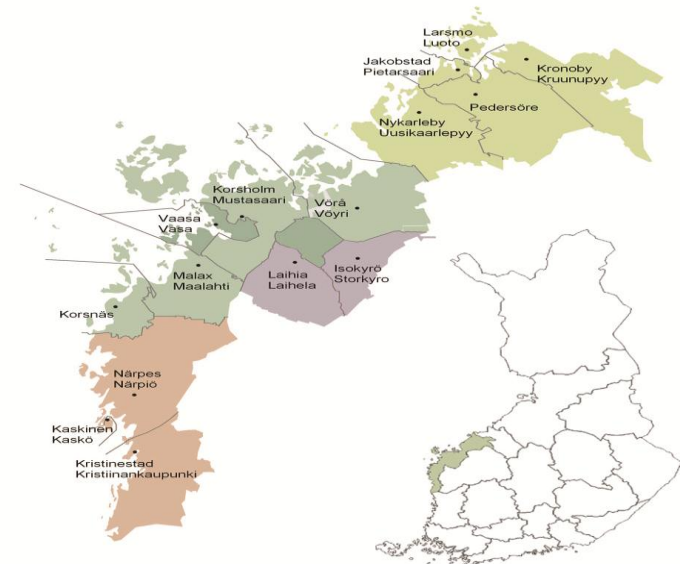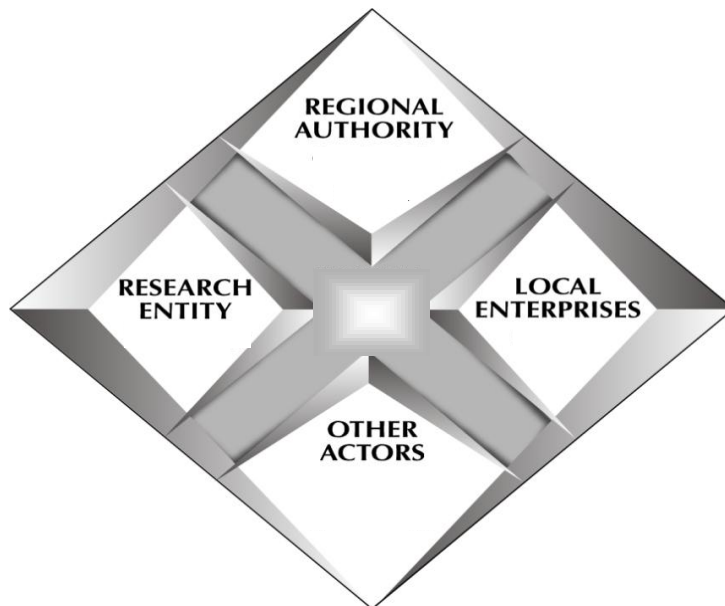# Ostrobothnia: Towards a RIS3 strategy

Vaasa, 14-15 May 2013
Jerker Johnson

Expectations from Smart Specialisation

- To build a system for a structured triple (quadruple) helix dialogue, resulting in a discovery and learning process

- To have a system for mapping the connectivity between stakeholders in the region and technology platforms as seen from the perspective of peak performing export industries

- To have a transparent tool to follow when pursuing the policy

- To have a formal dissemination tool intended to influence different areas

- To have a platform that can be used in multi-level governance including concepts as entrepreneurial discovery

Expectations from the Peer-Review Workshop

- To receive feedback on the model used in Ostrobothnia

- To receive feedback on the stakeholder engagement plan: survey measuring connectedness leading to the process of identifying key priority measures and the processing with stakeholders

- General experiences in engaging stakeholders particularly when moving from a triple to a quadruple helix

- To discuss the governance challenges in pursuing the policy

- To discuss borderlines between S3 strategies and different kinds of operational programmes

Questions to the critical friend:

1. In the innovative process in Ostrobothnia users and networks have played an important role. The R&D have been concentrated to the large enterprises conducting the bulk of the work. A challenge for the regional universities is that they have developed late and that there has been too many "soft packages" having a mismatch internally and compared to the R&D carried out in the private sector. An aim is that should increasingly be a discussion partner with particularly with the large exporters What is your experience from enhancing cooperation with the universities and business life? Have you used external knowledge to enhance innovation e.g. circulation of ideas mobility of researchers etc?

