

# KIBS IN PERIPHERAL REGIONS: Major outlines

Teresa de Noronha  
CIEO, Universidade do Algarve

# Definition

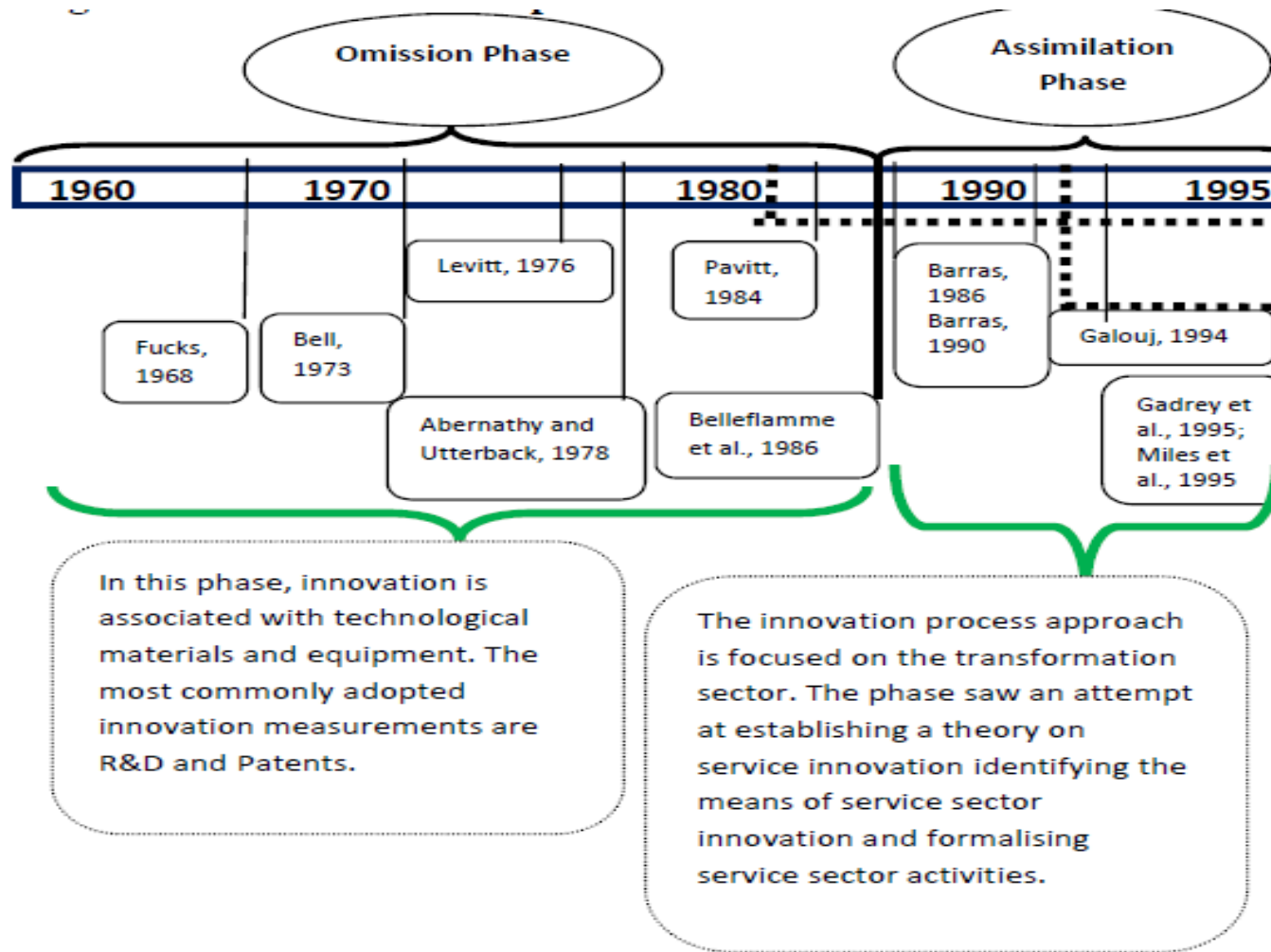
KIBS are non-material companies providing intangible and highly personalized services (Cohen and Levinthal, 1989):

- They act as external sources of knowledge to their clients
- They are independent creators of innovation
- The majority of companies are micro and medium sized young companies
- They store knowledge and experiences, are flexible to cooperate - coming up with innovative outputs

