SMART SPECIALISATION BETWEEN VANGUARD AND COHESION CHALLENGES

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developed further from joint work with Roberta Capello

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Novelty and future of Smart Specialisation

Smart specialization triggered notable changes in the way innovation policies are conceived

- **transcending old centralized planning policy styles**
  - priority setting based on *regional bottom-up self-discovery*
  - public–private partnership processes to identify *and pursue* objectives

- **turning away from high-tech myopia**
  - innovation is no longer set equal to R&D expenditure;
  - consideration of innovation beyond product innovation;
  - inclusion of societal challenges.

- **suggesting “realistic” policy prioritization**
  - *focus on application/use* rather than development of technologies
  - technology domains that *actually matter* for the regional context

**BUT:**

- In the coming years (post ex-ante) RIS3 & EDP will effectively become voluntary regions need to see added value, otherwise their will discontinue their efforts
Novelty works for the centre
Vanguard / 4 Motors

Source: Vanguard Initiative

Source: afersexterioris.gencat.cat
The real economy as it is

Source: Regional Innovation Scoreboard 2014

Source: Technopolis, Fraunhofer ISI; Regional Innovation Monitor
Limits of the real economy

➢ lack of regional innovation system
   ▪ lack of industrial strength & diversity,
   ▪ no or few research institutions or universities,
   ▪ size in terms of market potential,
   ▪ lack of intra-regional connectedness.

➢ multiple actors beyond the direct control of (isolated) local policy
   ▪ multinational subsidiaries hesitant (or not entitled) to engage, external corporate decisions
   ▪ regions not part of value chains or hold an unfavourable position in them

➢ limited basis ‘cross- innovation domains’ in regions with partial capacities
   ▪ specialized diversification does not apply for lack of variety and capacity,
   ▪ cross-fertilisation does not work in fragmented RIS – no new domains emerge,
   ▪ lock-in around historically grown specializations.
The governance system as it is

QUALITY OF GOVERNANCE

REGIONAL AUTONOMY

Source: European Quality of Governance Project

Source: Baier, Kroll, Zenker, 2013
Limits of policy and governance

- **institutional weakness**
  - quality of governance,
  - lack of suitable institutions to support participative processes.

- **barriers at the level of the governance system**
  - lack of match between functional and political-administrative regions,
  - lack of regional autonomy and thus remit,
  - lack of resources – number of staff and professional qualification,
  - lack of experience with transformative learning processes,
  - lack of suitable networks and positive standing with the private sector.

- **political barriers**
  - lack of high-level support, preference for centralist governance,
  - reservations cf. possible outcomes of broadened stakeholder involvement.
Conclusions for Cohesion Policy

- R&D capability based smart specialization provides limited practically attractive propositions for regions outside the core or ‘The Vanguard’
- Technology generation-based RIS3 as originally conceived will be attractive for a relevant number – yet a clear minority of European regions
- A “universal RIS3 approach” as originally promoted has not and cannot become a common solution for all types of European regions
  - Entrepreneurial discovery is a useful headline ambition but has to serve different ends
    - By piloting participatory processes in the first place
    - By putting existing participatory processes to concrete use in innovation policy
    - By establishing a new and more robust framework to meet future challenges
- For the others, alternative options need to be explored as this will be fundamental to support cohesion objectives
Re-integrating a territorial perspective - acknowledging connectedness

- future regional development strategies for smart specialisation will have to embed innovation and industrial policies in their socio-economic context => otherwise they will never be place based

- all regions participate in societal challenges that the application of multi-purpose technologies can help address and resolve

- the periphery faces specific regional challenges that require creative proposals and new technologies for solution

- Even if peripheral regions cannot generate innovation, they can be relevant testbeds, contexts for new approaches

- Suitable interfaces (or boundary spanners) between the mainframe of knowledge generation and the local context will be needed
Re-integrating a territorial perspective - acknowledging connectedness (example)

Co-Patenting Networks between EU Regions (>300 links)

Source: DG Research and Innovation, 2012

Source: DG Research and Innovation, 2012
Re-integrating a territorial perspective - a different view on potentials

- consider diverse growth assets beyond industry
- compete on the right – i.e. realistic – areas of competitive advantage
- endowment of social and relational capital:
  entrepreneurial spirit, creativity, social virtues, cooperation culture, openness to diversity
- intangible potentials:
  beauty of landscape, art of cooking, traditional techniques

- A wider concept of smart specialisation should exploit intangible assets, supporting development strategies based on natural and cultural capital endowment

- Focus should be on:
  - broader understanding of competitive advantage
  - capacity to exploit knowledge from outside the region for local purposes
  - non-technological innovations (business models)

- RIS3 strategies for the periphery will need to clarify better how their priority fields can become relevant from a cohesion point of view
Re-integrating a territorial perspective - a different view on potentials (example)

Source: Region of Lapland (Finland), WIRE2016 Conference
Possible avenues to pursue

- strategies need to overcome the supposed tradeoff between “efficiency and equity” – or competitiveness and cohesion goals,

- identify ‘untapped’ assets of territorial capital that can be found in all places,
- mobilize and connect
  - cross-border and neighbouring regions,
  - Europe-wide networks of regions dealing with similar challenges.

- Strengthening the centre by leveraging the potential of the periphery
  - creating knowledge where there is critical mass, not least by linking regions with key capacities in related domains across the union (Vanguard), but
  - developing applied solutions for different challenges in diverse types of regions, including the economic periphery
Why this could work

- **Industry needs markets**, Europe is at a disadvantage compared to the US, China, India
  - The European Paradox is far from overcome, creating a larger „area of resonance“ including the periphery might actually be more important than linking capacities

- **Lead customers are important**, but in many cases need not be in leading regions
  - Some market relevant solutions can be much better in regions with a suitable set of challenges that they intend to address

- **User-led innovation gains importance**, „prosumers“ & „makers“ enter the mainstream
  - de-centralised input to innovation will become more important in Europe also and it should be sourced from the full ranges of ist complex background
Key policy messages

1. Reinforce a market based perspective on RIS 3

2. Strengthen capacities to reliably identify local societal challenges (and related assets)

3. Support networking among regions facing similar challenges

4. Support the integration of lagging regions as a „specific tier“ of relevant „key users“ in and for the „Vanguard Mainframe”

➢ Raising the profile of neglected regions through empowering strategies
Is there hope?

Tourism (Market)  ICT Technology  Agriculture (Market)

Source: Eye on RIS3 Online Tool
Thank you!

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