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Key challenges of 'smart' policies for regional transformation

Elvira Uyarra

Manchester Institute of Innovation Research,

Alliance Manchester Business School

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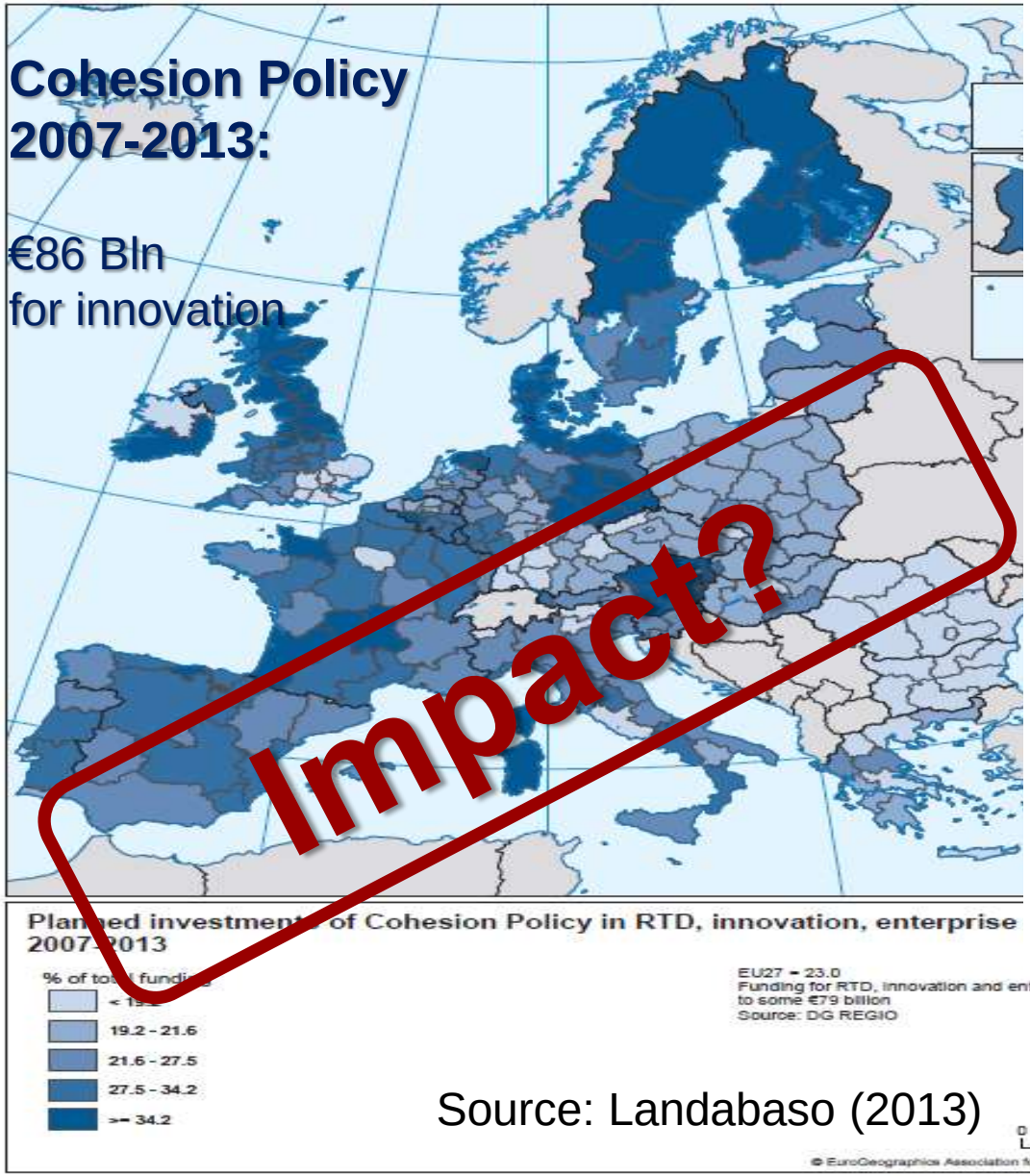
Outline

Smart specialisation: key features & conceptual underpinning

What are the challenges?