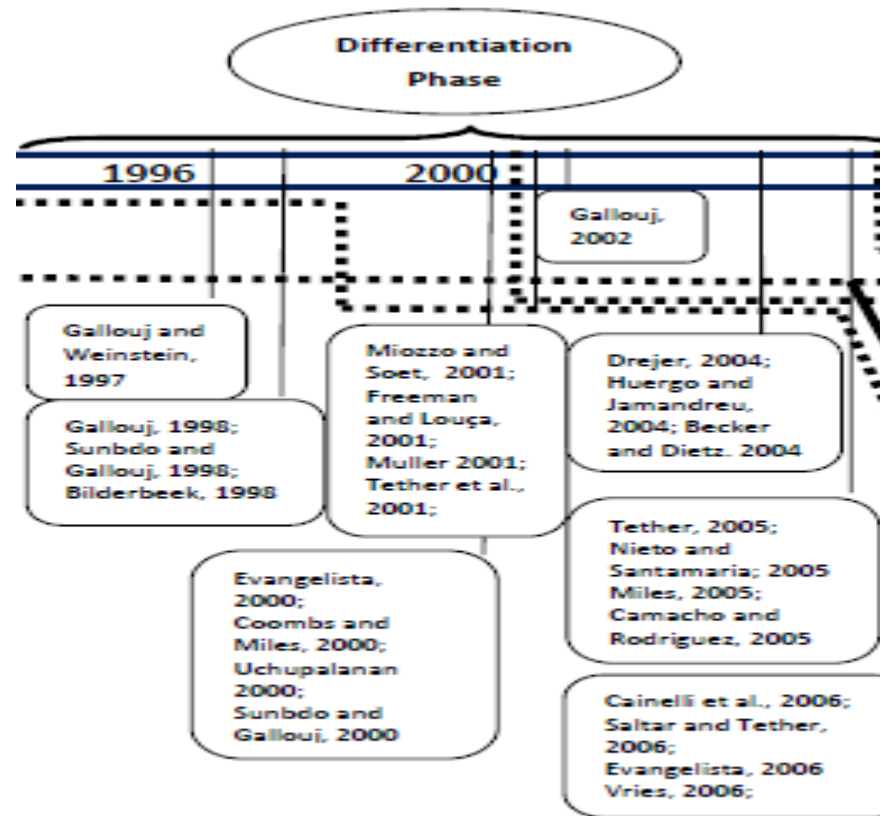
# Potential KIBS sectors according to the industrial classification

- 721 Hardware consultancy
- 722 Software consultancy
- 723 Data processing
- 724 Data base activities
- 725 Maintenance and repair of office, accounting and computing equipment
- 729 Other computer related activities
- 731 Research and development
- 732 Research and experimental development on social sciences and humanities
- 741 Legal , accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy
- 742 Architectural , engineering and other technical activities
- 743 Advertising
- 749 Business activities (other )

# Conceptualization: Phase I

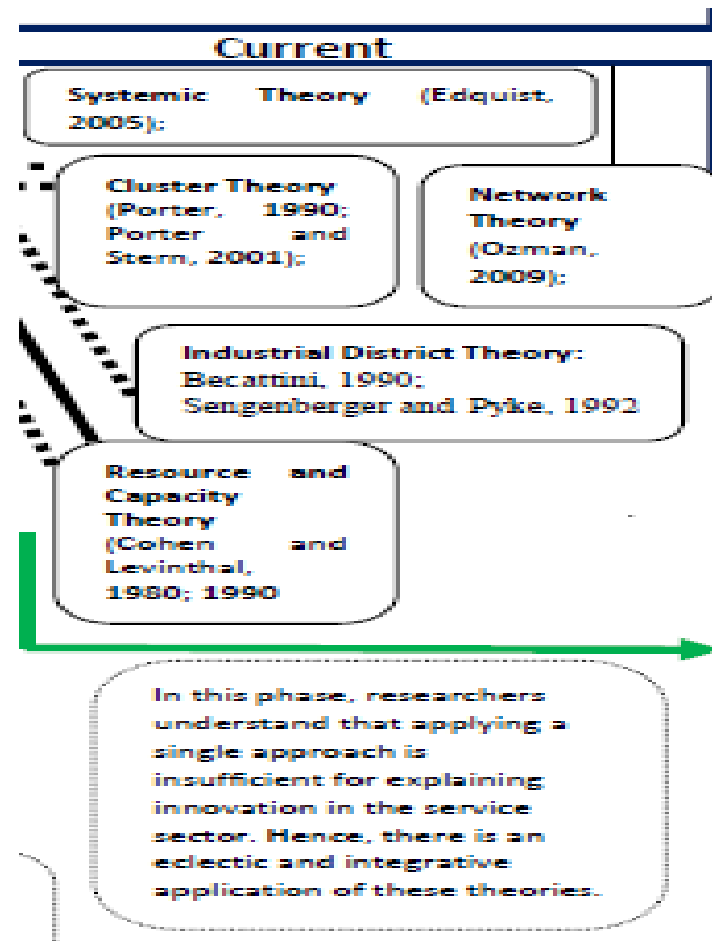


# Conceptualization: Phase II



In this phase, there is already the awareness that services are distinct to the transformation sector and hence specific classifications were put forward for the sector. Studies began looking at the impact of technology on services as well as adapting some classifications in effect for the transformation sector.

