

RESEARCH AND POLICY ENGAGEMENT IN PRACTICE: WHAT DOES IT TAKE?

Dr. James Wilson

Orkestra and Deusto Business School

New demands on academia

- Importance of knowledge for socioeconomic development in a globalisation context is placing new demands on academia
 - Knowledge flows are global and local: strong place-based elements
 - Academia asked to play more strategic roles in actively shaping regional socioeconomic development

Generating a lot of research on the role of universities and academics in regional socioeconomic development



Policy engagement

- Advocating a more strategic role in shaping regional development takes us beyond the traditional focus on science & technology knowledge transfer or the broad economic impacts of universities
- Specifically, it highlights the significance of ***policy research*** and ***policy engagement***

But what does this take in practice?

- Personal reflection on a 10-year learning journey with a research centre created with a specific mission to support regional competitiveness
 - Background and characteristics
 - Examples of specific research–policy engagement
 - Reflections on organisational evolution
 - Challenges and lessons: what does it take?



The Basque Country



- 2.2 million people
- GDP per capita in top 5% of European regions
- An old industrial region
- 22% manufacturing share of GDP
- High level of policy autonomy
- Complex institutional structure
- Successful economic transformation over last thirty years, based on a strong regional innovation system (OECD, 2011)
- HBS case study on regional economic development strategy (Porter *et al.*, 2016)



SEYMOUR E. PORTER
CURATORIAL ADVISORY
JAMES M. HANCOCK

The Basque Country: Strategy for Economic Development

Patsi López, President of the Autonomous Community of the Basque Country ("The Basque Country"), was facing difficult choices when he took office in March 2009. The region had led other Spanish regions in terms of prosperity and prosperity growth since the country's return to democracy upon Franco's death in 1975. Successive Nationalist Party governments had adopted cluster development as a central pillar of the region's economic development strategy. In early 2009, Basque firms were suffering from rapidly deteriorating conditions in the global and the Spanish economy. President Patsi López had to cope with the crisis while creating the foundation for future long-term economic growth.

Basque Country Profile

The Basque Country was an autonomous region of Spain in the north of the nation, bordering France and the Bay of Biscay (Exhibit 1). The climate was temperate with plentiful rainfall, and the region was known for its scenic beauty. Iron ore deposits were the region's primary natural resource, along with a rich coastal biosphere, natural ports on the Bay of Biscay, dense forests, dramatic mountain ranges, and fertile land in the south suitable for agriculture.

With a population of 2.1 million, Basques represented 4.7% of Spain's overall population in 2009. Despite some immigration over the first three quarters of the 20th century, the population base was highly homogeneous with strong ancestral ties to the original Basques who had inhabited the region for centuries. The Basques were known for their strong sense of self-government, distinct culture, and language, Euskara, which was the oldest surviving language in Europe, spoken by one third of inhabitants and the second official language in addition to Spanish.¹ The predominant religion was Catholicism.

The Basque Country was comprised of three provinces including Bizkaia (or Biscay), the region's most populous and industrialized province that included the main city of Bilbao, as well as Gipuzkoa and Araba that were more rural. Major cities in addition to Bilbao included San Sebastián and Vitoria, the Basque capital. The Basque Country was organized as a confederation in which each province had

