

Designing and Implementing a SSS: What really matters?

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Peer review discussions

S3 Platform – JRC-IPTS

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1 - Introduction

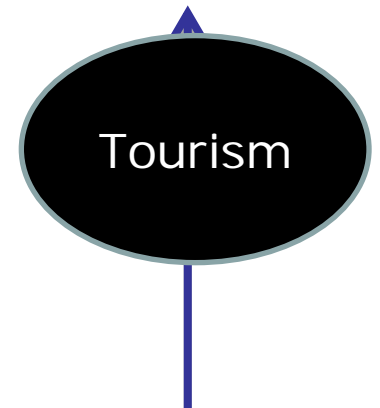
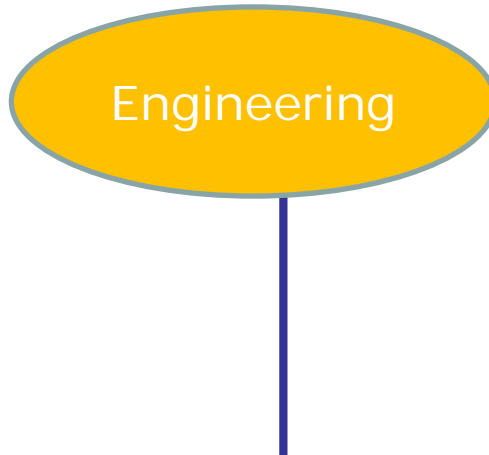
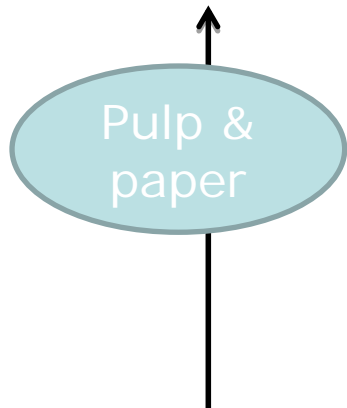
- For what domain, what activity, a region would benefit from and should specialize in R&D and innovation?
 - Regions cannot do everything in STI so they need to focus on certain domains
 - They need to focus *by developing* distinctive and original areas of specialisation (not by imitating each other)
- These domains where innovative projects will complement the region's other productive assets

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« In my region we have many good SMEs distributed along a bunch of sectors; does the idea of SSS match this structure? »

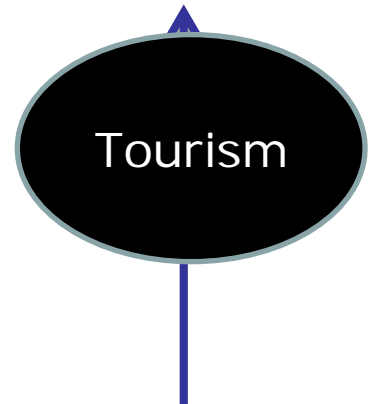
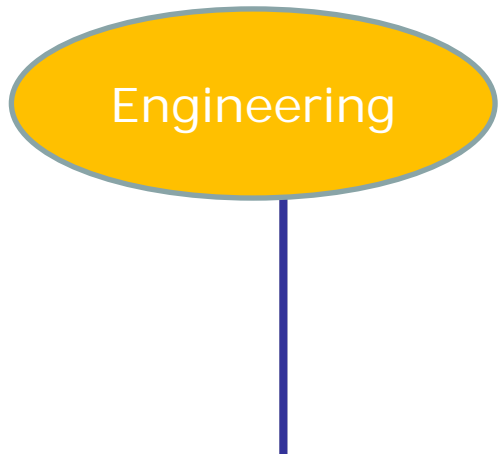
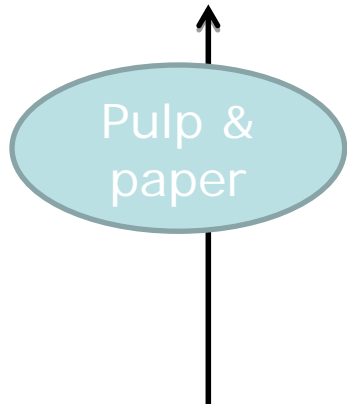
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« *We don't want let SSS narrow the path of our integral regional development* »



« Does SSS recommend us to give up engineering because it is a small activity relative to the huge sector developed by our regional neighbor? »

- Smart specialisation is largely about the policy process to select and prioritize fields or areas where a cluster of activities should be developed
- Setting priorities, selecting fields always entail risks for policy makers
- The '*business as usual*' strategies to minimize risks in setting priorities
- Smart specialisation suggests another strategy
 - *To let entrepreneurs discovering the right domains of future specialisations*
 - *To start a policy at a certain point in the development cycle where a degree of local commitment and development have already occurred and achieved*

- *It is not a planning doctrine that would require a region to specialize in a particular set of industries.*
- *It is an approach to policy that considers whether those activities already strong or showing promise for a region can benefit from (more) R&D and innovation*

Figure 2.2. Location of IT cluster initiatives



Source: Adapted from Ministry of Economy, Mexico at <http://www.edigital.economia.gob.mx/mapa/>.