# Conceptualization: Phase III



# KIBS as information sources for innovation

Spain (2006)

Research question: How do “consultants, laboratories and private institutes” perform as sources for innovation?

- 53% of the SIS companies used KIBS as an information source for innovation
- Only 17,6% of them considered it as very important.
- KIBS were more widely used than other institutional sources like universities (44,3%) or technological centers (42,3%).
- Universities were as “very important” by a higher share of users (21,5%) compared to the KIBS case (17,6%).
- Moreover ,and as expected, internal sources are the ones more widely used followed by equipment providers and clients. Besides the former ones are considered as very important by a large share of users (35%).

# KIBS as information sources for innovation

Brasil (2007)

Research question: Do KIBS contribute to technological innovation of product and/or process of their clients? (Survey of the economic activity in São Paulo)

- Years of study, sector and the size of the contribute positively to the propensity to innovate.
- All sectors are more innovative than “Other services”.
- Particularly when related to legal/ internet solutions, business communications, advertising and management consulting show that service firms that contract KIBS are not more innovative that those that don't.



# KIBS behavior in the innovation process

Finland (2007)

Research question: How does the innovation process in KIBS manifests?

- Iterative, inseparable nature of different types of behaviors.
- These are not analogous in the different phases of an innovative process.
- Each phase of the process contains many, if not all, of these behaviors in different combinations.
- Frequently, the development activities moved very quickly from individual considerations to collective actions.

# KIBS behavior in the innovation process

Canada (2010)

Research question: Does innovation in KIBS services vary according to the industrial context within which they are located?

- Innovation varies both across continuous space and across discrete territories.
- However, this is not affected by firms' information gathering and collaborative behaviors.
- Since these factors have no effect – we face limits in the understanding of the geography of innovation which call for further exploration.

# KIBS and RIS

## Italy (2011)

Research question: What are KIBS competitive drivers and innovation patterns? Are (all) KIBS really innovative? Are there “typical” innovation modes in the KIBS sector?

- Large heterogeneity in type, role and dynamics of KIBS across regions:
  - Connection and participation to global knowledge intensive networks in capital city regions;
  - Restructuring and orienting towards high tech functions in mature industrial regions;
  - Contributing to transformation in organisational and competitive culture in backward areas
- The evolution of KIBS reflects the characteristics of the local economy and is likely to strengthen differences across regions

# KIBS and RIS (cont 1...)

Italy (2011)

KIBS' competitive strategies:

- [?] Innovativeness (mainly embodied technological change) and quality of service are the most relevant competitive drivers.
- [?] Fierce local competition: price, speed of delivery and proximity to customers represent crucial variables
- [?] Human resource training but lack of attention towards new competences and profiles

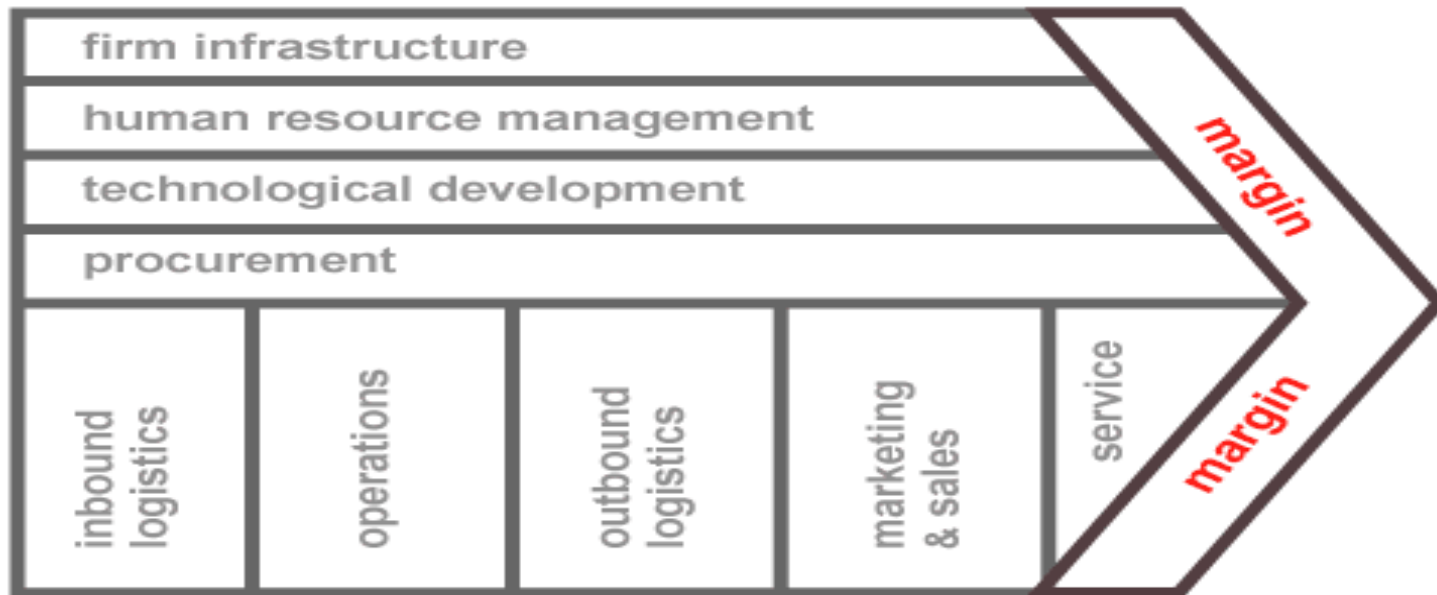
# KIBS innovation capability in rural regions