2. The challenge of Smart Specialisation is not to "talk the talk but to walk the walk". The European Union is based on a political democracy where the system tends to give priority existing structure particularly in times of economic austerity. Sunrise development don't have political advocates as it does not exists leading to that it will in practise have difficulties in attaining funds regardless of fair worded strategies. Our solution is to create a stakeholder process that is based on an accepted model and a transparent process that is communicated and finally politically approved. Should there be anything added to this process?

3. Can the model be expanded to encompass for any feature not thought on?

The "Smart vision" for Ostrobothnia

"To be a connected region where
we can benefit from using
innovations in creating new
entrepreneurial
activity and
strengthening existing"

Building on the Regional Council's experiences

- Triple-helix is difficult and the partners use the same words referring to different contexts. Particularly the renewable energy sector is very heterogeneous that provides a challenging strategic context

- There is a large consensus in the Region on selected clusters but not on the measures that should be undertaken to promote the industries. On the contrary does totally different measures seek justification in the same priorities

- Time is money for the business, they are willing to engage in regional discussion but not very lengthy ones. Business intermediaries does not always work as they have not actually gone thru a learning process by reflection

- The borderline between curiosity and demand-driven research is difficult. Academia have a tendency to give priority to theoretical research that should be judged on academic merits.

Cross-sectoral platform

"the systemic part in an innovatons system is a stucturalised dialogue"

Saga
Furs Oyj

Wärtsilä

ABB,
Switch,
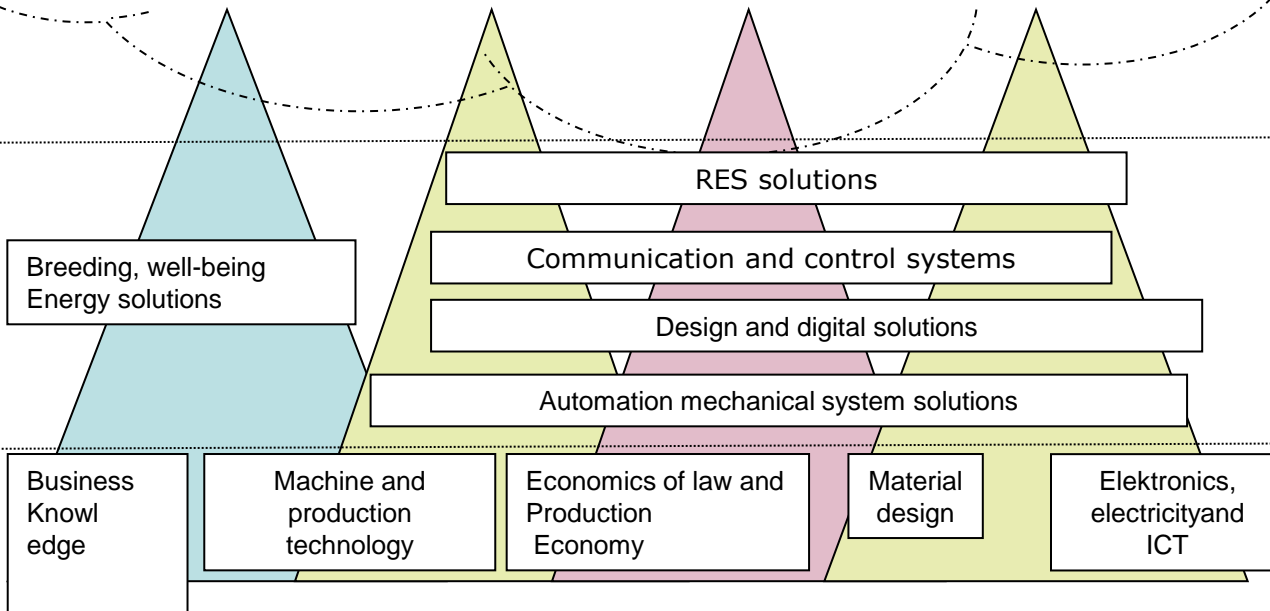Vacon ...