« While the transversal nature of IT is a benefit, many of the clusters supported are not likely to sustain in the long term », OECD Review of Regional Innovation: 15 Mexican States, 2009

- Not only a value for individual regions but also at system level (the EU, the US, Japan, South Korea, Mexico or Australia)
- Smart specialisation at regional level will promote greater diversity at system's level

- D.Foray, P.A.
David and B.Hall
– *Smart
Specialisation:
the Concept*



2 - FAQ

- *In my region we have many good SMEs distributed along a bunch of sectors; does the idea of SSS match this structure? (Veneto)*
- *Should we continue this aeronautic activity while our neighbour is world class in it? (Provence-Alpes-Côte d'Azur)*
- *Should we let SSS narrow the path of our integral regional development? (Friesland)*
- *Could our development plan – building a nano-science research center in the middle of our Mediterranean Island – be recognized as a true SSS?*

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Detecting (incentivizing) discoveries
Entrepreneurial discovery vs 'simple' innovation
Fine-grained observation

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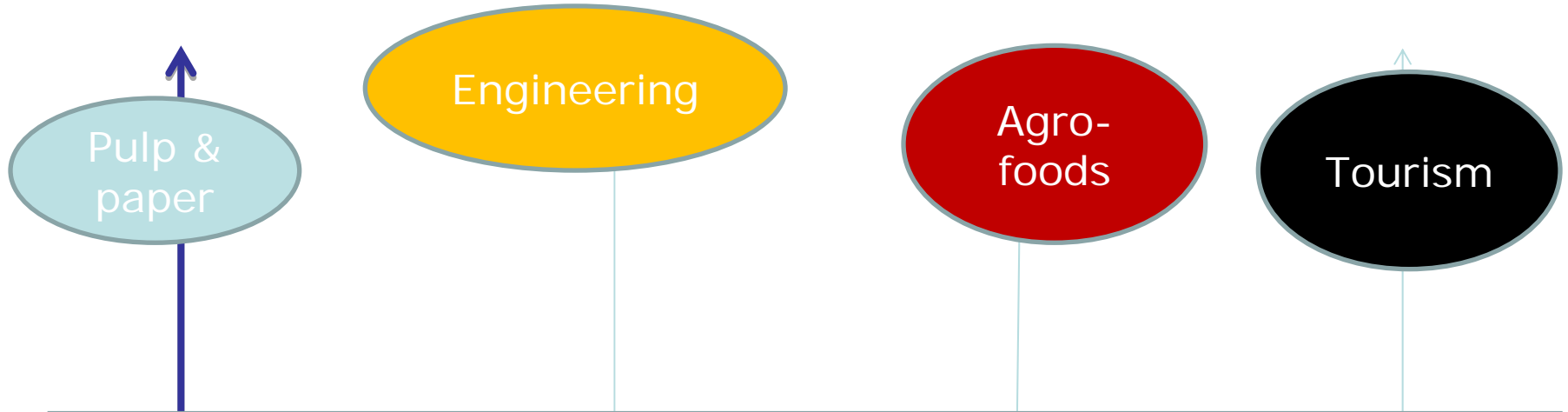
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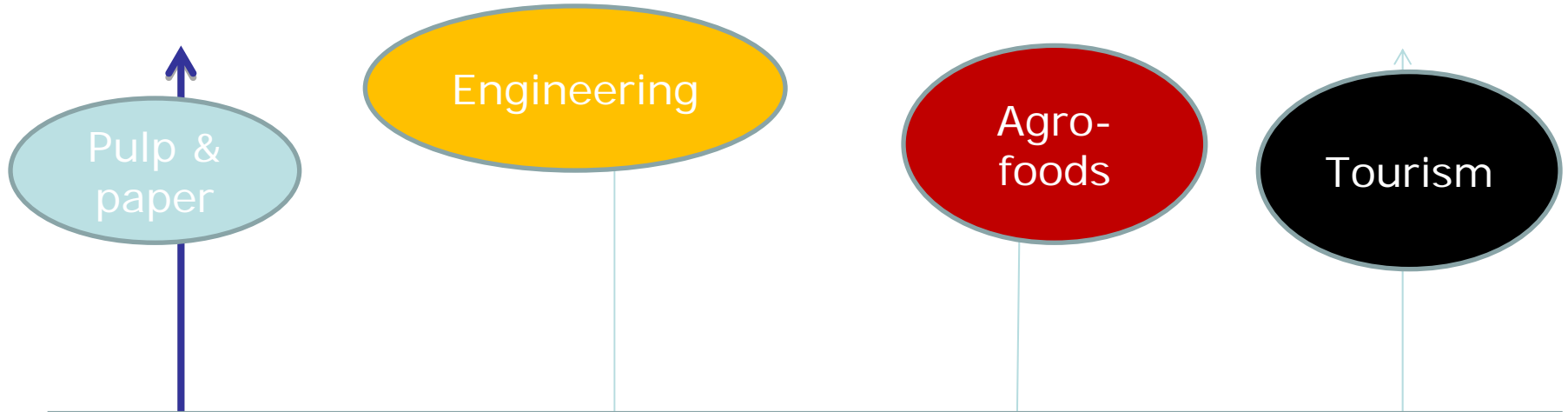