Outward orientation in S3: what is it and how can it be interpreted

Preliminary results from S3 survey



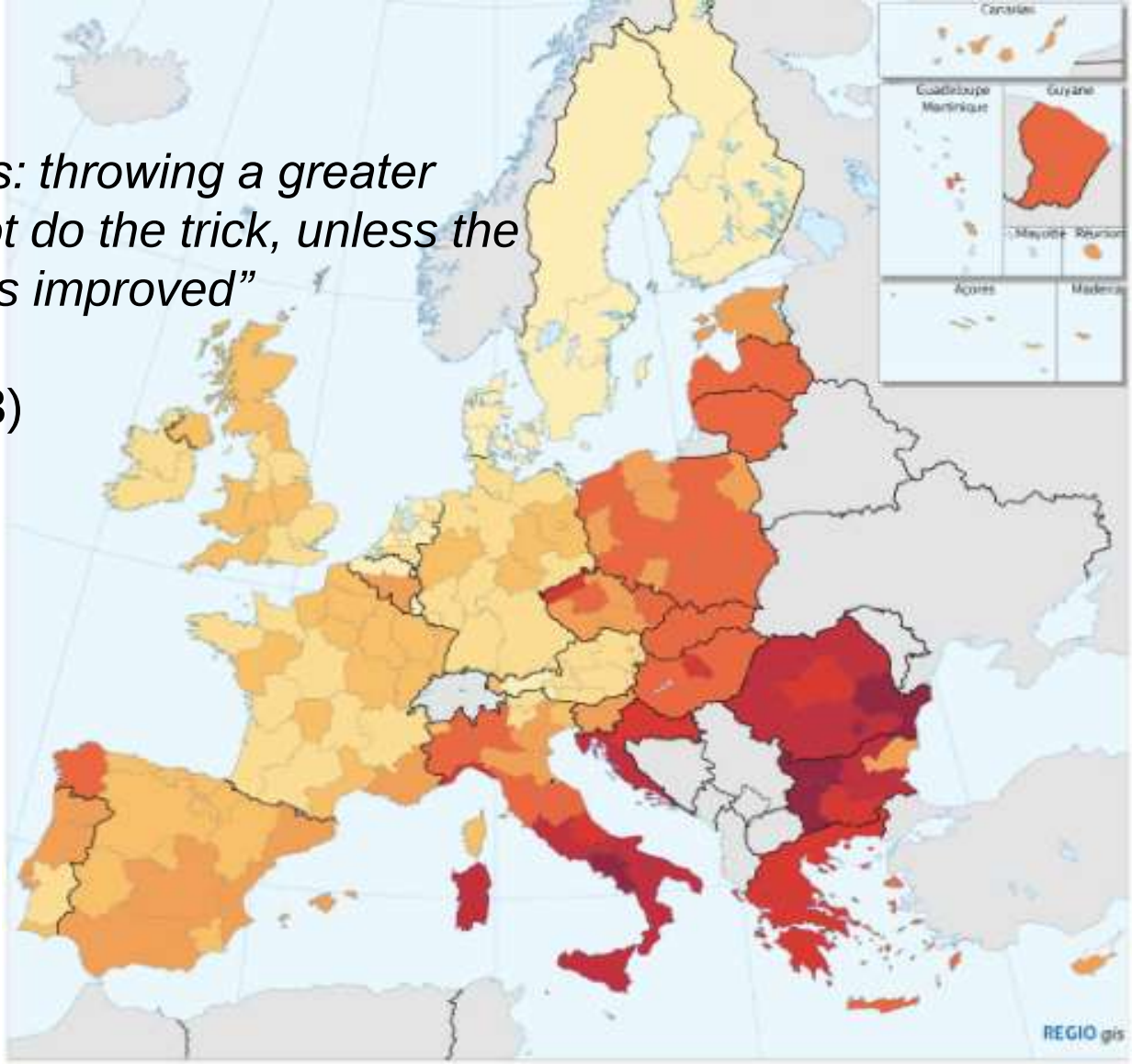
Source: Landabaso (2013)

Reported Problems

- Lack of interaction across levels of government
- Strategies without external perspective – duplication
- Lack of critical mass
- Me-too mimetic strategies
- Focus on fashionable themes / prestige projects
- Lack of competences to develop STI policies
- Insufficient monitoring/evaluation of policies
- Policy capture by traditional interest groups in the region

“There are no shortcuts: throwing a greater amount of funds will not do the trick, unless the quality of government is improved”

(Rodriguez-Pose, 2013)



Map 5.2 European Quality of Government index, 2013

Standard deviation, range from poor quality (negative) to high quality (positive)

- < -1.75
- -1.75 - -1.25
- -1.25 - -0.75
- -0.75 - -0.25
- -0.25 - 0.25
- 0.25 - 0.75
- 0.75 - 1.25
- > 1.25

EU = 0

Source: ANTICORRP, based on World Bank data and a regional quality of government survey, Charron, N. et al. (2014).

