Smart specialization and institutional context:
Towards a process of institutional discovery and change

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EIN PROJEKT DER NÖ. STADERNEUERUNG

KOFINANZIERT DURCH DIE EUROPÄISCHE UNION (EFRE)
Institutions and regional development (i)

- Institutions are “ongoing and relatively stable patterns of social practice” based on mutual expectations that owe their existence to either purposeful constitution or unintentional emergence” (Bathelt/Glückler 2014: 346, emphasis added)

- Institutions include customs, routines, attitudes, mentalities, (dis)trust, reputation, the affinity to cooperate or compete, personal relationships, social capital (Putnam 1993; 1995), or what is often vaguely called “culture”

- Institutions are different from organizations and prescriptive rules (e.g. laws)

- Institutions interact with organizations and prescriptive rules and change through upward or downward causation (Glückler/Lenz 2016)

Institutions and regional development (ii)

- Institutions condition innovation, growth and entrepreneurship processes (Glückler/Bathelt 2017)

- Policies have to be institution-sensitive

- RIS3 can be institution-sensitive in two ways:
  1. by defining institution-consistent interventions; or
  2. by foreseeing policies for downward causation of institutional change

- Policy processes (e.g. EDP) can lead to upward causation of institutional change through a change of routines or “culture”

The EDP can act as an institutional discovery process because stakeholders involved contribute their (tacit) knowledge on institutional context

- Institutional consistency
- Evidence base for downward causation of institutional change

The EDP can act as an institutional change process either explicitly or implicitly

- Downward causation through policies defined in the RIS3
- Upward causation through behavioral change during/after the EDP
• The current RIS3 follows lines set out by previous regional innovation strategies

• The RIS3 does not focus on sectoral priorities but builds on the region’s flagship programs for clusters and technology parks

• The EDP and RIS3 implementation mainly rely on a coordination process between regional government and intermediary organizations (e.g. regional development agencies, chamber of economy)

• Intermediary organizations are in close touch with their client/member companies and have managed to build trust and routines of cooperation

• Through intermediate organizations’ embeddedness in the regional economy (e.g. cluster managers, technopole managers, local chamber offices), the EDP has probably benefited from considerable tacit knowledge on institutional context
Bolzano-Alto Adige (South Tyrol)

- The RIS3 follows lines set out by previous studies and initiatives, notably the concept and focus areas of the new technology park.

- The EDP included workshops, focus-group discussions and in-depth interviews. Interviews established a trustful atmosphere that enabled information sharing by companies.

- However, trust and cooperation existed before the EDP because of the small size of the regional economy, suggesting close-knit social capital.

- Intermediary organizations enjoyed companies’ trust and had tacit institutional knowledge due to long-standing cluster and networking schemes.

- Still, the EDP was important in creating a new dynamic of cooperation by making explicit the pre-existing, implicit consensus on economic development.

- Thus, the formulation of a common vision made tacit institutional knowledge explicit.
EDP and RIS3 were approaches new to Slovenia

Due to the small size of the country, some cooperation between agents existed before the EDP

After the economic crisis that hit Slovenia, there was a feeling that a new vision of economic development was needed. Thus, companies were interested to participate in the EDP

The danger of losing EU funding due to the conditionality was another motivator since Slovenia’s first RIS3 draft was rejected by the European Commission

The reputation enjoyed by key people facilitated trust-building and cooperation during the EDP, facilitated by intermediary organizations acting as trust brokers

Cooperation among agents widened, thus the EDP did not so much establish new routines than enhance existing ones
• EDP and RIS3 were **approaches new to Croatia**

• The RIS3 does frequently address institutional questions by **calling for enhancing the innovation or entrepreneurial “culture” or attitudes**

• The EDP and the resulting RIS3 created **more stable expectations among companies**, compared to frequent changes of innovation policy previously

• The EDP changed behavior in university-industry collaboration by creating **more openness** on either side

• The EDP established **new routines of information exchange and coordination** between government ministries/ agencies and with the private sector

• Company participation was **mediated through cluster organizations and the chamber of economy**, with the chamber’s local offices motivating companies to participate
Conclusions

- Explicit **institutional analysis is rare** but qualitative evidence gathered through interviews and focus-group discussions probably contributes **(tacit) knowledge on institutional context** to the EDP.

- **Few RIS3 explicitly focus on downward causation** of institutional change.

- For some regions (Lower Austria, South Tyrol), the institutional context was favorable even before 2014 due to a **long history of trust-building and cooperation** through intermediary organizations and clusters.

- Regions/countries lacking these institutional conditions can use the EDP for **institutional leapfrogging**.

- Through behavioral change (e.g. increased cooperation, participatory policymaking, vision building, trust-building) leading to upward causation of institutional change, the **process may be more important than the outcome**.
• **Don’t look at hard data only!**
  Explicit institutional analysis can increase the institutional sensitivity of RIS3 and seize opportunities for downward causation of institutional change

• **Translate between institutional contexts!**
  Instead of copying “best practices”, translating policies to a region’s institutional context can be useful. Doing so requires understanding institutional differences between regions. Diasporas can help in making tacit institutional knowledge explicit

• **Take your time!**
  Institutional change is a long-term process. Building trust and cooperation requires constant interaction. Institutionally embedded intermediary organizations can be highly effective in doing so

• **Don’t underestimate the process!**
  Even when RIS3 do not include radically new ideas, the EDP and participatory RIS3 implementation are a useful exercise new to some regions/countries
Thank you for your attention!

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