Making a sound evaluation of potentials

Technological and market opportunities
Supply conditions (local and extra-regional)
Finance requirement
International benchmark
Future value of the structural change

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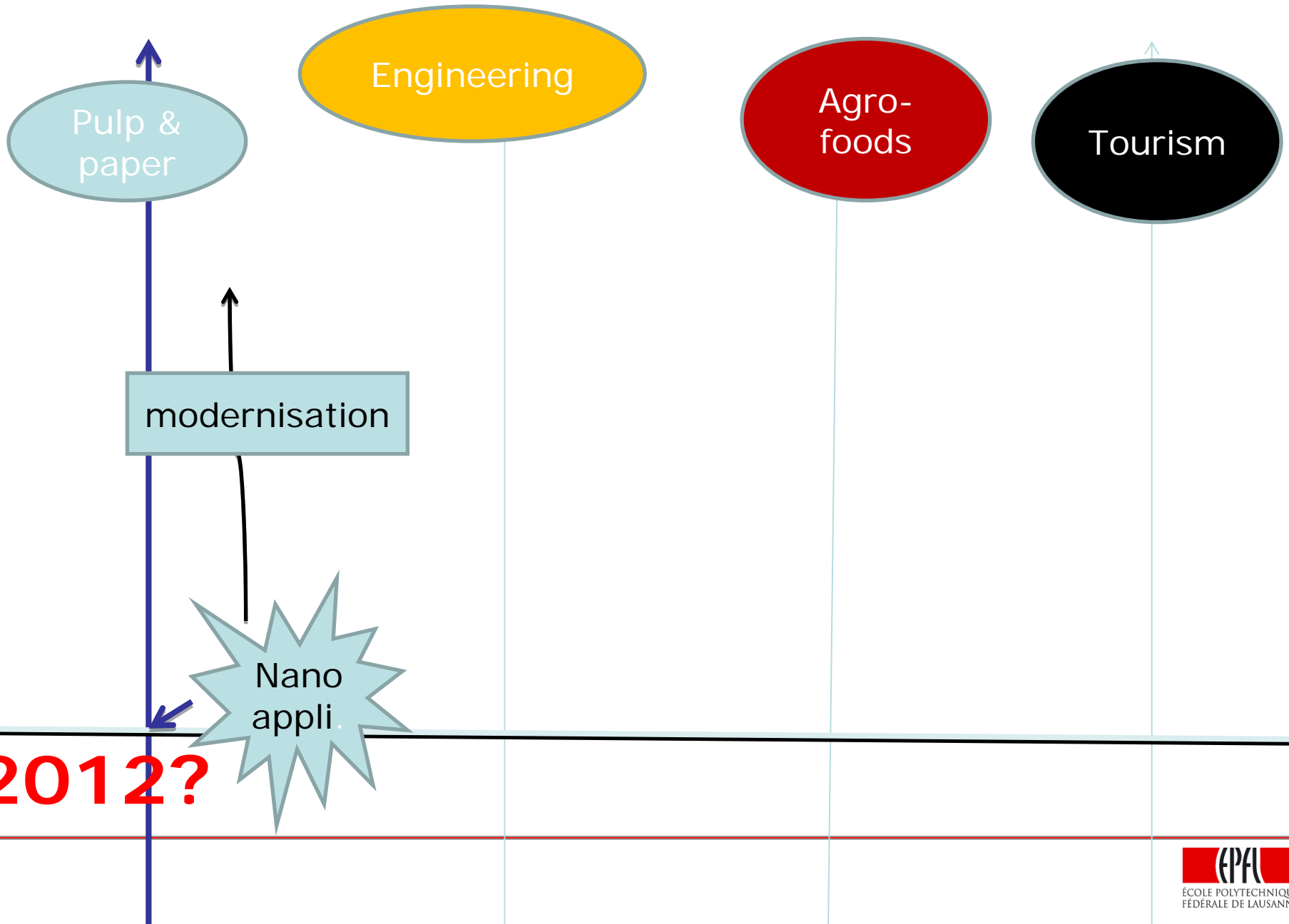


Empowering those actors most capable of realizing potentials

- Supply conditions and coordination (service providers)
- Connections to extra-regional resources
- Marketing of the new generic tools and products
- Firms' size diversity versus 'company towns'

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2012?