Baltic
Yacht,
KWH ...

Fur farming

**Maritime
technology
and service**

Energy technology

**Composite
technology
plastic**

RES solutions

Communication and control systems

Breeding, well-being
Energy solutions

Design and digital solutions

**Technology
platform (KET)**

Automation mechanical system solutions

Business
Knowl
edge

Machine and
production
technology

Economics of law and
Production
Economy

Material
design

Elektronics,
electricityand
ICT

**Research
areas**

**VY, Hanken,
VAMK**

Novia, VAMK

**VY, HY, *Novia,
VAMK***

**KTH, LY,
Aalto**

**VY, Novia, VAMK, ÅA**

ÅA (Digi)

Content of the Model

- Successful corporations that are identified thru global export performance. Success assumed to be attributed to 1) managerial strategy; 2) technology choices and; 3) competitive market analysis of peak performers. Builds on SCA measure created by Professor Takala that is in the strategy also applied for measuring triple-helix connectedness.

- Technology platform verified in the survey. Consisting of Industries in NACE vs. Field of Science and Technology in FOS

- Triple-Helix model with the vision on the "Connected Region"

- The structure is mapped thru statistical analysis of a questionnaire following a triple-helix structure, gap analysis are made and a scheme for priorisation of undertakings is under construction based on the SCA concept.

- Innovation as happy accidents of related variety in a connected "Region".

Sustainable Competitive Advantage (SCA)
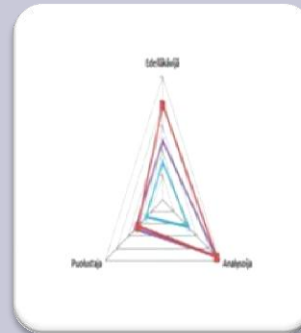
Strategy

Operation Strategy

S&R

Future Strategy

$$SCA = 1 - \frac{\left(\sum_{i=\alpha,\beta,\gamma} \Delta^2\right)^{\frac{1}{2}}}{180°}$$

$$SCA = 1 - \frac{\left(\sum_{i=\alpha,\beta,\gamma} \Delta^2\right)^{\frac{1}{2}}}{\pi}$$