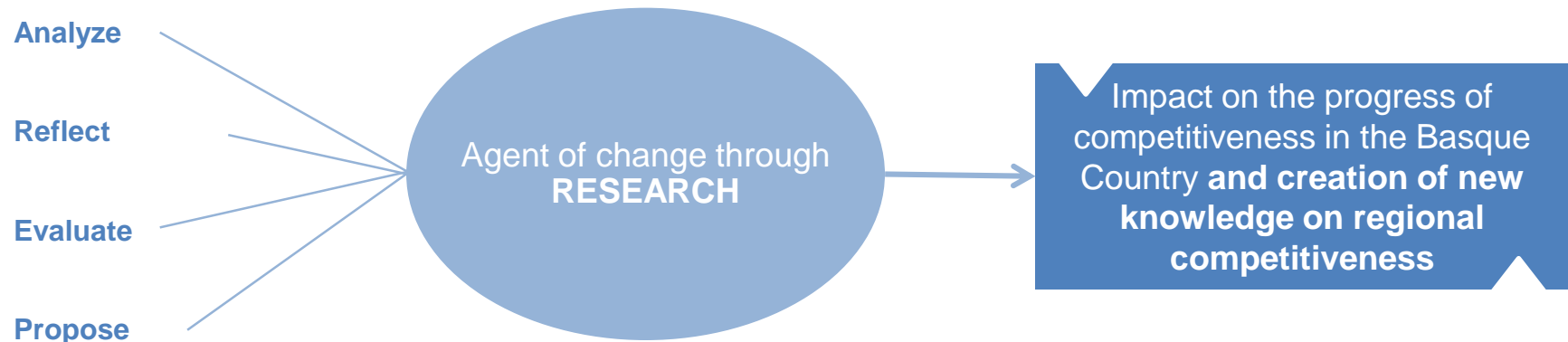
Professor Seymour E. Porter, in collaboration with Kate E. Miller and Principal Associate Catherine L. M. Krich prepared the original version of this case, "Basque Country: The strategy for economic development of 1980s to 2010s," which is being replaced by this revised version by Professor Seymour E. Porter, Principal Associate Catherine L. M. Krich, and Professor James M. Hancock (University of the Basque Country) with the assistance of Professor Antonio Irujo. This case was developed from published sources and interviews with Basque leaders in business, government, and other institutions. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as references, sources of primary data, or distributions of effective or ineffective management.

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Orkestra

- Founded in 2006 in cooperation between Deusto University and a range of regional stakeholders
 - Example of “institutional entrepreneurship” led by individuals with a vision of something different
 - **Mission:** To support through research, teaching, prospection, technical assistance, evaluation, discussion and participation in international networks of excellence, the activity of the public administration, socio-economic agents and all the universities of the Basque Country in fields related to competitiveness



Orkestra - Basque Institute of Competitiveness

At the beginning of 2013, Ordoña, an academic center aimed at providing research and action oriented advice on Basque competitiveness, stood at a critical crossroads. An upcoming new regional government was reviewing the role of Ordoña in the overall portfolio of organizations aimed at driving economic development. A new management team, for the first time selected from within the organization, had been put in charge – whether on an interim or permanent basis was still somewhat unclear. The board, too, had seen a transition as the founding team had left. And behind all this was looming financial uncertainty as the downturn of the Spanish and Basque economy affected both public funding and private sponsorship.

As the leadership team pondered its next steps, it went back to the original motivation for creating Orkestra, the Basque Institute of Competitiveness. What role could an institution like Orkestra play in supporting a region's effort to upgrade competitiveness? And how should it be structured to best perform this task?

The Origins of Orkestra

The Basque Country, an old industrial region located along the north coast of Spain, had since the 1980s enjoyed more political autonomy than any other region of the European Union. The three Provincial Councils of the Basque Country (Bizkaia, Gipuzkoa and Araba) collected taxes and paid transfers to the Spanish government for certain functions (e.g. defence and foreign policy, customs), and to the Basque regional government for the responsibilities allocated to the regional level (e.g. education, health, police, economic promotion and development, labour and employment, and others).¹ The Basque Country, traditionally one of the most industrialized regions in Spain, controlled key policy levers affecting its economic performance (see Exhibit 1).

When the Basque government regained control of much of its political autonomy after the Franco era, it was facing a severe economic crisis and had few existing tools to respond. The Basque regional government set out to create an institutional structure to implement and support its economic policy. Among the first were SPEI (the Agency for the Promotion and Restructuring of Industry) and EVE (the Basque Energy Board) in the 1980s. The Ministry of Industry had a very small structure of government

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A shared project



University

Orkestra is an initiative of the **University of Deusto**, that seeks synergies and collaborates with its faculties and initiatives

Global Partners



Partners



Partners

Since its creation, the Institute has been supported by **Partners** (public entities and private benchmark companies) that provide security to the project by participating in its governing bodies, the development of projects, and through funding. Currently they include Global Partners, who support the institute as a whole, participating in the Board of Directors; and Partners, who support specific areas of activity or Chairs (e.g. Energy).