What is smart specialisation?

“a strategic approach to economic development through targeted support to Research and Innovation” (European Commission, 2012).

Smart specialisation aims at concentrating resources on key priorities based on a region's economic potential and is articulated around six steps: i) regional analysis, ii) governance, iii) shared vision, iv) priority setting, v) policy mix and vi) evaluation

New Cohesion Policy framework, smart specialisation is an ex-ante conditionality.

Continuation and development of previous EU regional innovation strategies.

Theoretical underpinning still “in progress”

“[the concept] is not yet tight. It lacks transparency, verifiability and broad consensus. Many statements and arguments about smart specialisation are not yet based on sound empirical foundations” (Foray, 2014)

Technological/product relatedness, regional branching, structural change (Boshchma, Nefke et al, Hidalgo et al, 2007)

Place-based innovation policy, Constructing regional advantage (McCann&Ortega-Aguiles, Barca et al, 2012; Asheim et al, 2012)

Local-buzz, pipelines and cross regional networks (Bathelt et al, 2004; Paci and Usai, 2009; Glückler, 2007)

Regional path-dependence, industrial lock-in, regional resilience (Hassink, 2005; Grabber, 1993; Martin&Sunley, 2006)

Regional differences influencing innovation: e.g. institutions, trust, knowledge; RIS (Cooke et al, 1997; Asheim, 2011; Saxenian, 1996)

Networks and clusters of innovation and invention (Iammarino et al, 2012; Perkmann&Walsh, 2007;

What’s new? Some key underlying concepts (Foray)

Vertical (sectoral) and non-neutral choices

- Selectivity rather than providing innovation infrastructure across all industries, making tough choices

Concentration, focus, scale, and scope

- Small is not necessarily beautiful, regions need to become known for particular forms of innovation

But need to diversify from traditional activities

- New opportunities based on innovation, but perhaps drawing on old areas of expertise – not continued support for industries without growth prospects

Place-based strategy focused on unique assets of a region

- Don’t focus on biotech or renewable energy sectors unless you have some existing advantage

Entrepreneurial discovery process (bottom-up)

- Should be the source of information for activities that should be prioritised (rather than top down)

Outward looking orientation

- Global orientation and potential for extra-regional and international cooperation with other specialised regions

What S3 is not….

A strategy for (narrow) specialisation

- *“what matters is the development of new specialties, through which regional systems will experience structural changes (diversification)”*

A strategy for science

- *S3 should “address the missing connections that should be made between R&D and innovation activities, on the one hand, and the sectoral structure of the economy on the other”*

A strategy for core regions only

- *"Smart specialisation is not just for the "best" regions and technology leaders. On the contrary, this concept provides strategies and roles for any regions.”* (Foray, 2014)

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However the implementation of smart specialisation strategies pose fundamental challenges (Morgan, 2013)

Conceptual challenges

- What is meant by ‘specialisation’?
- What are domains/activities?
- Smart specialisation *process* vs smart specialisation *strategy* (S3)

Operational challenges

Priority setting: How to select (and justify) priority intervention domains for S3?

Policy remit: What are the adequate policies for S3 (policy mix)?

Scale: what is the appropriate scale for S3?

‘Smart’ policy: What tools should be used for measuring and evaluating S3 policies? How can policies be more adaptive & experimental?

Political/governance challenges

Engaging stakeholders (inclusivity): how to promote participation and commitment of the variety of stakeholders?

Multi-level governance: How to align policies from national, regional, EU levels within a S3 perspective? How to best leverage inter-regional collaboration (outward orientation)?

Policy capacity: Challenges for regions with limited policy capacity and limited institutional competences

Challenges for S3 in England

- Are LEPs too small to pursue a S3 approach? `
- Challenges for coordination across all 39 LEPs
- How to reconcile the spatially blind national science and innovation frameworks with bottom up S3 approaches
- Issues around capacity, resources and policy levers available to LEPs
- Identification of target domains or activities through appropriate metrics and approaches (innovation audits?)
- Development of indicators to measure performance
- Definition of the scope of S3. Balance between research and innovation
- How can LEPs work more collaboratively? What are the barriers?