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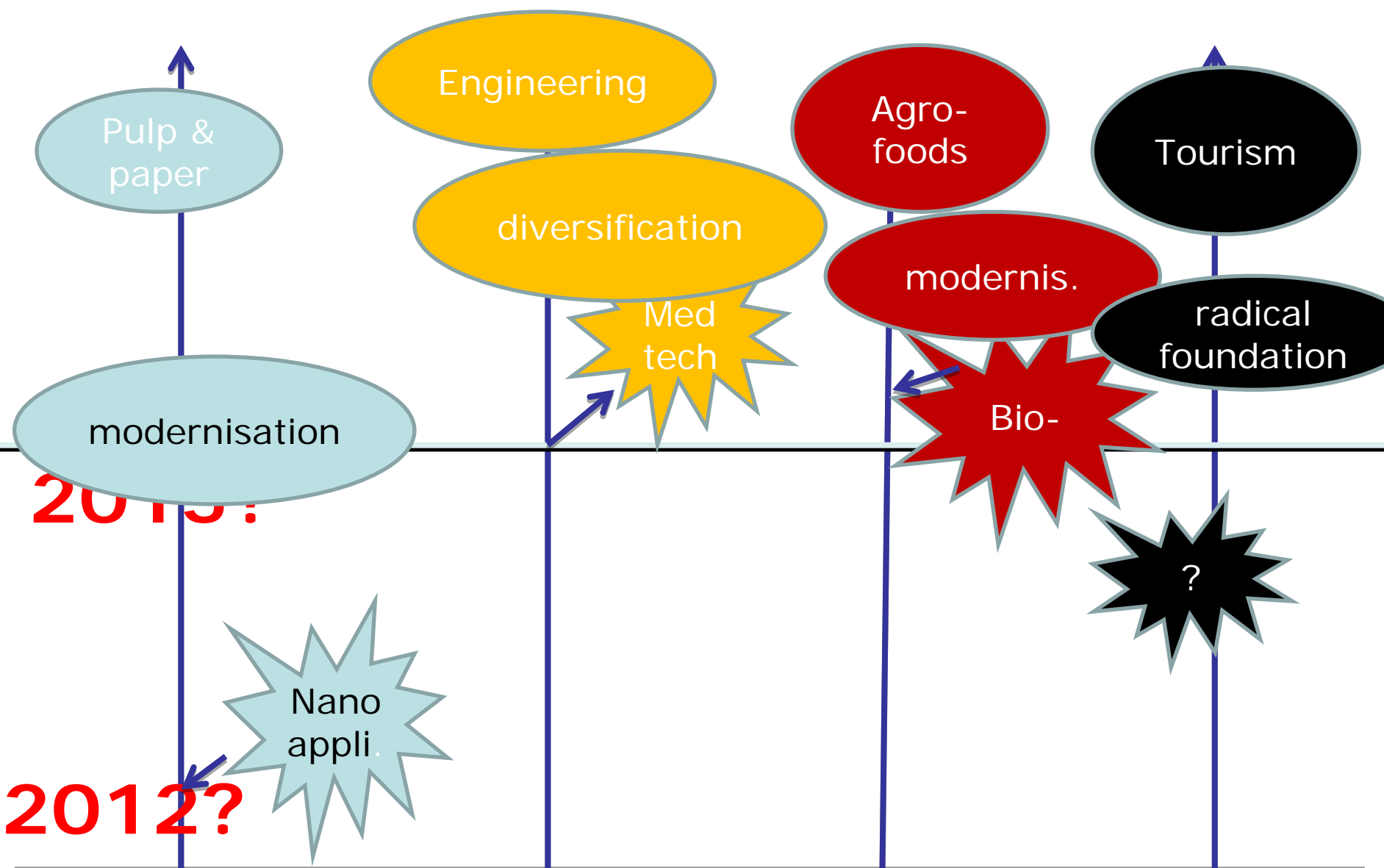
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3 - The dynamics of..

- Entrepreneurial discovery
- Entry & growth, agglomeration, clusters
 - It constitutes the confirmation that others see the discovery as meaningful
 - 'Entry' is desirable to generate agglomeration externalities (clusters) and a diversity of innovators (large and small)
- Structural changes
 - The outcome of entrepreneurial discoveries is not a simple innovation. It is about structural changes
- Space

4 – Lesson 1

- SSS is not just about «innovations everywhere»
- It is about detecting (supporting) discoveries of new domains with the potential to generate a bunch of innovations (entry and growth) and structural changes

Lesson 2

- Not only for the best: innovation is multi-dimensional; not only one game in town
 - Basic inventions and development of applications
 - KEEN Regions schema used this framework
- At minimum smart specialisation strategies transform less advanced regions into good followers