Collaborators



Additionally we promote projects with different **Institutions and Collaborating Firms** apart from those that form part of Orkestra's governing bodies.

Institutional Network



We carry out **networking projects** with different firms and agents who complement and enrich the applied knowledge, and the results and impact of our activity.

Orkestra today

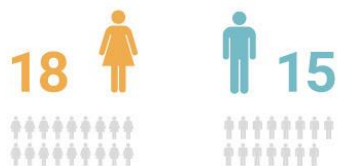


ORKESTRA FIGURES AT A GLANCE



PEOPLE

33



19 PhDs



Nationalities 6

ORKESTRA FIGURES AT A GLANCE



NETWORKING PROJECTS

44 projects in collaboration with
86 institutions

40 %
International



60 %
Basque Country + Spain

16 %
new
collaborations



ORKESTRA FIGURES AT A GLANCE



SCIENTIFIC PRODUCTION

91

54 publications



Books



Scientific
articles



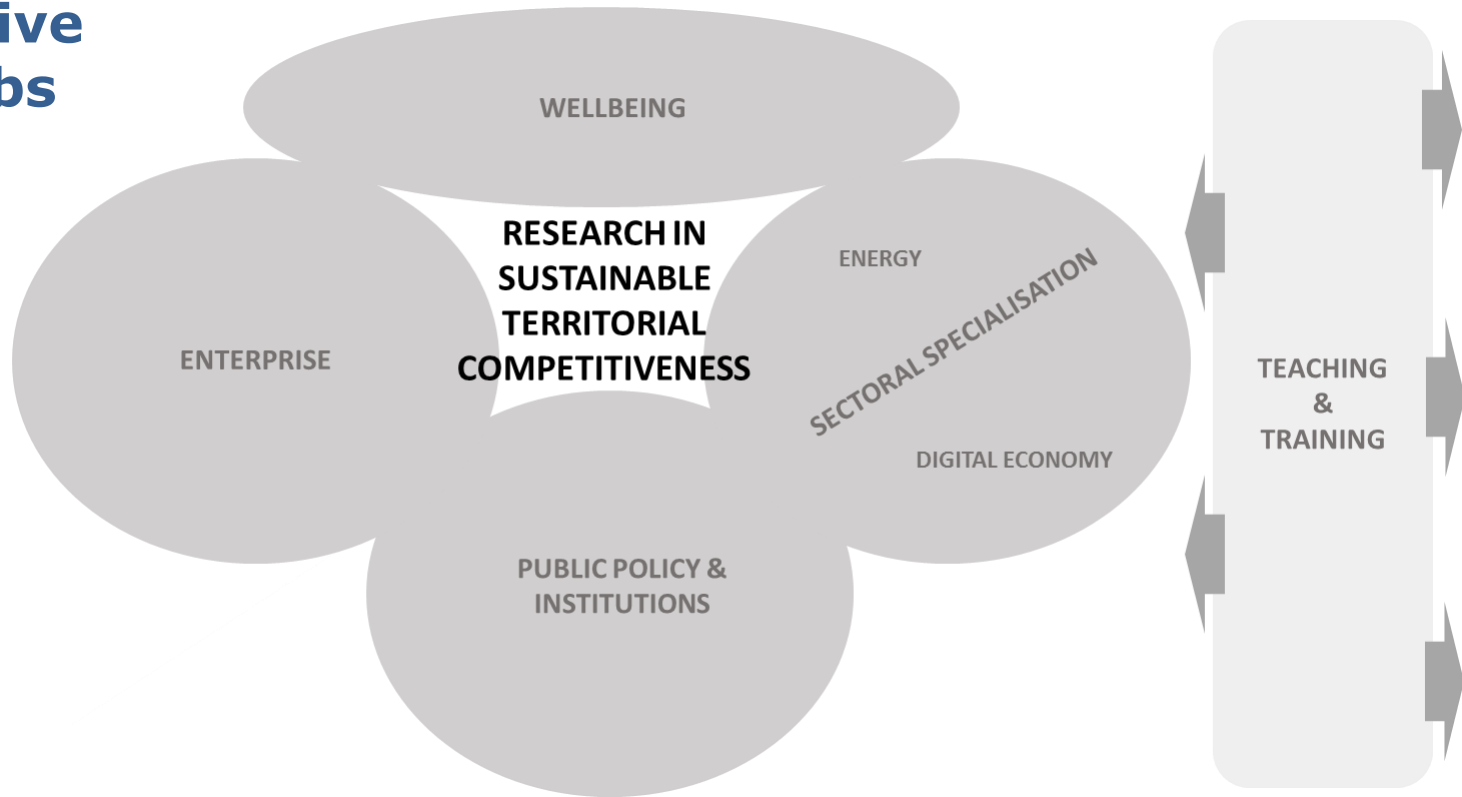
Chapters
of books



Working
paper

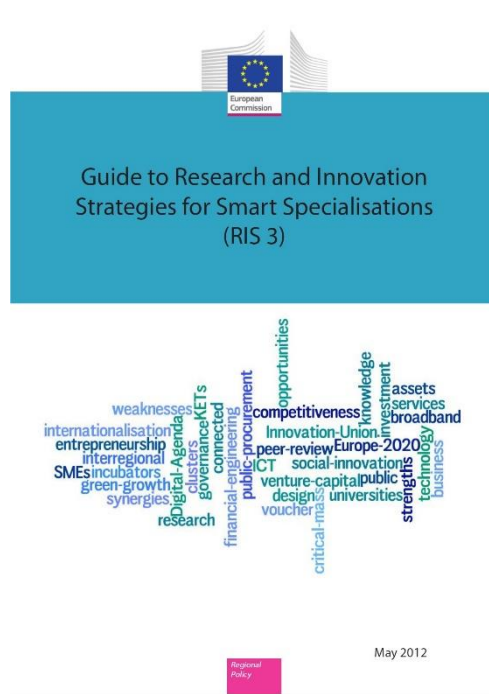
37 academic communication papers

Transformative Research Labs



- ***Spaces*** that facilitate fluid ***engagement*** of researchers and stakeholders (government, firms, cluster associations, civil society organisations, etc.) around inter-related ***territorial competitiveness challenges***
- Alive and evolving, in terms of:
 - The challenges being analysed
 - The academic knowledge and methodologies being employed
 - The specific projects underway
 - The stakeholders and researchers who are engaging