‘Outward orientation’ in S3

The RIS3 guide (European Commission, 2012) emphasises the need for regional strategies to adopt an ‘outward looking’ approach in terms of *their orientation towards global value chains, the assessment of priorities vis-à-vis other regions, as well as the consideration of cross regional projects and networks.*

Past regional innovation policies mostly inward-looking, focused mainly on internal linkages within regional innovation systems.

Cross-border and trans-regional cooperation are a means to achieve “more critical potential and related variety” (European Commission, 2012).

‘Outward orientation’ in S3

…Still not clear…

Why?	The **rationales** for collaboration among regions include: to widen the pool of resources and knowledge bases; access complementary assets; compensate for competence or capability failures; cost sharing; to counteract lock-in; and facilitate policy coordination and policy learning.
What?	Regions collaborate on - **common problems, opportunities and learning**.
Where & with whom?	Depending on competencies and capabilities, regions collaborate nationally and internationally, cross border and non-contiguously. **Partners** depends on purposes and context and range from public sector (national and regional), industry, academia, NGOs.
How?	The **intensity** of collaboration varies from one-off information sharing to joint strategies. The **tools** and **mechanisms** include information sharing, joint financing of projects and programmes, joint R&I infrastructure, demand side tools like innovation procurement, standard setting and alignment of activities and strategies.

Source: Uyarra E, Sörvik J, Midtkandal I. S3 Working Paper Series No. 06/2014 .

Policy coordination

The literature suggests different forms of policy coordination (e.g. Braun, 2008):

‘Negative’ (mutual adjustment aimed at avoiding duplication and overlap of initiatives) and ‘positive’ (specific cooperation or concerted action).

More advanced coordination → ‘policy integration’ or the coordination of policy goals, and ‘strategic coordination’, which implies the coordination of visions and strategies (Braun, 2008).

Edler (2010): ‘coordination’, ‘collaboration’ and ‘integration’ in science and technology policy.

‘Outward orientation’ in RIS3 can therefore entail a variety of things:

Mutual adjustment of regions in their identification of strategic priorities.

Alignment of funding programme conditions, sharing of good practice around programmes or structures across borders,

joint delivery of specific services, and other concrete, ad hoc, collaborative projects.

Collaboration in the design and joint delivery (and/or funding) of programmes or actions.

Cross-regional innovation strategies

Survey – Respondent rates and types

455 invited participants, all regions/countries registered to the Smart Specialisation Platform

113 unique respondents (24.8% of the population) representing

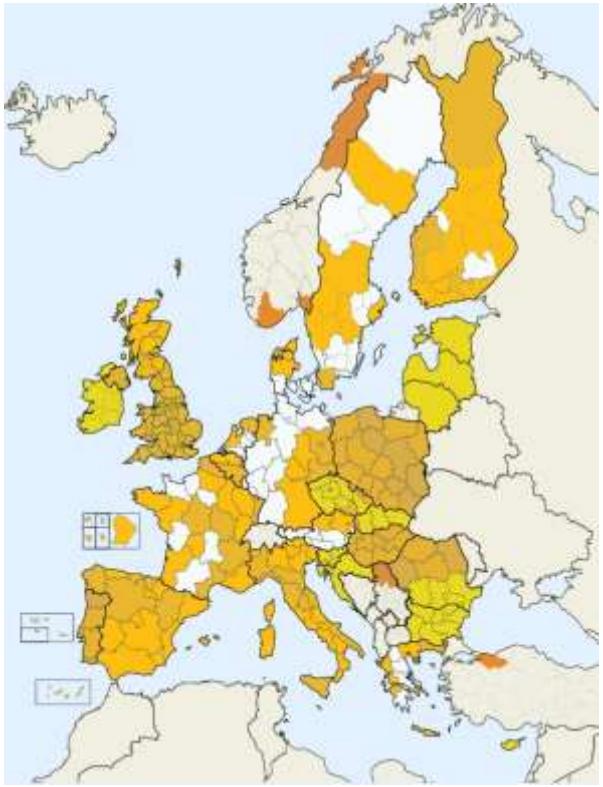
- 98 different regions
- 24 countries (22 MS and 2 associated countries)
- 36 North/Central EU regions, 30 Eastern, 36 Southern
- Large sample of Swedish and Finnish regions, compared to size of countries´ inhabitants

Policy makers experienced in R&I:

- 98 representing regional level
- 12 representing national level
- (3 others…)

111 from a region/country with:

- A Smart Specialisation Strategy (RIS3) and/or
- A RIS3 framework and/or a different kind of R&I strategy
- Potential bias towards those ‘happier’ with



Interregional collaboration for R&I policies has increased, particularly in the last 2 years

Q2: In the last 5 years, has your region engaged in inter-regional collaboration for the delivery of R&I policies and strategies?