Relations inside the triple-helix

Firms - Firms

ABB Motors – Piccolo Packing

Firms

Main branches / clusters

Merinova, Vasek

Firms-R/D

Start-Up – ELY Center

Firms - Public

Public-R/D-Firms

Wärtsilä - Hanken

R/D

Public

R/D - Public

Vaasa Uni - VAMK

R/D – R/D

Public - Public

Vaasa – Regional Council of Ostrobothnia

Vaasa – Central hospital
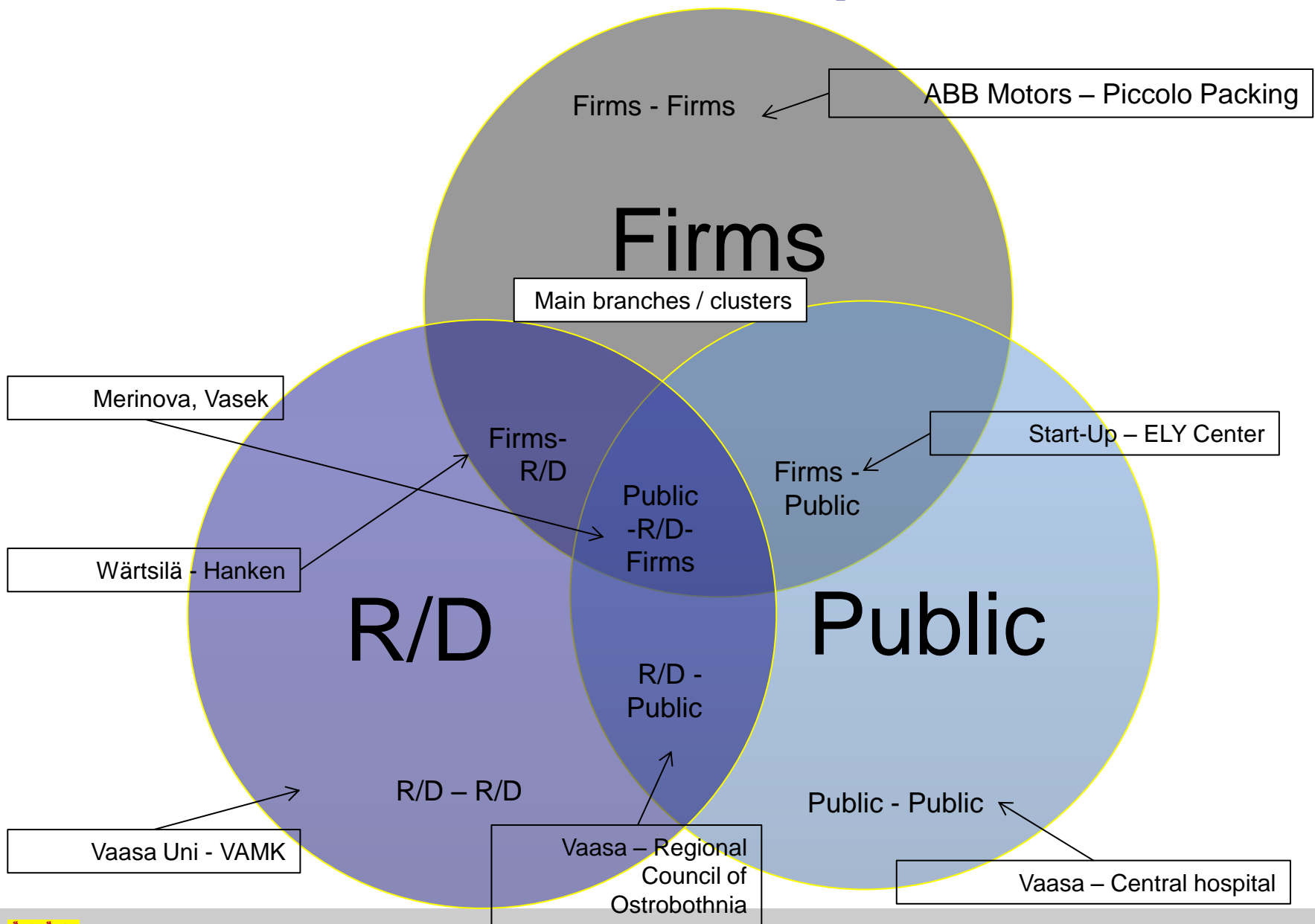
Measuring strenghs of partner relation using SCA

| Scale: 1=low, 10=high		Direction of development, expectations (future)			Direction of development, experiences (past)		
Expectations (1-10)	Experience (1-10)	Worse	Same	Better	Worse	Same	Better

LIST OF ATTRIBUTES

Structure builds on Lundwall & Johnson 1994:

Know how?   -skills, ability to do something
Know what?   -knowledge about facts (information)
Know why?   -principles and laws in the human mind and society
Know who?   -who knows what and what to do

