsh, 1999; Battel, 2003: 99-101; Barry, 2000: 1382). In the next chapter, I will develop a thesis that a new factor, systemic discourse, started to operate as a catalyst of existing resources. This discourse was institutionalised in the form of a long-term and binding social partnership with substantial “spillover effects”.

⁶ Fianna Fail even accepted the law which required that the Irish had to be the majority in management of all newly established enterprises.

⁷ Ireland reached EU GDP average in 1998 and is today one of the EU members with the highest GDP. In 1987 its public debt was 114% of GDP and unemployment level rose to 17%. In one decade its public debt fell to 60% of GDP and unemployment level below 6% (Barry, 2000).

Finland

Finland is less obvious, but nevertheless very interesting case of developmental strategic processes. One has to emphasise, that we are not dealing with underdeveloped country. However, it was constantly lagging behind the most developed European countries. "Typical Finnish company" was capital intensive and focused to reproduction of natural resources, building its competitive advantage on the basis of privileged access to these resources. (e.g. pulp and paper and furniture production) and aggressive investments intended to gain economies of scale. This strategy resulted in a small number of large, vertically integrated companies (Lilja in Tainio, 1996: 159).

Strategic shift took place in the wake of a great economic crisis, which started at the end of the 1980s and beginning of the 1990s, due to various reasons (old industrial structure, loss of markets in the former Soviet Union etc.). At the end of this process, Finland was one of technologically most developed European countries, a leader in the field of mobile communications, and above-average value added even in low and medium-tech industries (Castells and Himanen, 2002)

Path-shaping as coordination through discourse

Due to "choice within constraints" approach, discussion on path-dependency includes – "path-shaping" dimensions. In his analysis of institutional reforms of welfare state –undoubtedly a case of institutional arrangements where it is difficult to achieve fast changes due to numerous vital and expensive interests – Jacob Torfing shows that changes in well established arrangements are indeed taking place, but policy-makers and other stakeholders have to take complex constellations of interests into account. He defined policy path as a relatively stable way to organise and regulate certain policy field. Policy path is not just a policy-making method for regulation of objects, processes and actions. It is a discursive terrain at which objects of regulation, regulatory agencies and institutional forms of regulation are mutually structuring (Torfing, 2001: 286-287).

"Path-shaping" is therefore possible through coordination between individual actors, which leads to coordinated strategic action. In this way strategic process can have realistic possibilities for success. But even in the case of successful coordination, total discontinuity is not possible. Old

arrangements and structures exercise some influence on the new ones. "Path-shaping" and "path-dependency" are complementary notions. The first is based on the assumption of changes in existing institutional arrangements and the second is based on inability for complete change. It is therefore not possible to discuss institutional vacuum even in such rapid social and institutional changes like the post-socialist transition. (Nielsen et al, 1995).

Institutional design is difficult process, because we face two problems, "hyper-rationality" and "mental residuals" (Offe, 1995). Therefore, two conditions have to be met in order to achieve successful institutional design (1995: 54-55). Firstly, institutional arrangements have to be discredited and without legitimacy and ability to deal with challenges that come from their environment. In the case of economic development this could be the situation of a deep and lasting economic crisis, which cannot be solved in the framework of existing arrangements (e.g. aforementioned cases of Ireland and Finland). Secondly, they have to offer alternative vision. Therefore, such models are usually not "structured" in a specific social setting, but are in their initial form imported from different and more successful one. They are adapted to local circumstances. If these two conditions are not met, institutional reforms will most likely meet serious obstacles.

Offe claims that too great effort to change institutional arrangements can lead to lack of trust. Too radical and insufficiently defined reforms overestimate the trust of stakeholders, which is a key prerequisite for successful systemic discourse. Alternatively, they tend to support great expectations regarding success of reforms (Offe, 1995: 56), i.e. the myth of designer capitalism (Stark, 1995). Survival and success of new institutional arrangements depend primarily on trust of people and their willingness to meet the costs related with transition to new institutional arrangement (Offe, 1995: 57).

Systemic discourse in developmental latecomers

Transition to new level of developmental performance also requires changes in approach to developmental steering. A number of successful cases (e.g. Ireland, Finland, Asian tigers) show that not only the contents,

but also the type of strategic process has changed substantially, especially in the direction of a systemic discourse.

The state systematically intervened in all cases of successful latecomers in the past decades (Castells, 1998, O'Hearn, 1998; 2000; Ó Riain, 2000). However, the state was not the *only* relevant actor, as it was the case in centrally-planned economies. It was the *central* actor, assuming the role of initiator, moderator and facilitator. In many cases it assumed the initiative in evaluating the potential of technological and product developments, which is the key factor of developmental success of these societies (Castells, 1998: 256). In early phases the capacity to reallocate resources and ensure institutional and macroeconomic stability plays the key role. It is not surprising, that between 1960s and 1980s some undemocratic developmental states played important role in enhancing economic development (Castells, 1998).