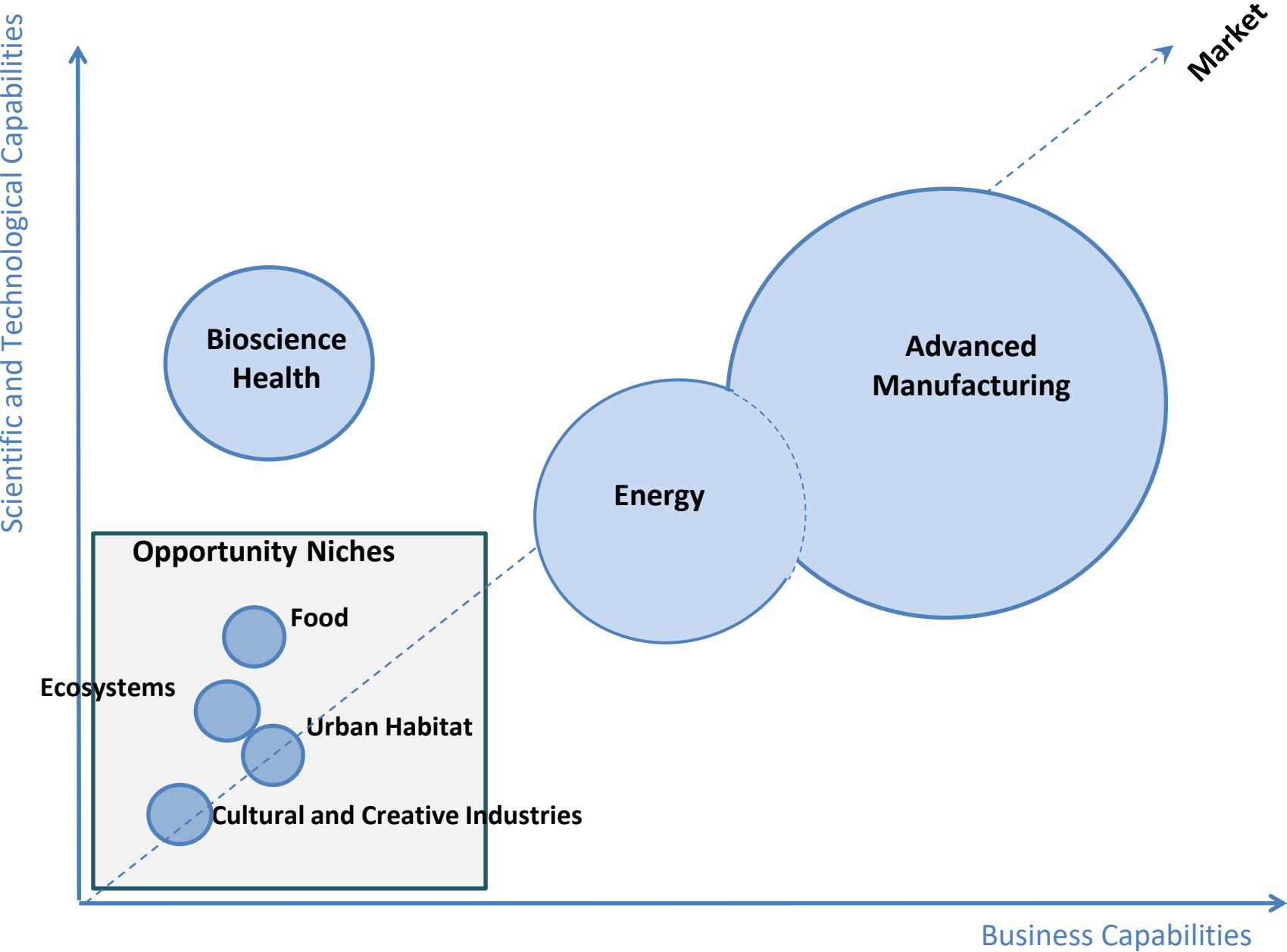
Example 1: Smart Specialisation



- Foray (2015): Smart specialisation “is a new word to describe an old phenomenon: the capacity of an economic system to generate new specialities through the discovery of new domains of opportunity and the local concentration of resources and competences in these domains”.
- A smart specialisation strategy or policy “involves *putting into place a process* whereby such a dynamic of new speciality development ... can be facilitated thanks to punctual and targeted governmental intervention in order to support in a preferential way the most promising new activities”.



Basque Smart Specialisation Strategy Priority Areas



Basque Smart Specialisation



Orkestra

BASQUE INSTITUTE
OF COMPETITIVENESS
DEUSTO FOUNDATION

Conceptual awareness raising

Diagnostic analysis

Advisory role

Implementation analysis

Implementation analysis

Phase 1: Design (2014)

- STIP 2020
- Analysis and Identification of Priorities

Phase 2: Early Implementation (2015)

- Establishment of Steering Groups
- 'Ground Rules'

Phase 3: Development & evaluation (2016)

- Development of Steering Groups
- Evaluation Framework
- Refining Priorities

Phase 4: Facilitating and Collaborating (2017 – 2018)

- Evolution of Steering Groups
- Specific projects
- Horizontal concerns

Emerging Issues:
Multi-level
Clusters
Inter-regional
SMEs ...