	Central		East		South	
	Count	%	Count	%	Count	%
Inter Reg Collab (IRC) - last 5 years	22	61.1%	16	53.3%	17	47.2%

55 % have collaborated in R&I in the past (62 respondents)

- 43 regions, 3 national levels + 8 unidentified from 20 countries
- Drop in French and UK regions

Q11: Has the intensity of your region's inter-regional R&I policy collaboration changed in the last two years?

	Same		Increased		Don't know	
	Count	Row N %	Count	Row N %	Count	Row N %
Central	6	27.3%	15	68.2%	1	4.5%
East	3	18.8%	13	81.3%	0	0.0%
South	6	35.3%	10	58.8%	1	5.9%

Collaboration mostly around policy learning 'soft' tools and mainly restricted to the national level (n=63)

	Frequency of use
Sharing information	89%
Policy peer review or Benchmarking	51%
Monitoring and evaluation of R&I policie	59%
Joint platforms for dialogue on R&I	64%
Coordination of R&I priorities	52%
Foresight	38%
Alignment of rules and conditions of R&	38%
Development of cross-border R&I strate	46%
Cluster and innovation network initiativ	78%
Technical services and other business su	46%
Mobility schemes between academia an	41%
Other knowledge transfer	38%
Collaboration around research infrastru	62%
Funding for private and collaborative R&	49%
Technology transfer infrastructure	56%
Early stage finance / venture capital	38%
Setting of standards /regulation	25%
Public procurement of innovation	29%

Q3: In the last 5 years, how often has your region engaged in inter-regional collaboration for the delivery of the following R&I policy instruments or strategies?

Collaboration mostly around policy learning 'soft' tools and mainly restricted to the national level (n=63)

	Frequency of use	Collab only within country
Sharing information	89%	12%
Policy peer review or Benchmarking	51%	18%
Monitoring and evaluation of R&I policie	59%	50%
Joint platforms for dialogue on R&I	64%	24%
Coordination of R&I priorities	52%	53%
Foresight	38%	72%
Alignment of rules and conditions of R&	38%	42%
Development of cross-border R&I strate	46%	22%
Cluster and innovation network initiativ	78%	47%
Technical services and other business su	46%	46%
Mobility schemes between academia an	41%	60%
Other knowledge transfer	38%	64%
Collaboration around research infrastru	62%	32%
Funding for private and collaborative R&	49%	70%
Technology transfer infrastructure	56%	60%
Early stage finance / venture capital	38%	74%
Setting of standards /regulation	25%	89%
Public procurement of innovation	29%	66%

Q4: For the collaborations you mentioned in Q3, please indicate the location of your partners.

Collaboration efforts are driven mainly by RIS3 (n=63)

	%
Policy learning	87.30%
New orientation of regional policy	68.30%
Increase regional visibility	50.80%
Solve common socio-economic problems	33.30%
Achieve critical mass in research	31.70%
Access to research expertise	33.30%
Share costs and risks	19.00%
Support linkages between R&I and industry	57.10%
Support industry in exploiting technological opp	44.40%
Support industry in exploiting new markets	39.70%
Better/more integrated services for SMEs	46.00%
Other	4.80%

Q9: What have been the main factors driving your region to engage in inter-regional R&I policy collaboration?

Particularly in southern EU regions

	Central	East	South
Policy learning	81.80%	93.80%	88.20%
New orientation of regional policy	59.10%	68.80%	76.50%
Increase regional visibility	54.50%	37.50%	52.90%
Solve common socio-economic problems	31.80%	25.00%	41.20%
Achieve critical mass in research	22.70%	12.50%	52.90%
Access to research expertise	31.80%	18.80%	41.20%
Share costs and risks	9.10%	0.00%	47.10%
Support linkages between R&I and industry	50.00%	50.00%	70.60%
Support industry in exploiting technologica	45.50%	37.50%	47.10%
Support industry in exploiting new markets	54.50%	31.30%	29.40%
Better/more integrated services for SMEs	54.50%	37.50%	41.20%
Other	0.00%	0.00%	5.90%

Q9: What have been the main factors driving your region to engage in inter-regional R&I policy collaboration?

