

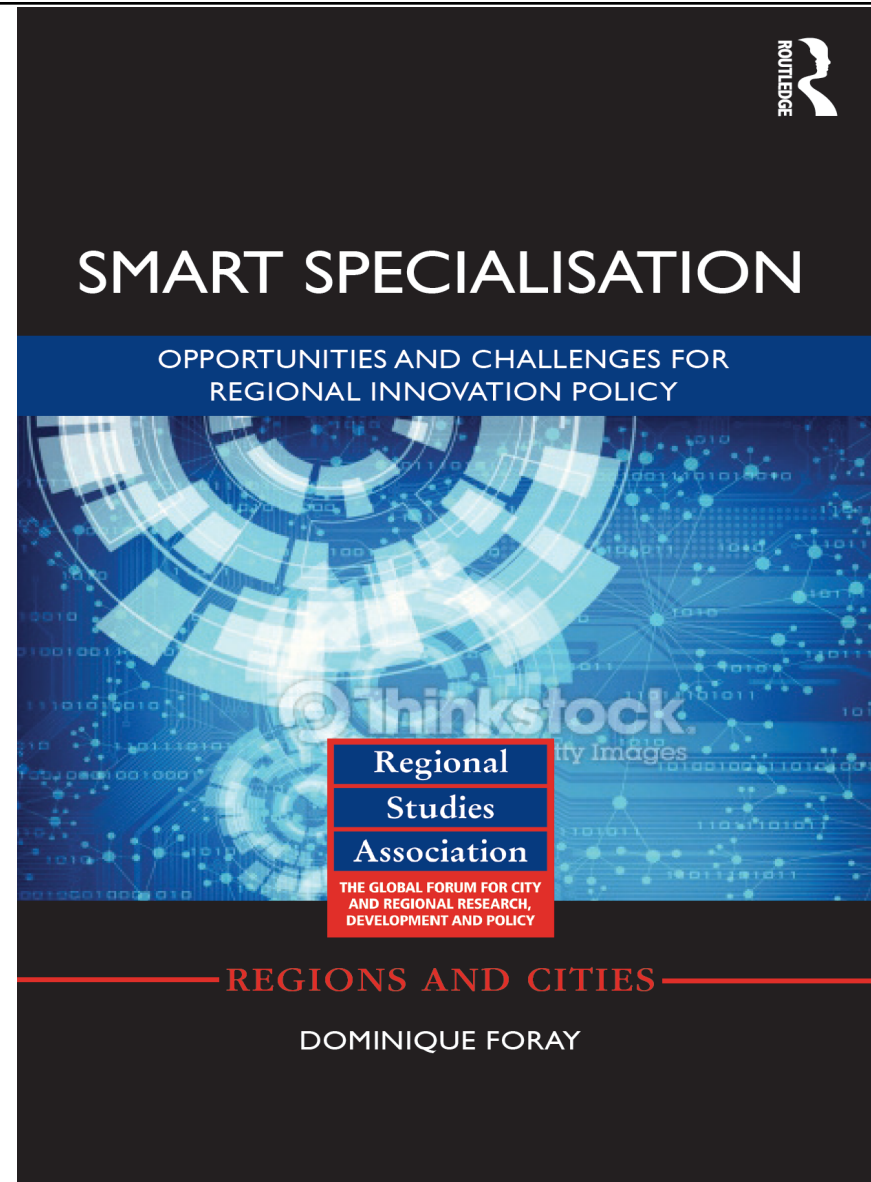
# Smart Specialisation: A Constructive Critique

