REGIONAL INTELLIGENCE FOR REGIONAL STRATEGY

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The emergence and growing popularity of concern with ‘territorial strategy’ over recent years brings together various elements:

- Recognition of the importance of place-based policies
- Structural transformation of economies through ‘related variety’
- Emergence of ‘new industrial policy’ (or industrial strategy)
- Concern with innovation being driven by societal challenges
- A return to ‘mission-oriented’ innovation policies
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”.
Key Elements of Smart Specialisation Strategies

1. **Prioritise** investments in research, development and innovation

2. Do so through a process of **discovery**, integrating knowledge of relevant agents

3. Generate **smart structural transformation** in the economy and respond to **societal challenges**
RIS3: Entrepreneurial Discovery

**Business**
manufacturing and services, primary sectors, financial sector, creative industries, social sector, large firms, SMEs, young entrepreneurs, students with business ideas, cluster and business organisations, etc.

**Research**
public and private research bodies, universities, science and technology parks, NCPs, Technology transfer offices, Horizon2020 committee members, regional ESFRI roadmaps, etc.

**Public administration**
Different departments, if relevant at different government levels, agencies e.g. for regional development, business advice, public procurement offices, incubators, etc.

**Civil society/Users**
NGOs and citizens’ initiatives related to societal challenges for which innovative solutions would be helpful, consumers associations, Talents!, etc.

Entrepreneurial in **Composition** and **Spirit** (risk-taking, broader view beyond boundaries ...)

Source: Katja Reppel / DG Regio presentation, January 2014

A continuous process, present from initial identification of priorities, through the strategy implementation (where priorities are refined)  
Marinelli & Perianez Forte (2017)
Entrepreneurial discovery & regional intelligence

- Regional entrepreneurial discovery difficult to put into practice because it requires engagement of multiple stakeholders.
- Academic literature far from clear on what a regional entrepreneurial discovery process should look like and how it should be operationalised, but generally accepted that it:
  - Should have a strong analytical component and evidence-base for selecting and refining priorities;
  - Should be strongly participative;
  - Should combine elements of *bottom-up* and *top-down*; and
  - May have different stages with different characteristics (e.g. initially establishing fairly broad priorities, and then increasing the granularity to ‘dig deeper’ into more specific paths within those priority areas).

Clear that regional entrepreneurial discovery requires sophisticated and dynamic injection of strategic intelligence.
Example: Basque Country S3

- Basque S3 formally set out in the *Science, Technology and Innovation Plan 2020*, published at the end of 2014
- Not a radical change: builds on stable & consistent approach to industrial development policy over 30 years

1980s
- **Industrial Restructuring**
- Response to economic crisis
- Investment in key STI infrastructure

1990s
- **Efficiency**
- Focus on efficiency-driven competitiveness
- Proactive policy to improve business environment
- Clusters

2000s
- **Innovation**
- Evolution of cluster policy
- Diversification attempts based on R&D
- Foundations of S3

Key novelty of RIS3 has been a more systematic approach to entrepreneurial discovery alongside changes in governance and institutions.
Basque RIS3 Priority Areas & Opportunity Niches

Scientific and Technological Capabilities

Opportunity Niches
- Food
- Urban Habitat
- Cultural and Creative Industries

Ecosystems

Energy

Advanced Manufacturing

Business Capabilities

Market
Creating the spaces to foster distributed leadership: a steering group model with involvement from existing cluster organisations.

**Strategic Priorities**

**BIOSCIENCES - HEALTH**
- New therapies and treatments (biopharmaceutical products, regenerative medicine)
- New diagnostic, monitoring and prognostic systems
- Advanced medical devices and healthcare products
- Development of medical equipment, instruments and supplies (incl. software)
- Healthy ageing (development of personalised products and services)
- E-health (telemedicine, preventive management, patient self-management and follow-up care)

**ENERGY**
- Solar Thermoelectric
- Oil & gas
- Wind (off-shore) and Marine (Wave)
- Smart Grids
- Electric traction
- Energy Storage (T)
- Power electronics (T)
- Energy Efficiency in Industry (T)

**ADVANCED MANUFACTURING (BASQUE INDUSTRY 4.0)**
- Smart, flexible machines and systems
- New materials and their manufacturing processes
- Collaborative robotics
- Additive manufacturing
- Cyber-physical systems. “Internet of things”
- Artificial vision and augmented reality
- Cloud Computing. Distributed manufacturing and remote management
- Big Data
Basque RIS3 Governance ‘House’

- Basque Country characterised by complex governance & high institutionalisation

A ‘living’ RIS3 must **scale-up & widen** innovation cooperation

More **distributed leadership**, within & beyond government

- Scientific Committee
  - Advisory capacity
- Basque Council for Science, Technology & Innovation (CVCTI)
  - Leadership
- Commissioner
  - Secretariat of the CVCTI
- Interdepartmental Committee
  - Coordination and Introduction
- Inter-institutional Coordination

*Live process for the Development of the Priority Areas
- Companies
- SVCTI Players*
- Public players
- Social players
Phases of Basque RIS3

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

- Evolution of Steering Groups
- Specific projects
- Horizontal concerns

‘Static’ strategic intelligence from government, consultancies, university research ...

‘Dynamic’ strategic intelligence built into governance process
Questions for group discussion

• How might this relate to the South Australian context?
  – What intelligence is needed to design a territorial strategy?
  – What intelligence is needed to implement a territorial strategy?

• Who can/should/could contribute to the process of generating strategic regional intelligence?

• What are the barriers to their involvement?
• What is needed to break down those barriers?

• What (existing or new) governance mechanisms could be used to facilitate the generation of strategic regional intelligence?