Portugal (2011)

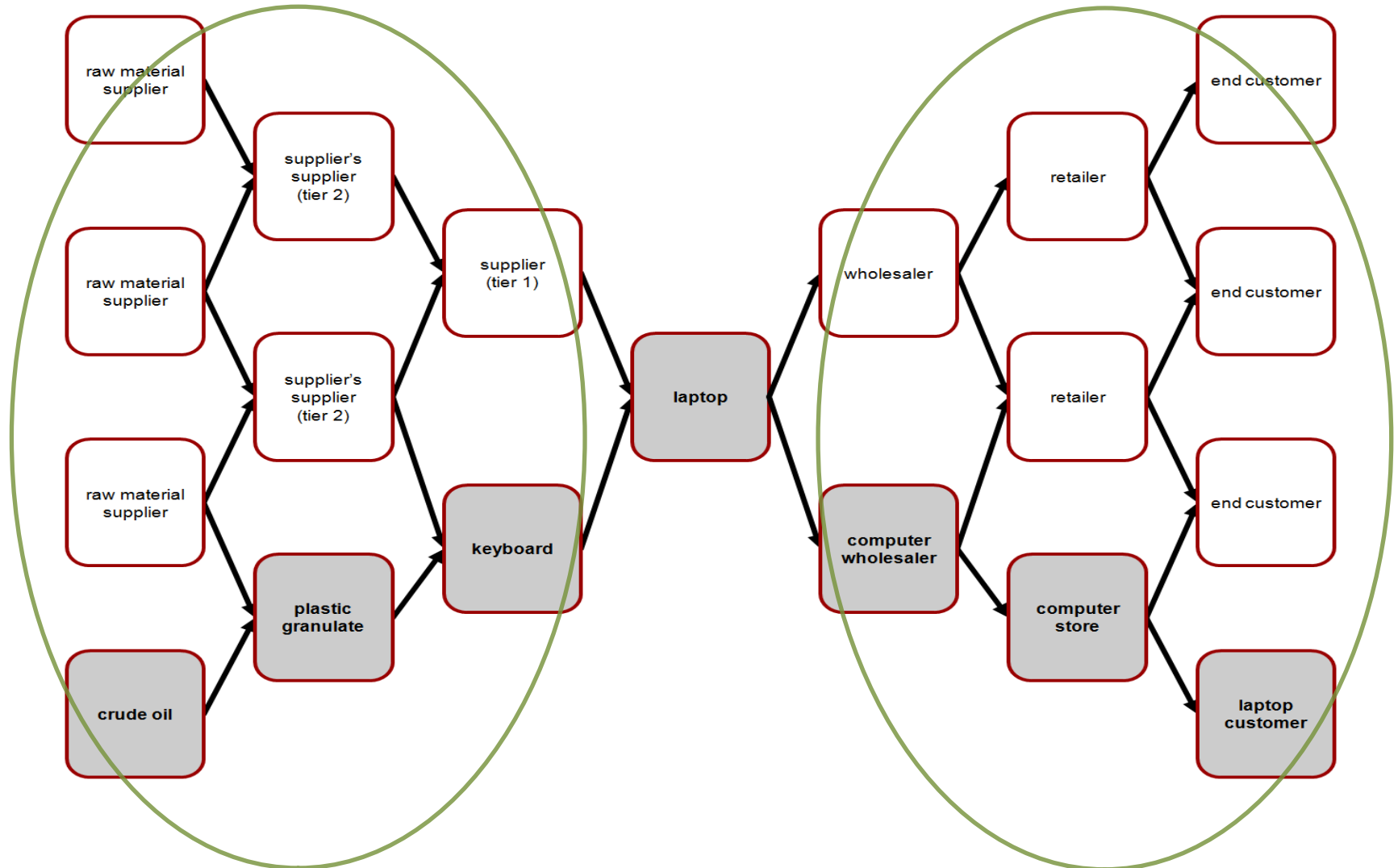
Research question: Which variables contribute towards innovation capacities in KIBS?

- Organization: Communication between departments, Rewarding innovative initiatives;
- Networks: Cooperation with other companies, Relationship with users of new products/ services, Learning, The company reviews projects, Sharing experiences with other companies.
- Process: Support mechanisms for managing new products, Researching new ideas.
- Strategy: The company attempts to anticipate threats and opportunities; Commitment to innovation; The connection between innovation project and the business strategy; Commitment to employee training.