Smart Specialisation Discovery

"Entrepreneurial discovery= (T$_{+1}$) - T"
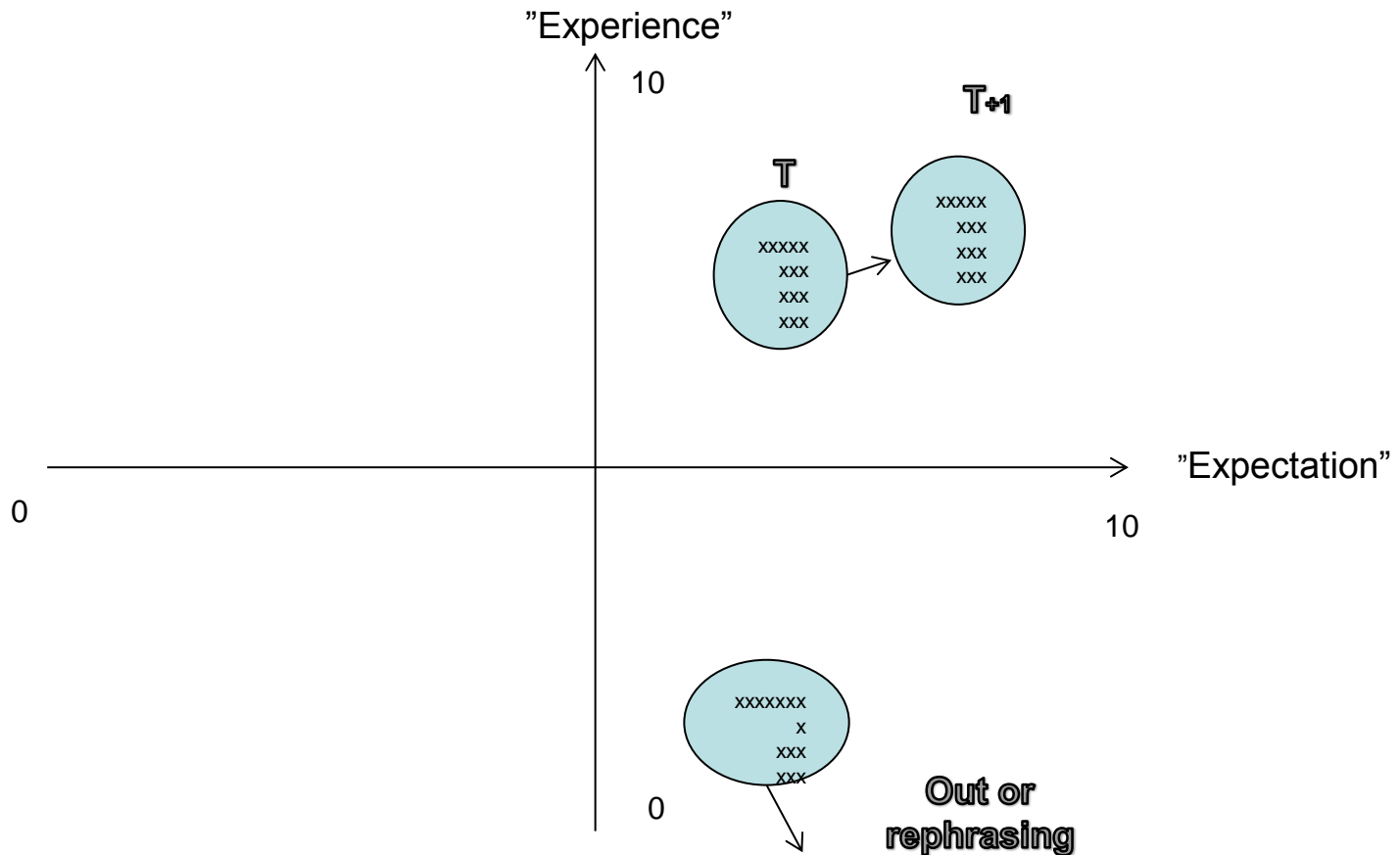
Place-based dimension of the RIS3

The ESPON project AMCER was carried out within the framework of CPMR. The innovation system of eight European regions were benchmarked and Ostrobothnia compared favourably in terms of: 1)Potential for innovation; 2) R&D Indicators; 3) Human capital, BUT:

"difficult to find a common approach and a functional innovation strategy...range of perspectives make strategic decision difficult"

"the contents of the innovation policy are not clearly specified"

"triple-helix...coordination assessed to be very high"

