



SMART SPECIALISATION: FROM A GOOD CONCEPT TO THE REALITY OF IMPLEMENTATION

UNECE Conference

Policies for Innovation and Knowledge-based
Development in the 21st Century
Smart Specialization Strategies for Sustainable
Development
16-17 October 2014 Geneva

Prof. Lena Tsipouri
University of Athens

OUTLINE

- ❖ Trying to theorise for SSS in cohesion countries
- ❖ Issues on governance
 - *What can we expect from entrepreneurial discovery?*
 - *Can stakeholder involvement be effective?*
 - *What is the most appropriate coordination mechanism?*
- ❖ The notion of the EU *ex ante* conditionality
 - *Can policy enforce a good SSS?*
 - *The “you get what you measure problem”*

TRYING TO THEORISE (MULTI-AGENCY PROBLEMS)

	Targets and time horizons	Practical problems
The political level	Get re-elected Medium term	No time to develop capabilities
The administration	Get promoted Avoid trouble Short term	Formal or effective coordination? Minimum risk in policy mix design
Academia	Promotion and recognition Different time horizons	Complacency Preference to cooperate abroad
The business sector	Make money Different time horizons (internal agency)	Formal or effective stakeholder involvement? No trust, no time; Alignment of interests of “committed businesses and their representatives
SSS success	Structural change Long term	How to reconcile all the misalignment of

What can we expect from entrepreneurial discovery?

More often than not the public sector end up short-cutting the entrepreneurial discovery process:

- the administration dreads government failure
- the “real” business people are not sufficiently interested/involved (companies committed to change matter)
- the business “representatives” are not business minded
- the administration considers that macro-analytics and (formal) stakeholder involvement make up for the absence of business interest

What can we expect from entrepreneurial discovery?

- ✘ Business people have limited time
- ✘ In cohesion regions business people typically do not trust the public sector (nor academia?)

As a consequence the best business minds are not interested in SSS let alone to become leaders (path dependence)

Unless trust can be built SSS will not succeed

CAN STAKEHOLDER INVOLVEMENT BE EFFECTIVE?

- ❖ Information dissemination about conclusions of analyses is not stakeholder involvement
- ❖ Business representatives may present agency problems

Design appropriate incentives to activate stakeholders

What is the most appropriate coordination mechanism?

- ✘ Too high level? Low likelihood of commitment
- ✘ Too low level? Low likelihood of influencing decisions
- ✘ Creating specialised committees for monitoring may be a solution but how they are empowered is also a critical issue

Design governance with competence and power

EX ANTE CONDITIONALITY

When facing difficulties administrations select shortcuts

- ❖ Using IUS for the vision
- ❖ Adopt good practices rather than experimenting with their own policy mix
- ❖ Select harmless indicators
- ❖ Never touch the balance of power

CONCLUSIONS

- Design incentives to eliminate multi-agency
- Prioritise trust building (in a reasonable time horizon)
- Real stakeholder involvement is different that formal stakeholder involvement
- Real public sector coordination is different from formal coordination
- Design governance with competence and power
- Ex ante conditionality can help (but is hard to implement)

CONCLUSIONS

- The closer a region to “innovation leaders” the higher the likelihood SSS will succeed (the market forces and path dependence help)
- Ex ante conditionality helps but can be circumvented (how far can the supra-national power go?)
- SSS is not a panacea: it can prove valuable but it can also lead to disillusionments

Thank you