# KIBS management as in a supply chain



# Knowledge from supply demand network perspective



# Small firms capacity to learn in European peripheries

- Belgium: Hainaut, West Flanders
- France: Aude, Gard
- Ireland: Border, Southwest
- Poland: Kujawsko-Pomorskie
- Portugal: Oeste, Alentejo Central
- UK: Devon and Cornwall, Hereford and Worcester



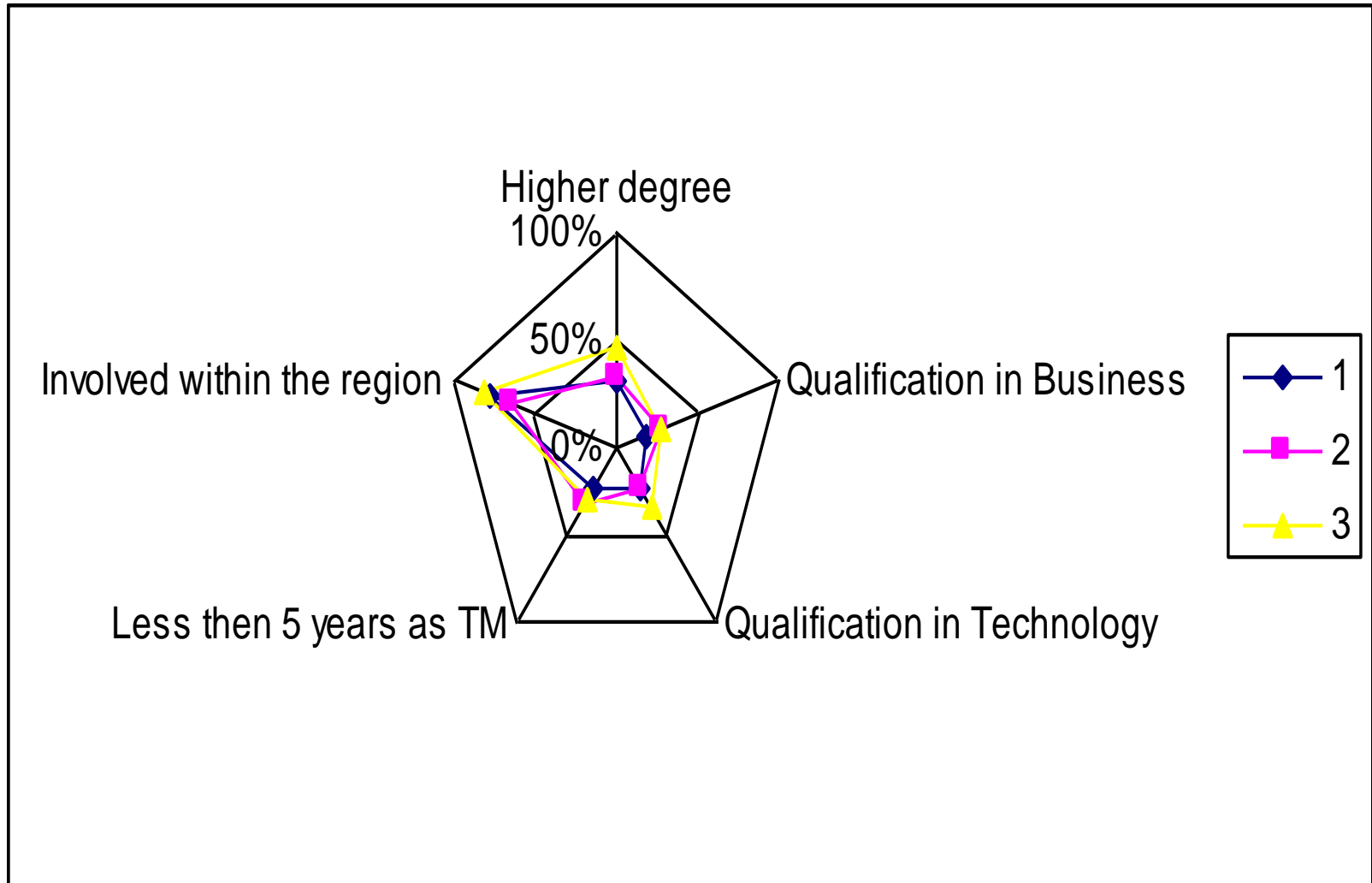
# Identified innovation clusters for European peripheries