Political commitment is a key barrier to greater collaboration in S&T policy (n=63)

	Count	%
Insufficient political commitment	46	39.0%
Insufficient engagement of regional stakeholders	43	36.4%
Insufficient commitment of national stakeholders	25	21.2%
Legal or administrative barriers	28	23.7%
Lack of trust between potential partners	22	18.6%
Lack of resources (e.g. financial)	51	43.2%
Lack of previous experience in policy collaboration	25	21.2%
Lack of clarity of the objectives	42	35.6%
Asymmetric incentives/ mismatch of objectives	24	20.3%
Asymmetric levels of policy competence	23	19.5%
Socio-cultural mismatch (language barriers)	12	10.2%
Other	9	7.60%

Q12: What are in your experience the main barriers to inter-regional R&I policy collaboration?

Particularly for Southern EU regions

	Central	East	South
Insufficient political commitment	33.3%	36.7%	47.2%
Insufficient engagement of regional stakeholders	33.3%	36.7%	38.9%
Insufficient commitment of national stakeholders	8.3%	40.0%	19.4%
Legal or administrative barriers	13.9%	36.7%	22.2%
Lack of trust between potential partners	22.2%	23.3%	16.7%
Lack of resources (e.g. financial)	36.1%	50.0%	58.3%
Lack of previous experience in policy collaboration	8.3%	20.0%	30.6%
Lack of clarity of the objectives	33.3%	36.7%	38.9%
Asymmetric incentives/ mismatch of objectives	22.2%	13.3%	25.0%
Asymmetric levels of policy competence	13.9%	20.0%	27.8%
Socio-cultural mismatch (language barriers)	0.0%	13.3%	16.7%
Other	8.3%	3.3%	8.3%

Q12: What are in your experience the main barriers to inter-regional R&I policy collaboration?

Outward orientation is still limited

New cohesion policy with S3 as ex-ante conditionaliy has lead to increased collaboration

Collaboration mainly around ‘soft’ policy learning tools (associated with first steps in RIS3 process).

Limited collective efforts in the design, implementation and joint funding of S&I instruments.

Collaboration particularly low in Southern Europe. Key barriers include lack of experience, resources and political commitment.

Drivers, perceived benefits and partner search criteria are very diverse across countries. E.g. critical mass in research vis-à-vis industrial diversification. Need to avoid one-size-fits all approach.

The commission may be not be succeeding in communicating the benefits of collaborating.

Collaboration is a medium/long term endeavor that requires trust. Cannot be achieved overnight

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Thank you for your attention!

Elvira Uyarra

Manchester Institute of Innovation Research,

Alliance Manchester Business School

Elvira.uyarra@mbs.ac.uk

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Questions asked

Q1: Has your region developed a Smart Specialisation framework or Regional innovation strategy?

Q2: In the last 5 years, has your region been engaged in inter-regional collaboration for the delivery of R&I strategies?

Q3: In the last 5 years, how often has your region engaged in inter-regional collaboration for the delivery of the following R&I policy instruments or strategies?

Q4: For the collaborations you mentioned in Q3, please indicate the location of your partners.

Q5: Has your region collaborated bilaterally or multialterally with other regions in R&I policies in the last 5 years?

Q6: How important are the following characteristics for your choice of partner region?

Q7: Which are the main areas your inter-regional R&I policy collaboration has addressed in the last 5 years? Thinking ahead, what areas are you planning to prioritise in the next years?

Q8: To what extent have the following actors been involved?

Q9: What have been the main factors driving your region to engage in inter-regional R&I policy collaboration?

Q10: To what extent have the following benefits been realised through your R&I policy collaboration the last 5 years?

Q11: Has the intensity of your region's inter-regional R&I policy collaboration changed in the last two years?

Q12: What are the main barriers to inter-regional R&I policy collaboration?

Q13: There are a number of potential services and mechanisms that are and could be provided by the S3 platform and other Commission services to assist regions in their collaborative efforts.