"Governance structures being centrally led"
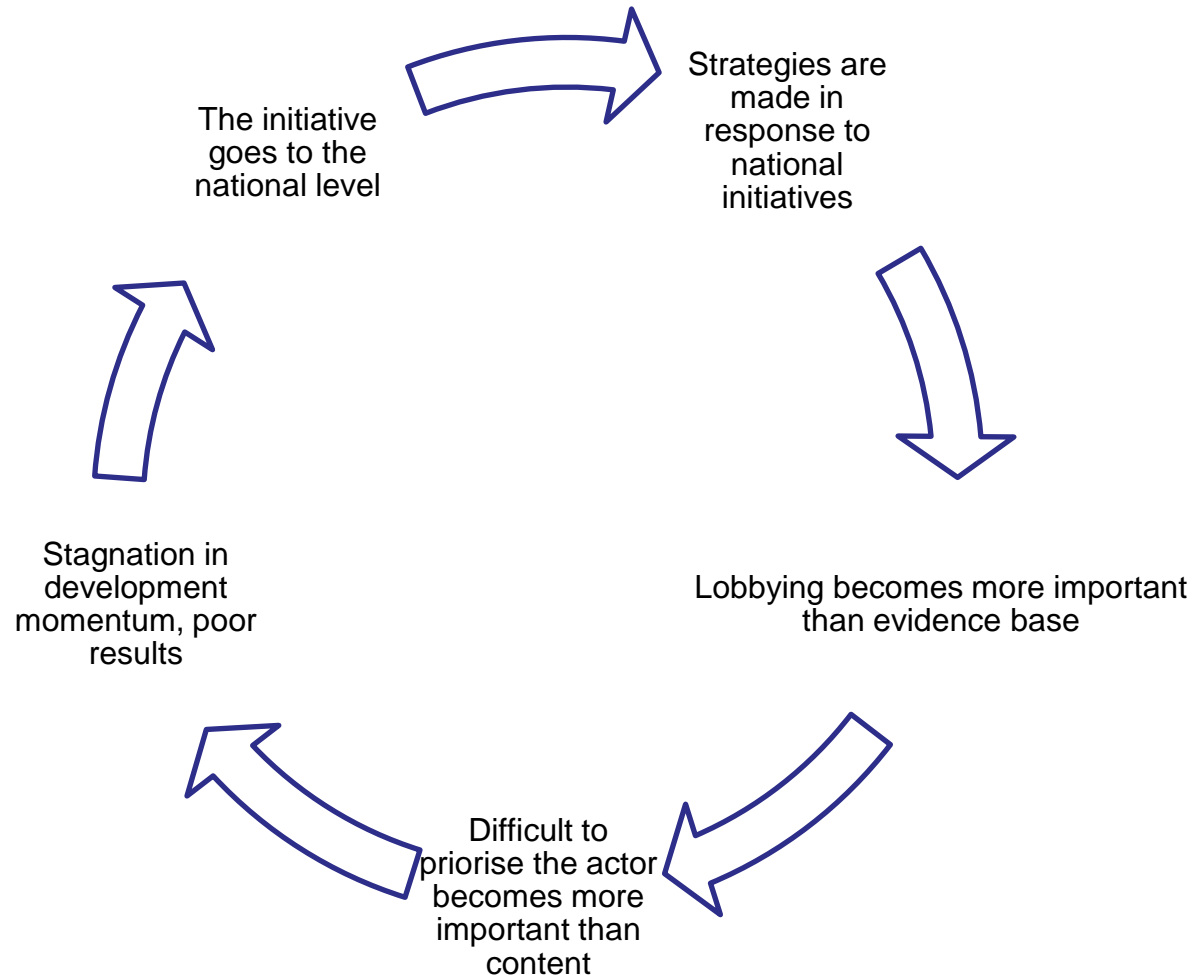
"The R&D system is dominated by private actors"