## Patterns of innovation – results from *K-mean cluster analysis*

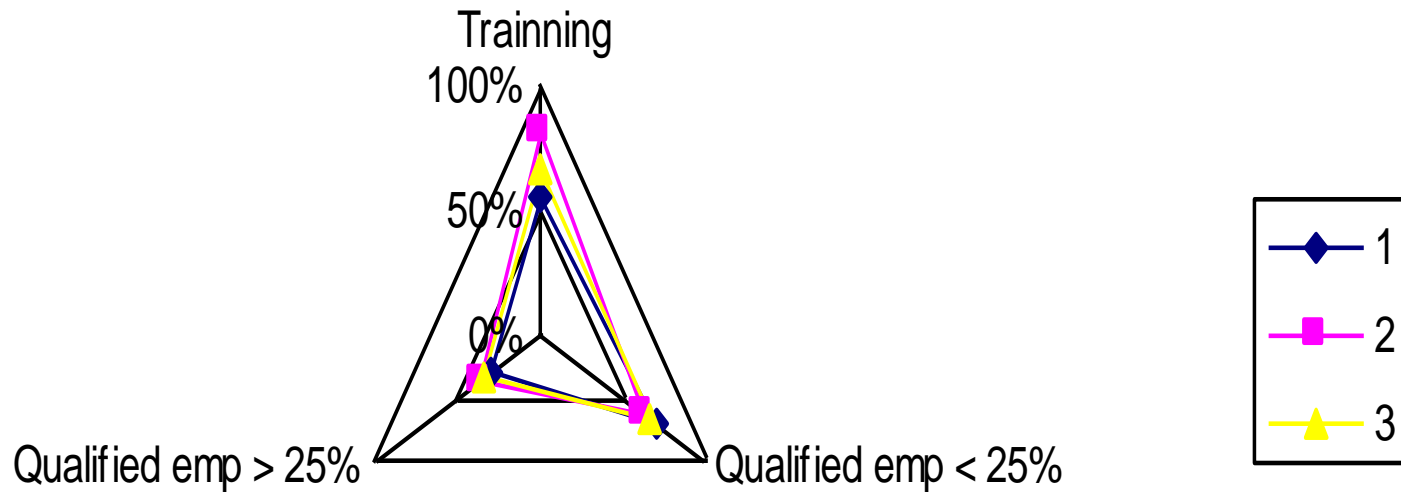
	<b>Cluster 1: Non- Innovators</b>	<b>Cluster 2: Pioneer Innovators</b>	<b>Cluster 3: Follower Innovators</b>
<b>Variables of innovation</b>	N= 86	N= 160	N= 77
New or substantially modified products	0	1	1
New or substantially modified production processes	0	1	1
New ingredients	0	1	1
New packaging material	0	1	0
Visual appearance	0	1	1
Organizational innovation	1	1	1
Newness of innovation	0	1	0

Source: Own elaboration.

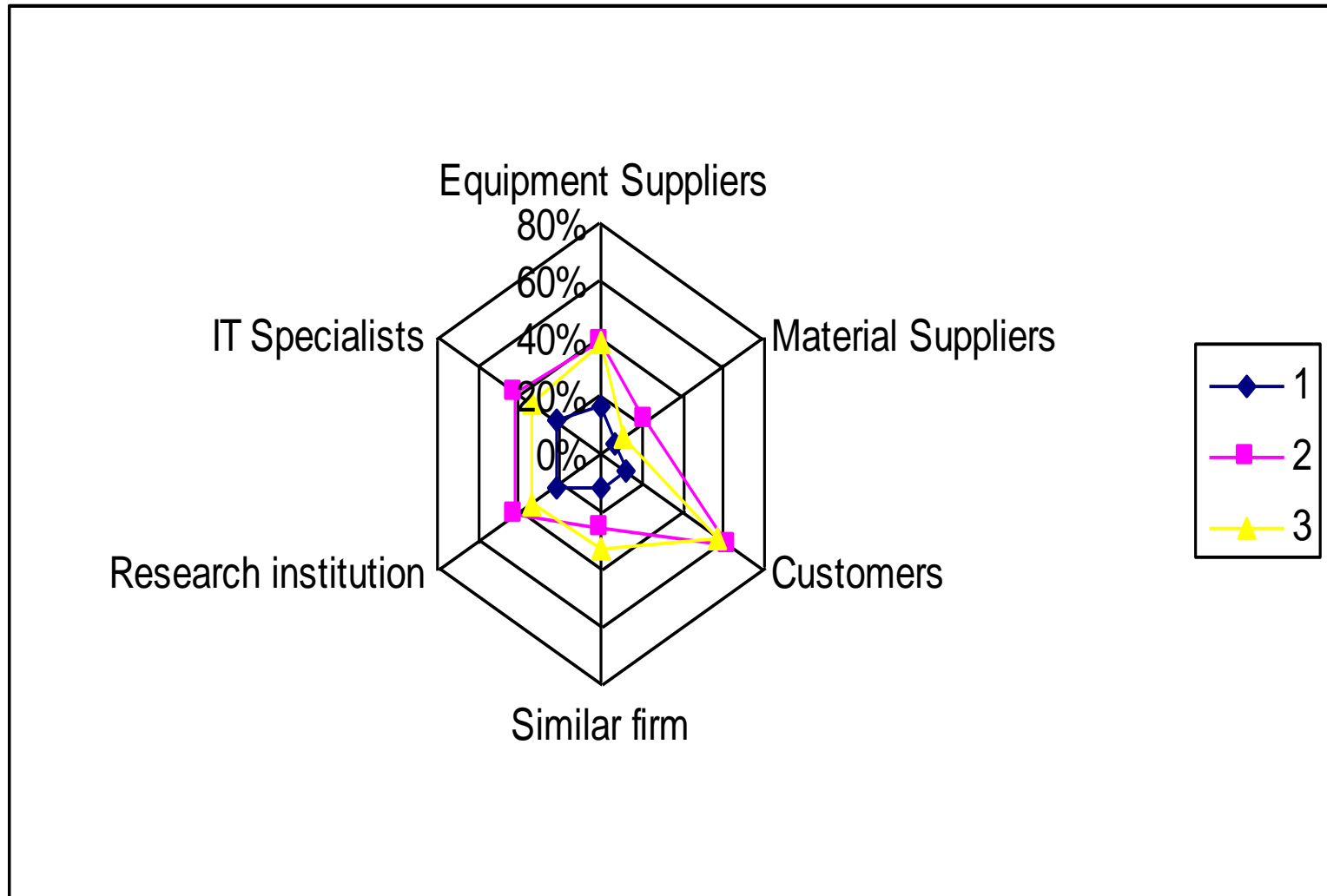
# Small firms capacity to learn in European peripheries: TM