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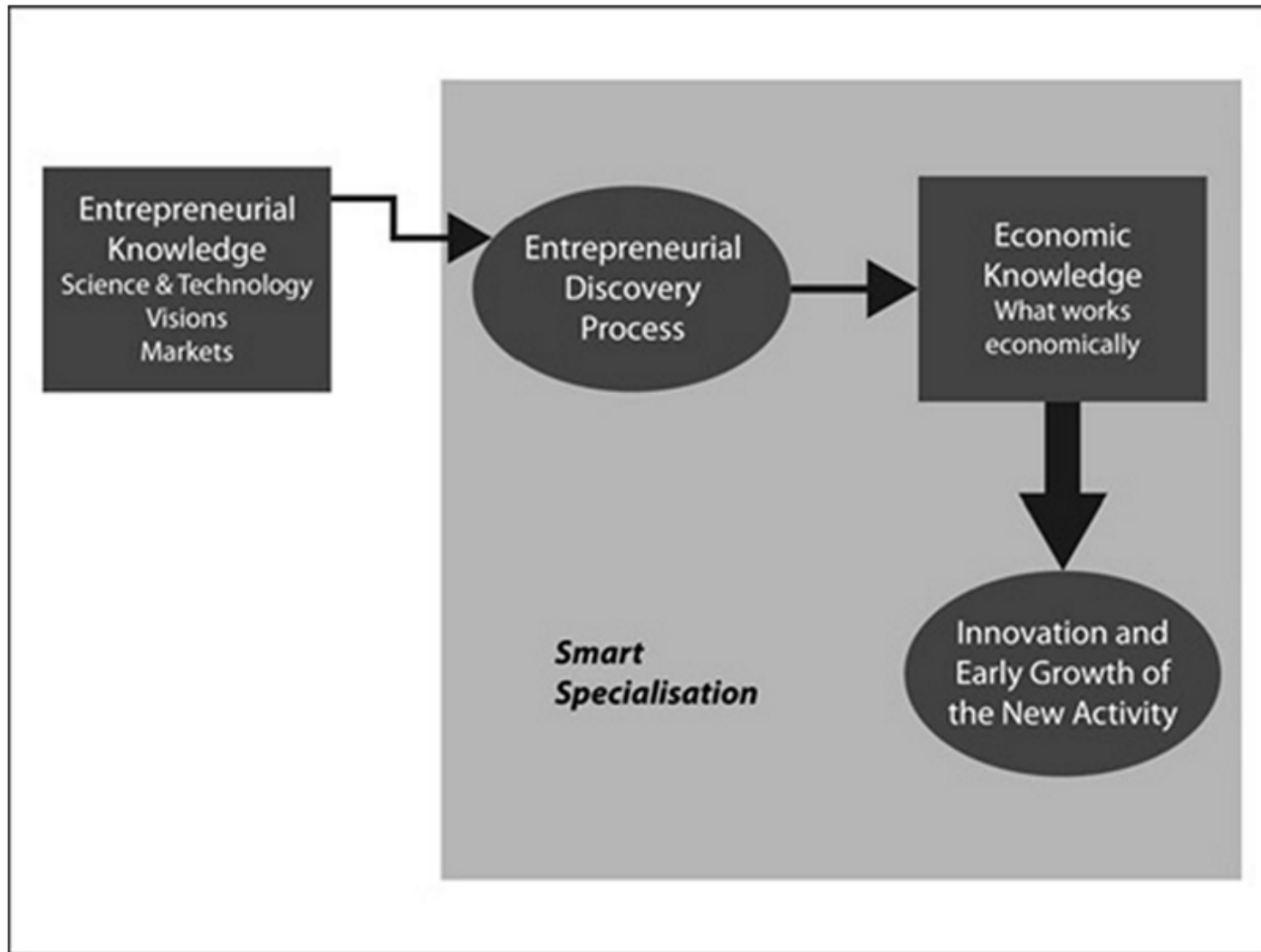
1. Introduction
2. Smart specialisation
3. Critical issues
4. Towards a research agenda



## Definition of smart specialisation:

“the capacity of an economic system (a region for example) to generate new specialities through the discovery of new domains of opportunity

and the local concentration and agglomeration of resources and competences in these domains” (Foray 2015, 1).