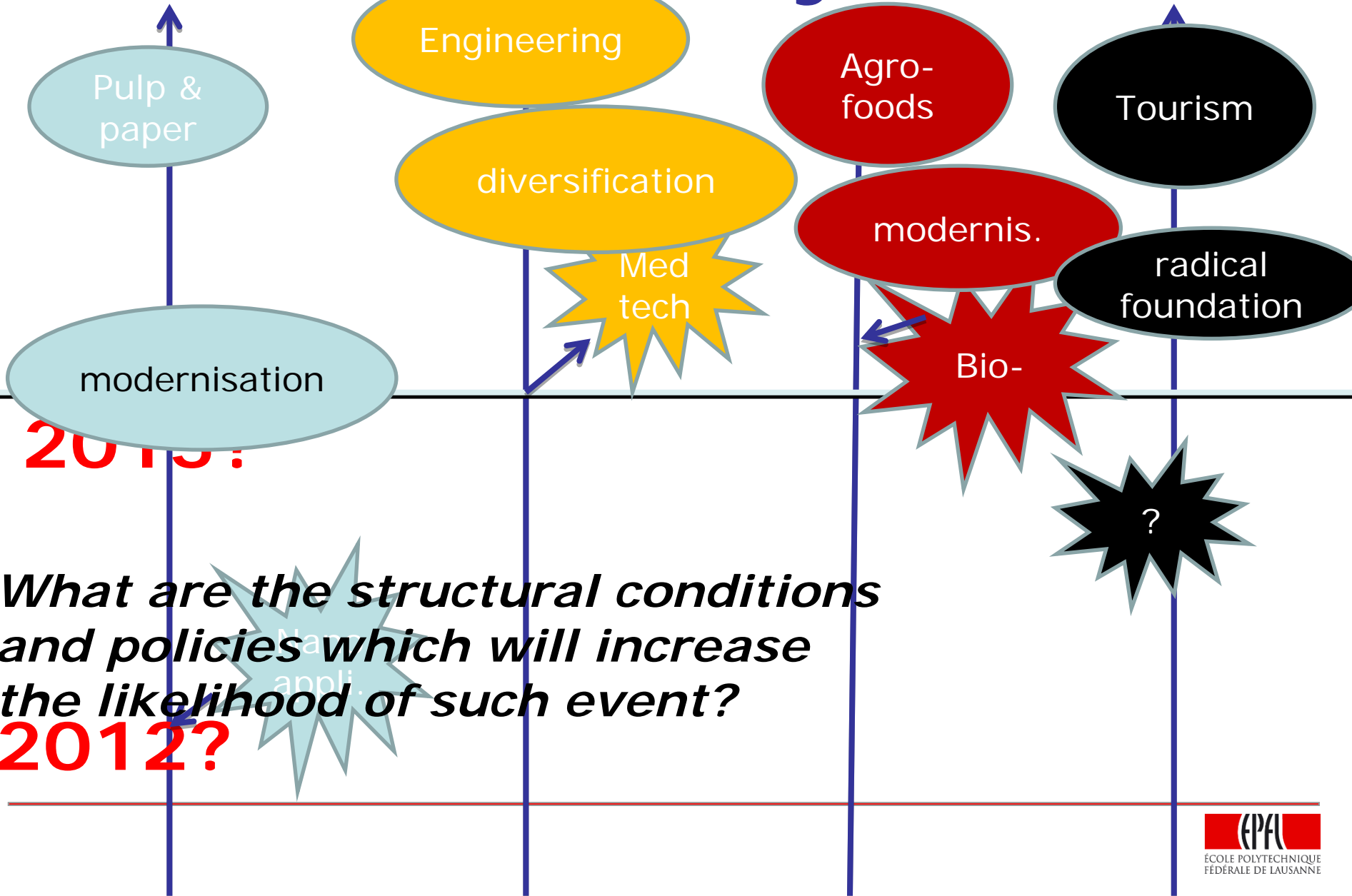
Lesson 3

- SS is not uniformisation neither it is necessarily constrained within the pre-existing sectoral structure
- Related diversification
 - Modernisation (GPT framework)
 - Transition & diversification (new sectors)
 - Radical foundation (innovative projects complement potentially 'rich' assets but poorly exploited)

Lesson 4

- Facing our FAQs only a bottom up logic can solve the problem of identification, selection & prioritization
- This is why SSS involves a process of entrepreneurial discovery **and this is an essential provision of the SS model**

5 - Policy



Policy (1)

- All the policy challenges....
 - Supporting the discovery process
 - Detecting discoveries and making sound evaluation of potentials
 - Defining a process which will empower those actors most capable of realising the potential
- ... require ***unusual observation and analysis capabilities*** by regional policy makers
 - relevance of the regional level (vs. national) to do fine grained observations
- The policy paradox

