

Ouverture de ‘Smart Specialisation, Global Markets and Innovation Policies’*

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Abstract

Competition in global markets shapes a multi-dimensional space so that a given geographical context can imply the simultaneous presence of very different competitors. Research and innovation are acknowledged to play a key role in maintaining sustainable levels of growth and employment. Restoring sustainable growth will only be possible if the EU boosts competitiveness and promotes innovation in the industry and services sectors.

In recent years, the so-called ‘smart specialisation’ has assumed great importance in the policies for economic growth of European regions. The smart specialisation strategy defines itself as a flexible and dynamic innovation strategy for a new phase of development, which passes through the global transformation of the economic environment.

Keywords: Smart Specialisation; Smart Innovation; Global Firms, Global Markets; European Commission’s Cohesion Policy

1. Overture

Nomina sunt consequentia rerum. Following the old Latin saying, we want to believe that the decision of the European Union to impose the attribute “smart” to the specialisation envisaged within the innovation strategies for the programming period 2014-2020 is not just complying with a semantic fashion. One could have also said ‘intelligent’ specialisation, but the two words are not perfect synonyms. ‘Intelligent’ suggests an intellectual activity of understanding, interpreting and planning, based on robust, compelling evidence and on scientific methods. Being ‘smart’ requires of course to be intelligent, but it is more than that: it is about being fast, creative, inventive, shrewd, far-seeing, risk-taking, guessing and not just calculating... Since Adam Smith we have been taught about the need to question the ‘intelligence’ of industrial policies. But can a policy be so smart to produce smart specialisations?

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2. Smart Specialisation and Smart Innovation. The Global Competitive Edge

Smart specialisation is a strategic approach to economic development through targeted support to research and innovation .

More generally, smart specialisation involves a process of developing a vision, identifying competitive advantage, setting strategic priorities and making use of smart policies to maximise the knowledge-based development potential of any region, strong or weak, high-tech or low-tech.

Research and innovation are acknowledged to play a key role in maintaining sustainable levels of growth and employment. Restoring sustainable growth will only be possible if the EU boosts competitiveness and promotes innovation in the industry and services sectors.

The innovation policy should be closely linked to other innovation areas. The starting element is represented by the knowledge of both the strengths of the regions and the possible benefits from interregional and transnational cooperation.

Globalisation, in particular, imposes transition in the spatial competition relationships, specifically the abandonment of uni-dimensionality, that is the reference to a competition domain coinciding with specific physical or administrative contexts (a product category, a country, a region, a geographical area, etc.) (Brondoni 2002).

In global markets, traditional competition frameworks that focus on the simple sales expansion of certain products in some geographical areas, are thus abandoned. Quantitative development policies are replaced by strongly competitive ‘customer satisfaction’, which prevents fossilization in fixed product types and also stimulates an obsessive search for innovative matching of supply gaps and unsatisfied customer needs.

Actually, competition in global markets shapes a multi-dimensional space so that a given geographical context can imply the simultaneous presence of very different competitors.

Moreover, competition practices are further revolutionised, as they must take into account: saturated markets, a situation of ‘time-based competition’, and finally, communication processes affecting sales and manufacturing. In this context, the smart specialisation, focused on regional excellences, becomes more and more a smart innovation (focused on outside-in management), because the logic of global competition becomes ‘First Community, Second Business’, that is ‘sell first, then produce’, with the overturning of traditional competition practices (typical of non-saturated markets, with slow imitation processes in which communication follows manufacture and sale) summarised in the ‘First Business, Second Community’ model, that is ‘produce first, then sell’ (Brondoni 2002).

The global firm is nowadays confronted by the threats and opportunities of multiple potential locations of the value chain activities across the globe (Brondoni 2014).

The value proposition of the firm to its market is not merely the result of ‘value extraction’ across the world, by exploiting local resources and capabilities, but for a growing number of firms is a blend of value and values proposition, based on socially responsive behaviour (Gnecchi 2009).