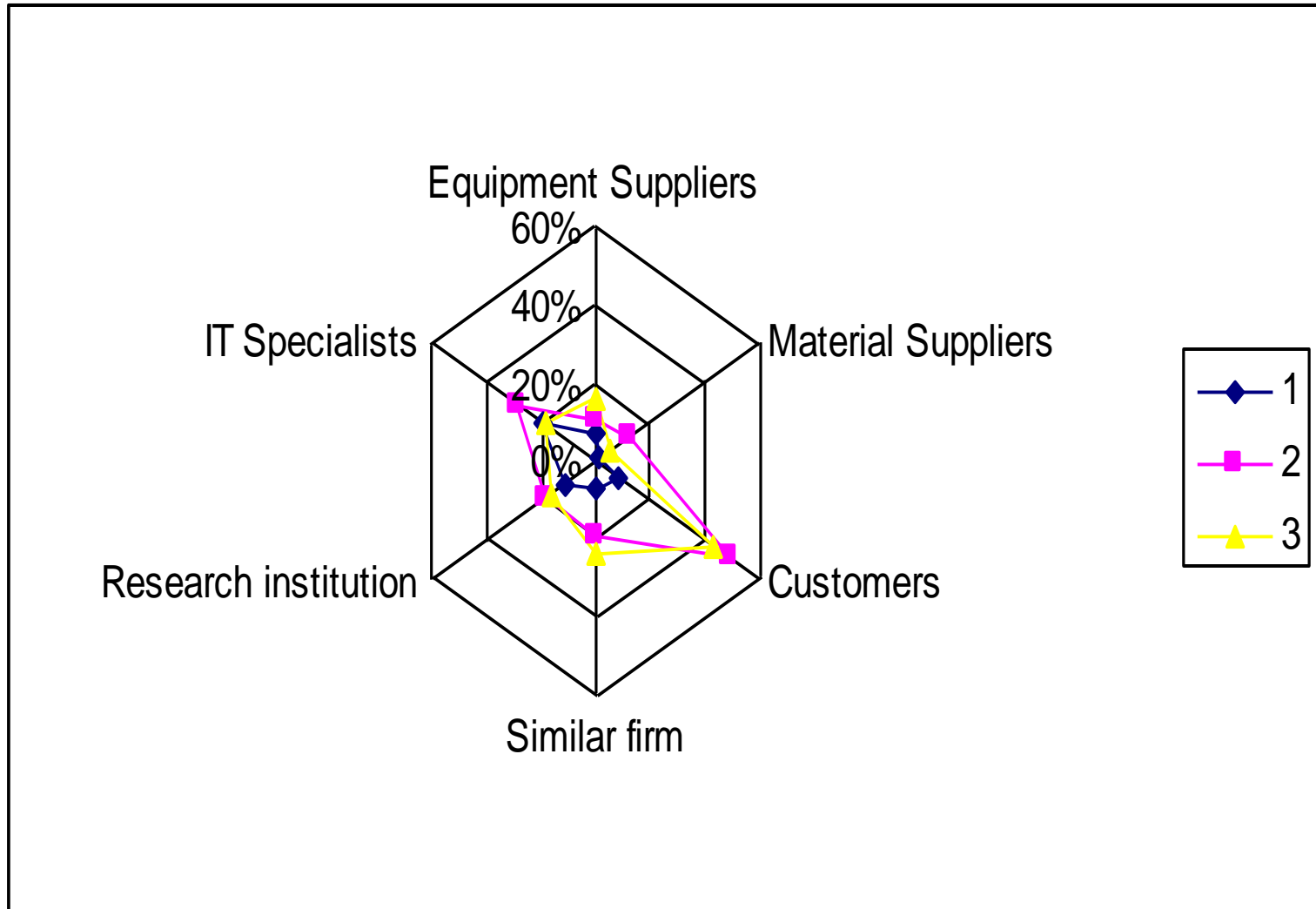
# Small firms capacity to learn in peripheries across Europe: LF