However, while entering higher levels of development, intangible resources gain importance and developmentally oriented state has to establish communication with other actors. In the case of Asian tigers the role of the state started to change in the 1980s and more decentred types of communication started to develop. In the cases of Ireland and Finland the systemic discourse was the catalyst of developmental resources and it enabled higher levels of developmental performance.

Ireland

The Celtic tiger phenomenon coincided with the introduction of a system of rather strict social partnership agreement in the second half of the 1980s. This was a consequence of difficult economic situation, which led the state, employers' associations and trade unions to start a tri-annual social agreements. The first, *Programme for national recovery* (1987-1990), was negotiated and signed in 1987.⁸ These agreements were taken very seriously by all stakeholders and the first strike against the agreement took part only in autumn 1999, when the general strike of nurses took place. In spite of some criticisms regarding uneven distribution of social costs and creation of deprived groups of population, excluded from the benefits of the Celtic tiger (Kieran, 2000; O'Hearn, 1998), there is a general

⁸ This was followed by *Programme for Economic and Social Progress* (1990-1993), *Programme for Competitiveness and Work* (1994-1996), *Partnership 2000* (1997-2000) and *Programme for Prosperity and Fairness* (2000-2003) (McCashin et al, 2002).

agreement that this arrangement – taking other factors into account – contributed to Celtic tiger phenomenon.⁹ Systemic discourse was a catalyst of other factors of development.

In the framework of new institutional arrangements, National economic and social forum (NESF) was created in 1993. This structure offered a formal framework for communication between social partners, the state, elected representatives of political parties and academics. Nongovernmental organisations were also included in 1997. Communication between different partners was also transferred to regional level, where it is taking place in the framework of 38 regional partnerships (McCashin, 2002; Sabel, 1997). NESF was initially conceptualised as a mid-term mechanism to solve fiscal crisis. However, it evolved to institution promoting permanent economic growth (Hardiman, 2002: 17). NESF is nowadays an institutional form with a number of positive externalities in the form of systemic discourse.

Finland

In the case of Ireland, most authors are focusing on systemic discourse, which is taking place in the framework of social partnership arrangements. In the case of Finland, on the other hand, most authors are focusing on communications, which are taking place in the framework of national system of innovations. This difference is also due to the fact that developmental leap in Ireland was to a much greater extent based on substantial inward FDI, thus increasing the importance not only of a stable macroeconomic, but also political environment. In Finland it was to a greater extent based on mobilisation and development of indigenous resources.

Genesis of the Finnish national system of innovations started in the 1960s, when the state started to strengthen – both financially and in terms of human resources – system of higher education and to expand the network of higher education institutions. This is also the period, when Finland

⁹ These criticisms are in some respects justified. Income inequality in Ireland is among highest in Europe (*Luxembourg Income Study*). Number of working poor is also increasing, as well as difference between profits and wages (Kieran, 2000). However, the convergence between Ireland and EU-12 was higher with productivity of work than standard of living already in the period between 1960s and 1990 (O'Leary, 1997).

established some of the institutions, which are now the most important elements of developmental policies.

Finnish system of innovations consists of a number of important elements. The first element is ICT cluster around Nokia. Nokia is the most important, but by far not the only important company.¹⁰ The second element is a network of technological universities and polytechnics, which are the knowledge base of the system. Third element is the Council for scientific and technological policy. This council has an important role with supporting human resources and financial foundations of national system of innovations, as well as in creation of investment-friendly environment. The Council is subordinated to the prime minister, who is also heading the sessions. The fourth element is Tekes, public agency for R&D, which is the main canal for applied research funding to support the projects of the business sector. It is quite effective in financing prospective projects. Tekes is relatively autonomous, which enables it to pursue long-term orientation. The fifth element is Sitra. This agency is a supplier of risk capital for establishment and development of prospective technological companies. Tekes and Sitra are involved in active communications, as they are involved in most projects. Sitra is the biggest supplier of risk capital in Finland, but at the same time operates as a think-tank, which is developing new ideas. (more on this see Castells and Himanen, 2002: 54). All elements of this system are involved in intensive communications.

Path-dependency in Slovenia: a less successful latecommer

What is so special about Ireland and Finland and why is Slovenia not so special? It is at a developmental crossroad. Slovenia is semi-peripheral country, whose competitiveness is depending on investments in infrastructures (material, intellectual, institutional, informational) and investments in renewal and upgrading of production programmes and leadership of enterprises (Sočan, 2001: 53). In this sense, Slovenia is facing the challenge to become the member of the croup of the most developed European countries, its core. These are the countries with defined and well-developed infrastructure for the (re)production of

¹⁰ Nokia has more than 300 suppliers in Finland, but there are more than 3000 companies in the cluster as a whole (Castells in Himanen, 2002: 27). Nokia's suppliers are not working only for this company only, but are in many cases world leaders in their own production niche.

knowledge, development and transfer of technologies and capital, and numerous linkages and communications among different actors. In fact, one could even say that Slovenia is approaching the limits of its current developmental paradigm and needs to make a decisive step forward.