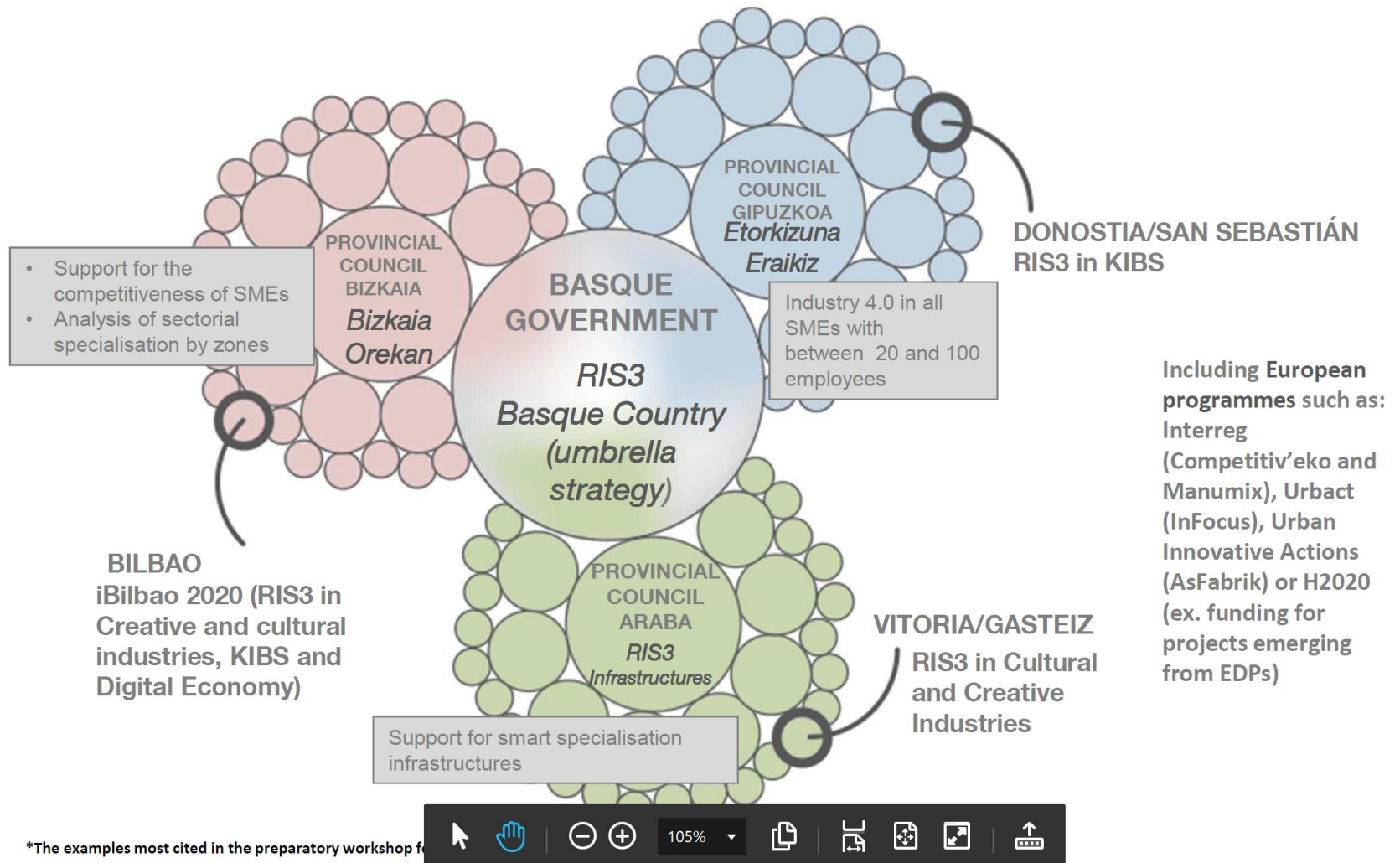
Key Features of Research-Policy Engagement

- Bridge with EU/academic debates
- Not constant engagement: 'stepping in and out', but long-term approach
- Facilitate engagement of other actors through different research projects

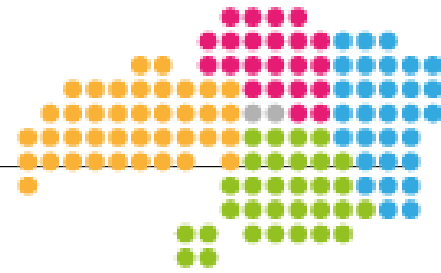
Emergent multi-level governance of RIS3

The 'umbrella' RIS3 and examples* of subregional strategies

No formal and ex-ante design but emergent governance following experimental process