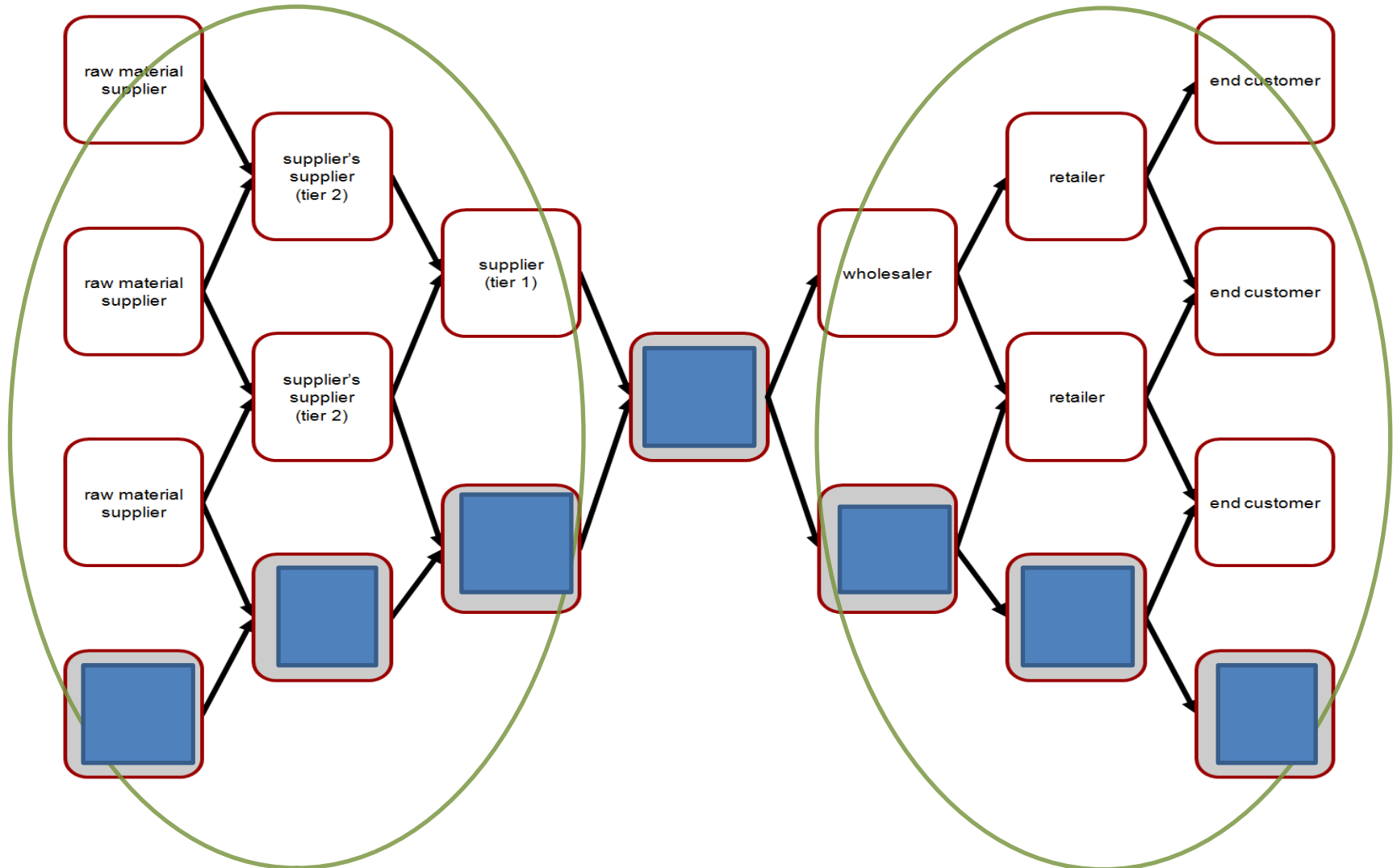
# Small firms capacity to learn in rural areas across Europe: Net iR



# Small firms capacity to learn in rural areas across Europe: Net eR



# Knowledge from supply demand network perspective: KIBS and KIS



# Conclusion

- The innovation capacity of KIBS is bi-dimensional:
  - depends on the internal / relational capacity of KIBS firms to innovate - pushing forces
  - But also on the readiness of their clients to use their skills to innovate – pulling forces

THANK YOU

[mtvaz@ualg.pt](mailto:mtvaz@ualg.pt)