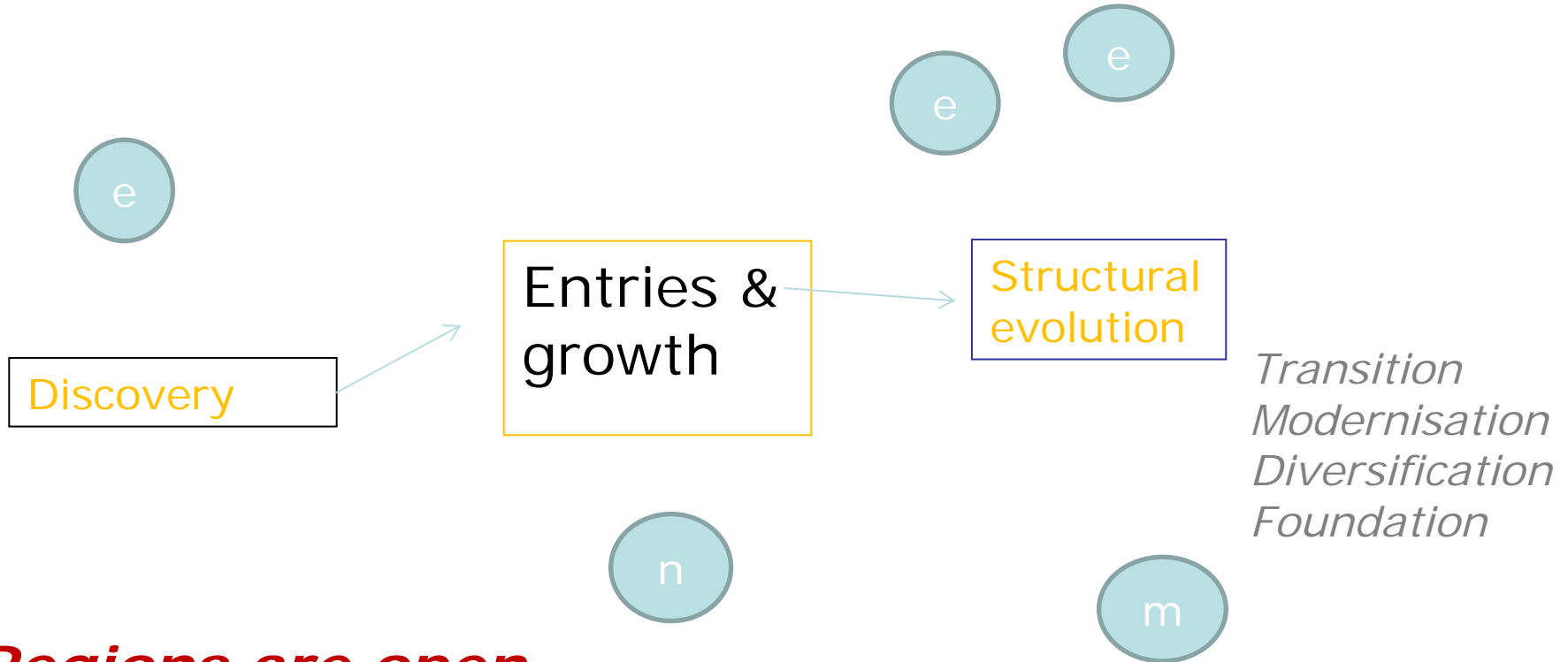
Policy (2)

- More proactive policy is needed for some types of regions
 - **RA** : rich in entrepreneurial capabilities
 - **RB**: strong history of industries' development not necessarily associated with strong entrepreneurship
 - **RC**: poor in entrepreneurial capabilities
- Let's be pragmatic!

Policy (3)

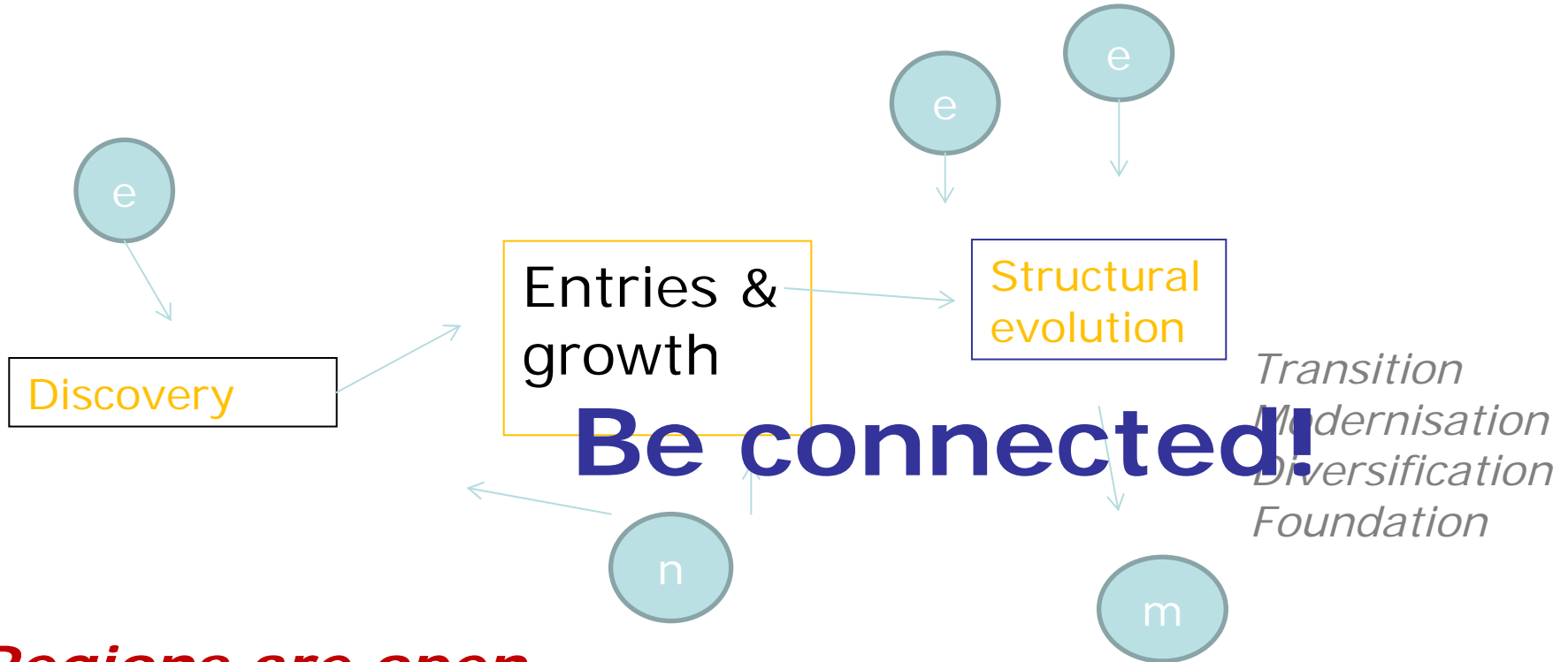
- SS is time sensitive
- SS policy requires to be activated at a certain point in the development cycle where degrees of local commitment and development have already occurred
 - A policy that reinforces a growth process is to be preferred to the lottery of very early stage