RIS Types by Government Dimension

RIS Type	Primary Source of Initiative	Primary Source of Funding	Predominant Competences	Degree of Coordination	Degree of Specialization
Grassroots	Locally organized (e.g. town of district level)	Diffused locally	Applied and near-market	Supra-local degree of coordination is likely to be low	Likely to be low and problem-solving likely to be generic than significant
Network	Multi-level	Guided by agreements among banks, government agencies and firms	Pure, applied, exploration, exploitation	Assumed to be quite high, due to existence on many actors	Rather flexible than dedicated
Dirigiste (Ostrobothnia in AMCER)	**Mainly from outside and above the region itself**	**Centrally determined, with decentralized units located in the region**	**Basic or fundamental, often to the needs of larger, stated-owned firms**	**Likely to be very high, because state-run**	**Likely to be high**

Context Governance challange

Strategies are made in response to national initiatives

Lobbying becomes more important than evidence base

Difficult to priorise the actor becomes more important than content

Stagnation in development momentum, poor results

The initiative goes to the national level

RIS Types business innovation

RIS Type	Enterprise Domination	Research Reach	Associationalism
Localist	Tend to have few or no large indigenous firms and relatively few large branches of externally controlled firms	-Business innovation culture is not very great although there may be local research - Will probably have a few major public R&D resources	Reasonably high degree of association among entrepreneurs and between them and local and regional policy makers
Interactive	Balance between large and small firms	-Varies between numerous instances of access to regional research priorities -Mix of public and private institutes balanced	Above -average
Globalized (Ostrobothnia in AMCER)	Dominated by global corporations often supported by clustered supply chains of rather dependent SMEs	Largely international and private rather than public, although a more public structure aimed at helping the SMEs may have developed	Normally greatly influenced by the needs of large-sized enterprises and conducted to a significant extent to their terms

Required change given business type innovation

Triple-helix coordination creates new knowledge on needs and is communicated in a multi-level governance

Strategies that corresponds to regional needs, aspirations & streghts

Strategies that enables transparent economic justification for decison making and hard choices

Regional committment to the process by stakeholders in a horisontal process

Analysis is followed-up by coherent indicators

From Reactions to Actions

| Problem	Governance issue	Good practices	Objective
Lobbying more important than evidence base. Performance based *de facto* on funds attained	?	?	Strategies corresponds to regional needs, aspirations and strengths. Commitment to the process
Difficult in priorities the actor becomes more important than the content	?	?	Strategies enables transparent economic justification for hard choices
Stagnation in development momentum, poor results	?	?	New knowledge on needs communicated and followed-up by coherent indicators

Looking beyond Your Region's boundaries

- The SCA model calculates a Combined Factor Index (CFI) assessing leading exporters market position globally. Applying the CFI to triple-helix connectedness bench marks the regional efforts in relation to the peak performance

- The regional innovations system has been assessed by the AMCER project using European data on innovation factors as published by the Eurostat.

- The innovations in Ostrobothnia are user- and network driven

- The innovation system is regional but also national and global

Governance

- The RIS3 design process in Ostrobothnia is coordinated by the Regional Council. The greatest challenge of the working of the system lies in the governance and the vested interest created by frequent national changes

- The partnership in building the strategy will consist in the triple-helix stakeholders in the cross-sectoral platform: 1) Beneficiaries; 2) Implementers; 3) Decision makers; 4) Financers

- The actors are identified "top-down" the leading peak performers are asked to identify actors in the value added chain. On decision makers and financers they are identified once decision on the program period is taken

- The final results are integrated with the Regional Program as given by the Act on Regional Development (2009 /1651) and approved by the Board of the Regional Council