Slovenia is also a country, whose development is based on relatively inefficient utilisation of factors of development, but could aim to become a society, which effectively utilises individual factors of development in a synergetic effect. To move to higher level of development there is need for more heterarchical societal organisation. Strategic orientations and developmental policies will have to be based on sophisticated mechanisms of contextual intervention and systemic discourse. This will be evident in increased level of communication between actors at the micro and meso levels (e.g. non-capital linkages among enterprises, bottom-up formation of business clusters...) and between social subsystems (i.e. formulation of authentic developmental consensus and successful social dialogue).

Interestingly, empirical evidence on non-capital linkages among enterprises and on linkages among different social subsystems in Slovenia is not systematic, but rather weak and anecdotal.¹¹ This is a consequence of a lack of research interest for this type of linkages. The only evidence that we have is the one coming from international comparative studies (e.g. *World Competitiveness Yearbook* and *Global Competitiveness Report*). It shows that these linkages and communications are rather limited, not only in comparison with more developed EU Member States, but in some cases even compared to countries which are at similar level of development, e.g. east-central EU Member States.

Slovenia is, according to a number of indicators, a typical small country (Adam, 1998). This implies that there are certain static qualities, which hinder development. However, smallness can also be an advantage, as witnessed by a number of cases of small successful countries of the European core, including Finland and Ireland. However, this potential advantage can become developmental resource only if certain preconditions are met. Kuznets clearly formulated that small states are (economically) at distinct disadvantage. Therefore, they have to

¹¹ Tripartite social agreements between employers, trade unions and the state are, on the other hand, relatively well researched (e.g. Stanojević, 2001).

compensate with the quality of their social institutions (Kuznets, 1966). On the other hand, it is very important that small states perform policy discourse, based on realistic evaluation of developmental options. Such discourse has to enable formulation of developmental mechanisms, which are realistic in view of obstacles coming from the processes of European integration and globalisation (Scharpf, 2000).

Developmental leap from semi-periphery to the core is qualitatively different than leap from periphery to semi-periphery. It implies different types of policies and different types of social arrangements; more of the same is not enough. Consequently, strengthening “traditional” policies, like stability of macroeconomic environment or improvement of educational structure of the population is not sufficient. Free choice of policies is not possible, or at least not without substantial social costs.

Conclusion

Increasing complexity of modern societies is a consequence of processes of differentiation. Luhmann (1995) and Willke (1993) especially emphasise functional differentiation, which leads to loss of political system’s central role. Strategic process is now in a joint domain of all relevant systems and actors. More sophisticated forms of operation are now in place. Willke especially emphasised reflexivity (observing the own influence on the environment), contextual intervention (intervention in context, in which organisations and actors operate, instead of trying to operate their actions directly) and systemic discourse (search of joint interests through communication).

However, it is obvious that these mechanisms, which enable path-creation, are successfully activated only in the most developed societies. We showed that in the case of successful latecomers, specific forms of systemic discourse were a key factor which triggered developmental leap in these societies – other factors already existed, sometimes decades prior to that.

Successful systemic discourse as a path-creation tool requires specific socio-cultural conditions. Many authors especially emphasise the role of social capital. It is a catalyst of dissemination of human and intellectual capital, a lubricant of network type of organisations, it enhances

development of intermediary organisations and thereby allows synergy and coordination (Adam in Rončević, 2003). It is thus a necessary condition of successful strategic processes for social and economic development. Lack of interpersonal trust (proxy for social capital) is a key obstacle to systemic discourse.¹²

Developmental leap therefore requires transformation of strategic processes. Strategic actors, including the state, have to develop capacities to engage in such sophisticated forms of interaction, if they want to engage in strategic process with positive outcomes.

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¹² These conclusions are similar to the conclusions of previous studies by the author of this paper. The first was conducted in 2002 in Denmark (Rončević, 2006). The study showed that in Denmark, a country with high levels of interpersonal trust, there are no significant problems with coordination – other factors play more important role. Key issue was technocratic competence of actors, which is understandable due to high value added of the ICT cluster, which was studied. The second study focused on the processes of policy-making in southeast Europe, with a focus on inclusion of stakeholders to policy processes in south-east Europe. It showed that lack of technocratic competence and low interpersonal trust was again the key problem (Rončević, 2003).

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