Identifying the best locations for the different activities, the best partners to conduct these operations – when they are not carried out internally through FDI – and managing value systems, which are dispersed in different countries, have all

become core strategic decisions and activities, on which the competitive positioning of the firm is built (Zucchella 2007).

3. A 'Smart Policy'?

In recent years, the so-called 'smart specialisation' has assumed great importance in the policies for economic growth of European regions, but the idea has proved to be successful in other OECD countries as well (OECD 2013). Smart specialisation is a new innovation policy concept designed to promote the efficient and effective use of public investment in research. Its goal is to boost regional innovation in order to achieve economic growth and prosperity, by enabling regions to focus on their strengths.

Therefore smart specialisation characterizes national or regional innovation strategies which set priorities in order to build competitive advantage. Clearly defined priorities allow to develop and match research and innovation to business needs in order to address emerging opportunities and market developments in a coherent manner, while avoiding duplication and fragmentation of efforts (European Parliament 2013).

The European Commission's Cohesion Policy aims to reduce differences between regions and to ensure growth across Europe. Its efficient use and management is a crucial factor for many regions in Europe to overcome the economic crisis. For this reason, developing a research and innovation strategy for smart specialisation is currently a prerequisite in order to receive funding from the European Regional Development Fund (ERDF).

The concept of smart specialisation strategy has been developed at European level and indicates innovation strategies - flexible and dynamic - designed at the regional level with the aim of:

- avoiding fragmentation of interventions and to systematise policies for research and innovation;
- developing regional innovation strategies that enhance production areas of excellence taking into account the strategic positioning and spatial development perspectives in a global economic framework.

Within an edge of smart specialisation, regional or national research and innovation strategies are integrated with the following features:

- policy support and investments on key national/regional priorities, challenges and needs for knowledge-based development;
- value on specific country/region's strengths, competitive advantages and potential for excellence;
- priority on technological as well as practice-based innovation and aim to stimulate private sector investment.
- full involvement of key-stakeholders (governments, firms, universities, research centres) to encourage innovation and experimentation;
- research and innovation strategies, finally, are evidence-based and include sound monitoring and evaluation systems.

The smart specialisation strategy defines itself as a flexible and dynamic innovation strategy for a new phase of development, which passes through the global transformation of the economic environment. It represents a new strategy for research and innovation conceived regionally and harmonized at the national level, with the aim of making the research and innovation system policies, thus avoiding their fragmentation and overlapping.

The smart specialisation is focused to invest into:

- specific segments and specific areas;
- dynamic sectors;
- the diffusion and adaptation of transverse technologies.

But still the issue remains of how policies can realize the good intentions and, above all, respond to the challenges of the new scenarios (cf. Bellini 2008). Within the smart specialisation approach, official guidelines make clear reference to the fact that the process of strategy making should be one of ‘*entrepreneurial discovery*’. Potentially we witness an invitation to a radical innovation in policy making. Once again this innovative concept is not without ambiguities. To many regional governments in Europe the ‘entrepreneurial’ character is certified by a greater or lesser degree of involvement of entrepreneurs (or their association) in the process of drafting the strategy. When we look at the practice, however, it is difficult to see the difference with ‘neo-corporatist’ practices that have been in place for decades. Yet, the idea seems more complex than that: a process of entrepreneurial discovery is “a learning process to discover the research and innovation domains in which a region can hope to excel” (Foray et al., 2009). This requires the presence of entrepreneurial knowledge, but also an entrepreneurial method that takes into account the profound changes that are occurring in contemporary capitalism. Part of this method must be a different speed in decision making and the ability to flexibly respond to market opportunities.

In future years we will have to monitor carefully and assess to what extent the smart specialisation strategies have been a mere face-lifting of old industrial and innovation policies or they have redesigned the role of public policies in a way more consistent with the new features of innovation in the global economy. Only in that case the ‘smart’ attribute will have been really deserved.

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