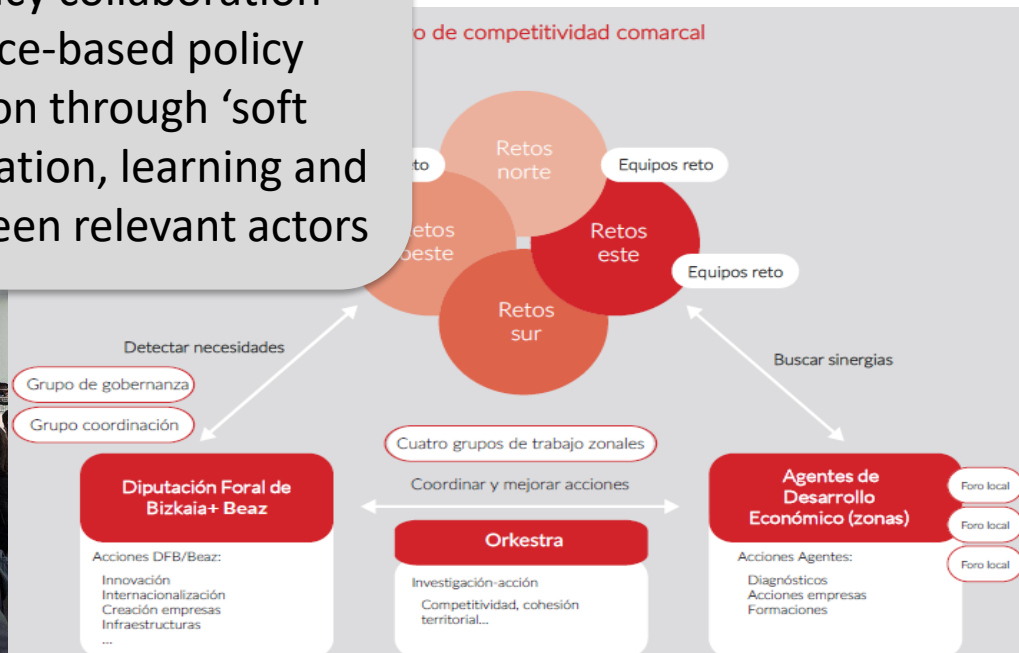
Example 2: Policy governance



- **2014:** Analysis of competitiveness of Bizkaia → cohesion an issue
- **2015 – 2016:** Scoping of problem & policy engagement focused on introducing useful academic concepts → design of new policy governance framework (4 zones)
- **2016 – 2018:** Ongoing ‘live experimentation’ with new governance framework → policy changes and academic results (PhD, papers)

Bizkaia Orekan

A research-policy collaboration generating place-based policy experimentation through ‘soft spaces’ of cooperation, learning and articulation between relevant actors



Example 3: Clusters & cluster policy



What does the future hold for clusters?



Global Trends Shaping Clusters

1. Technological change
2. Globalisation

Clusters

- Changes in the boundaries of clusters (activity)
- Changes in the boundaries of clusters (geography)

Cluster Policies

- More sophisticated, context-specific policies
- Cluster policies supporting new territorial strategies
- Cluster policies supporting social challenges

Cluster Initiatives

- Greater diversity of stakeholders
- Key agents in territorial strategy processes
- Professionalization and changing skillsets

Orkestra and SPRI-GV working in partnership around these challenges ...