Self Assessment

Driving economic change through smart specialisation/RIS3
Informal assessment 6.5.2013
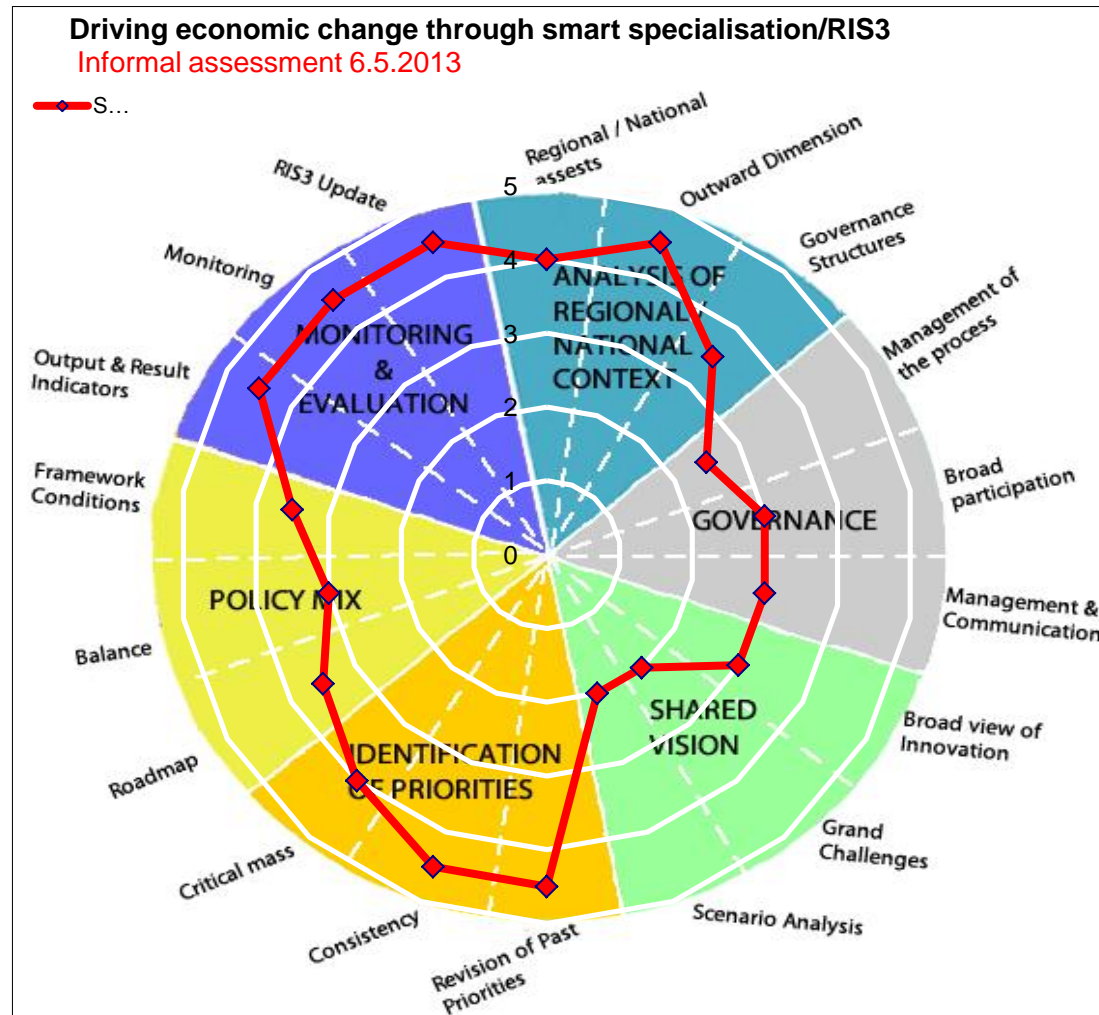
Policy Mix

The Objectives for the multi-level policies are:

- Competiveness in selected fields through strategic research
- Promoting connectedness and innovation in networks
- Pooling of resources
- Networking and spreading of competence
- Public procurement is used as a strategic goal
- Promoting the strategic interests of the peak-performing industries in the legislation
- Good Governance where swift participative planning mitigates between conflicting interests

Implementation and Budget & Finance

- The analysis based on the model will identify priority gaps or problems that indicates areas that should be will be addressed annually forming part of the implementation of the Regional Program

- The Council operates with regional, national and European funding and the level has not been determined but the strategy will list the priorities

- The Web-tool presenting the process and the results is assumed to influence the thinking on regional priority issues and thus serve as a tool to coordinate funding and synergies among the funding scheme

Thank you for the attention…

We would like to have feedback on:

1. Verifying of the model

2. Governance challenges in pursuing the policy

3. Good practises in university industry connectivity