Policy (4)



***Regions are open
Extra-regional resources and
linkages are key
(Market, Expertise, Neighborhood)***

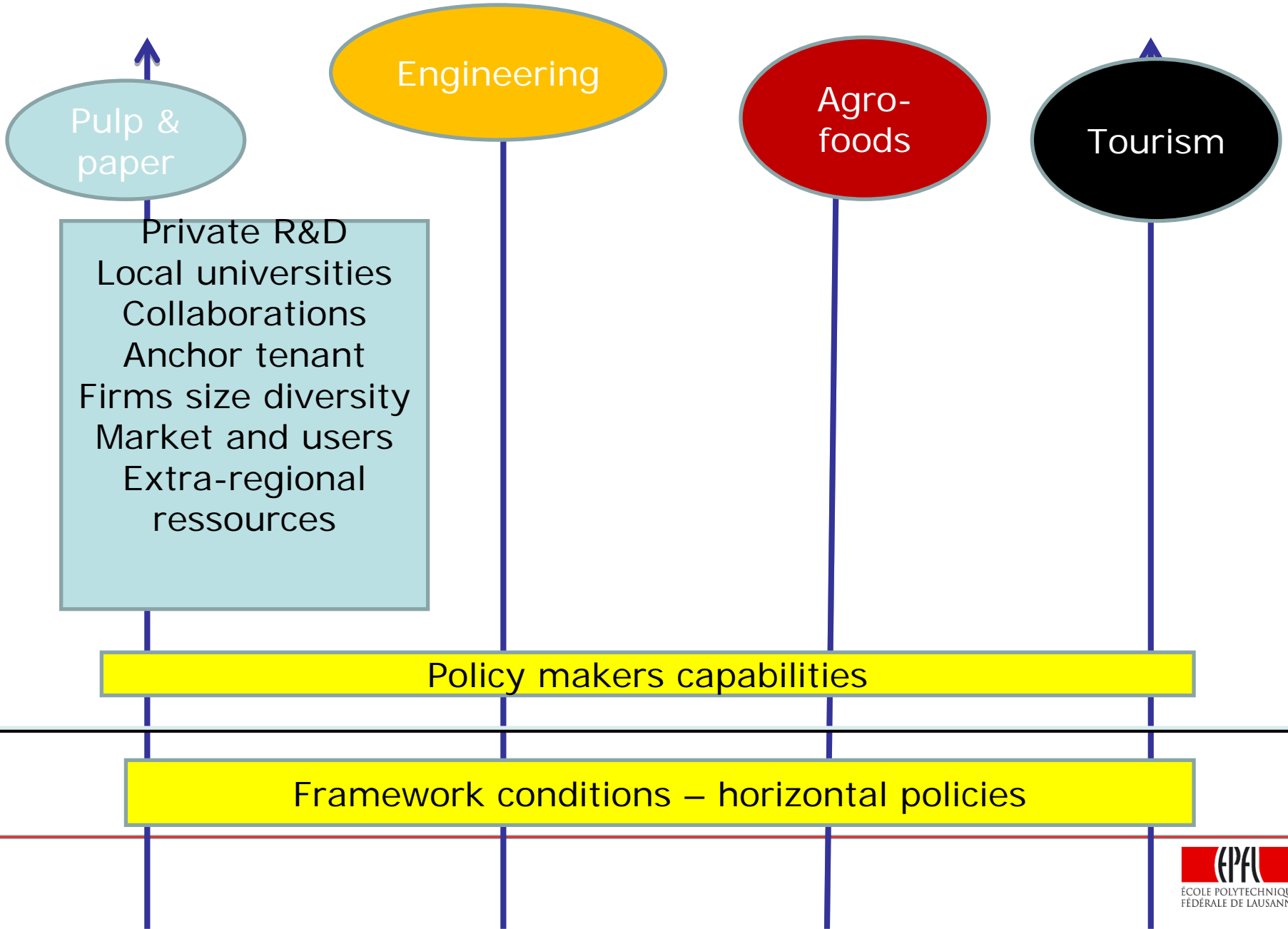
Policy (4)