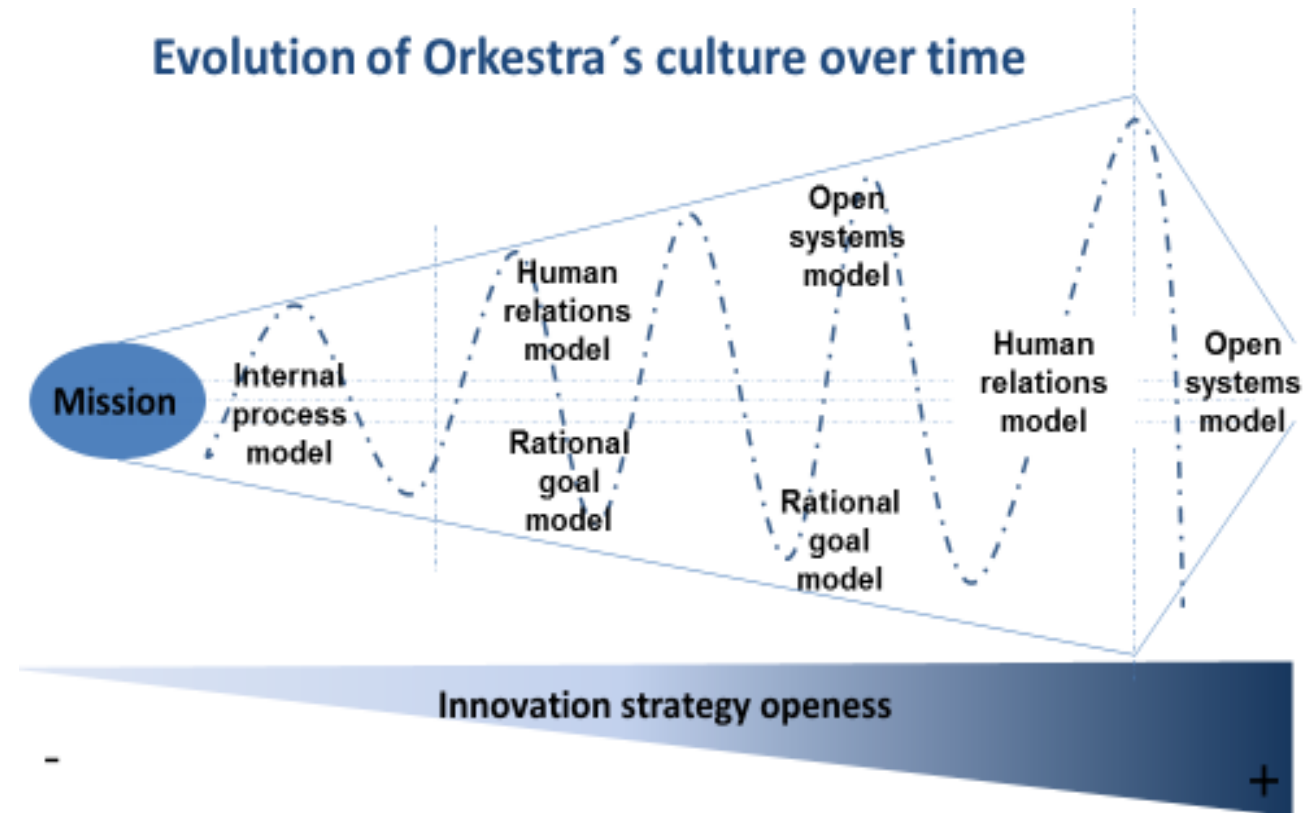
- *New approaches to map clusters*
- *Clusters-RIS3 (clusters3)*
- *Cluster policy evaluation*
- *Clusters-Shared Value*
- *Basque Cluster Day*
- *Social Network Analysis*

Organisation and culture: a long-term process

- New 'missions' of universities are static statements: their execution requires strategic actions to ensure development of more effective interaction with other agents
- Management literature on open innovation suggests organizational culture likely to be important
 - Need to transform solid organizational boundaries into a semi-permeable membrane
 - Also to change culture of individual academics to adjust to territorially-engaged research
- Auto-reflective analysis of the case of Orkestra illustrates the importance of cultural change (Alcalde *et al.*, 2017)
- Creation of a new organisation with an explicit mission was not sufficient: organisational learning and change fostering a different working culture was needed

Three phases of cultural change

- 2006 – 2008:
Creation & emergence of different approaches in different 'departments'
- 2008 – 2012:
Growth, restructuring & consolidation of different approaches in different 'departments'
- 2012 – 2016:
Organizational re-design around projects & (explicitly) trust-based management



Source: Alcalde *et al.* (2017), inspired by Linnenluecke and Griffiths (2010)

So what does it take?

To be effective as a 'change agent' in regional competitiveness, certain challenges have been (and continue to be) critical

1. Guaranteeing **continuity** (stable funding)
 - Diversity of stakeholders / challenge of communicating long-term value
2. Developing a **common language** shared between researchers and stakeholders
 - Role of training / events / communication / regular contact
3. Managing the **creative tensions** that emerge:
 - Between the different needs of stakeholders: independence critical
 - Between research & interaction (a time-consuming activity)
 - Between regional needs & participation in global networks
4. Developing **capabilities** of 'social researchers', able to facilitate change processes & reflect on them rigorously
 - A question of training, but also incentive structures and organizational culture

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