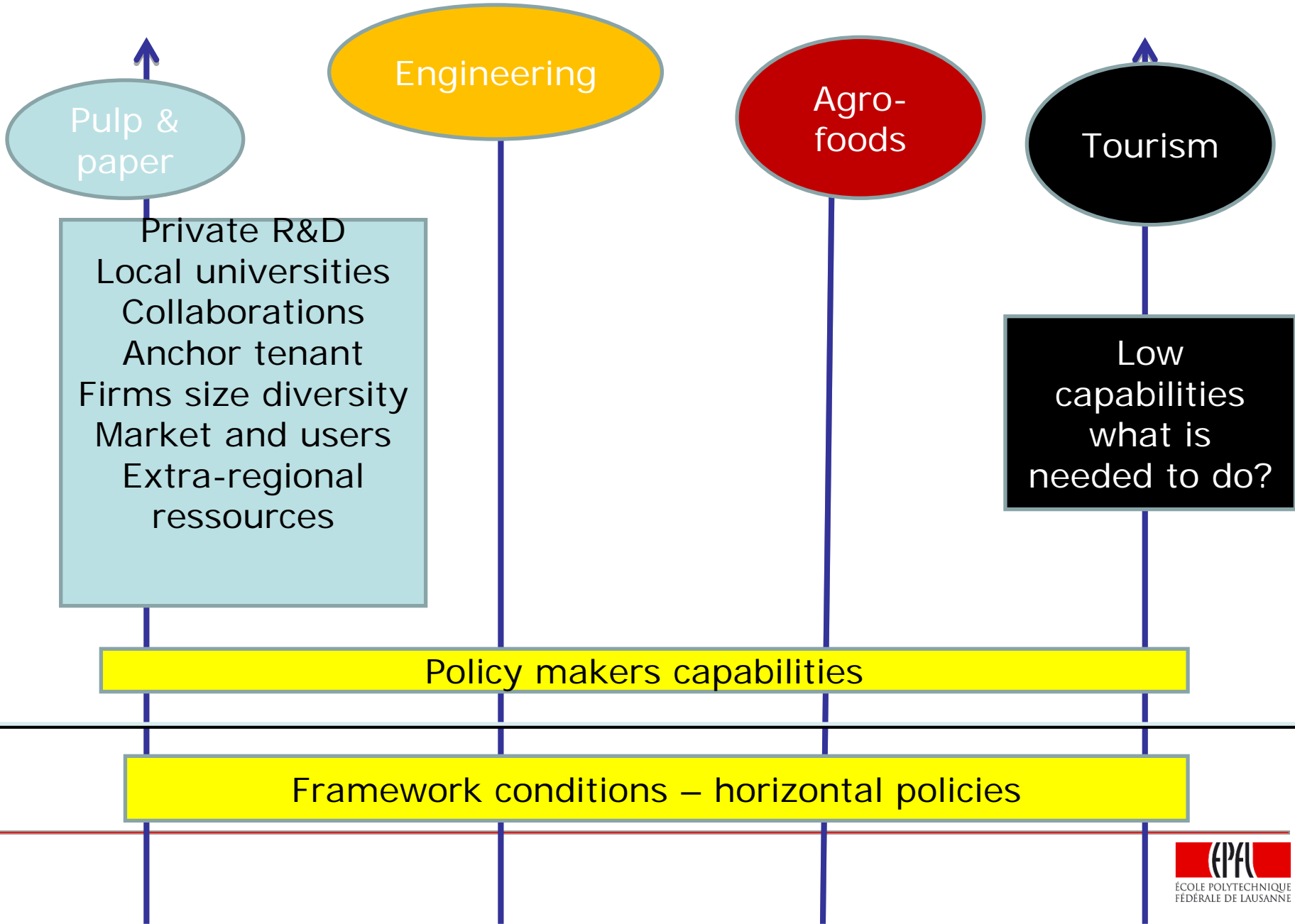


***Regions are open
Building extra-regional
connections is key
(Market, Expertise, Neighborhood)***

Policy (5)

- What is a SS diagnostic?
- To check whether at any time my system is able to generate, discover, detect and realize opportunities
 - To what extent each sector has enough capabilities to discover and realize opportunities?
 - The diagnostic includes «me» (the policy maker)...
 - ..as well as the horizontal policies





Policy (6)

- To be flexible...
- ... and rigid

6 – Back to the FAQs

- *In my region we have many good SMEs distributed along a bunch of sectors; does the idea of SSS match this structure?*
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BASLER IMPRESSIONEN 1977