Types of knowledge and the entrepreneurial discovery process (Foray 2015: 25)



## Case of textile in Westmünsterland (Hassink 2007)

### *History*

- cross-border textile region since the 19th Century
- impulses from Twente (the Netherlands)
- early 1960s about 75% of manufacturing employment in the textile industry
- crisis and de-industrialisation



## *Company reactions*

- entrepreneur Schmitz  
(hardly public policy support involved)

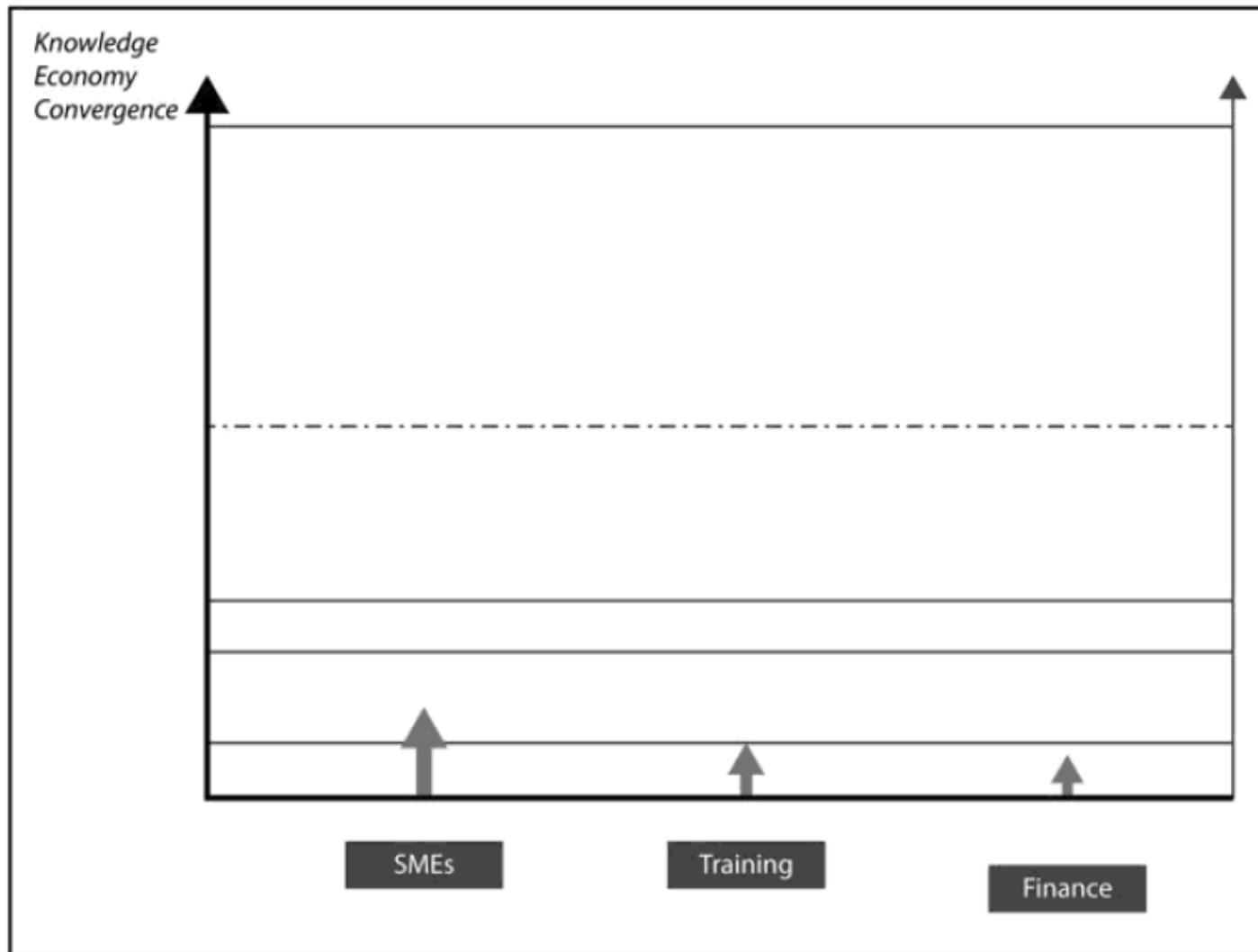
Technical textiles:

Examples: car industry,  
medical technology, fishery,  
road and railroad construction,  
agriculture

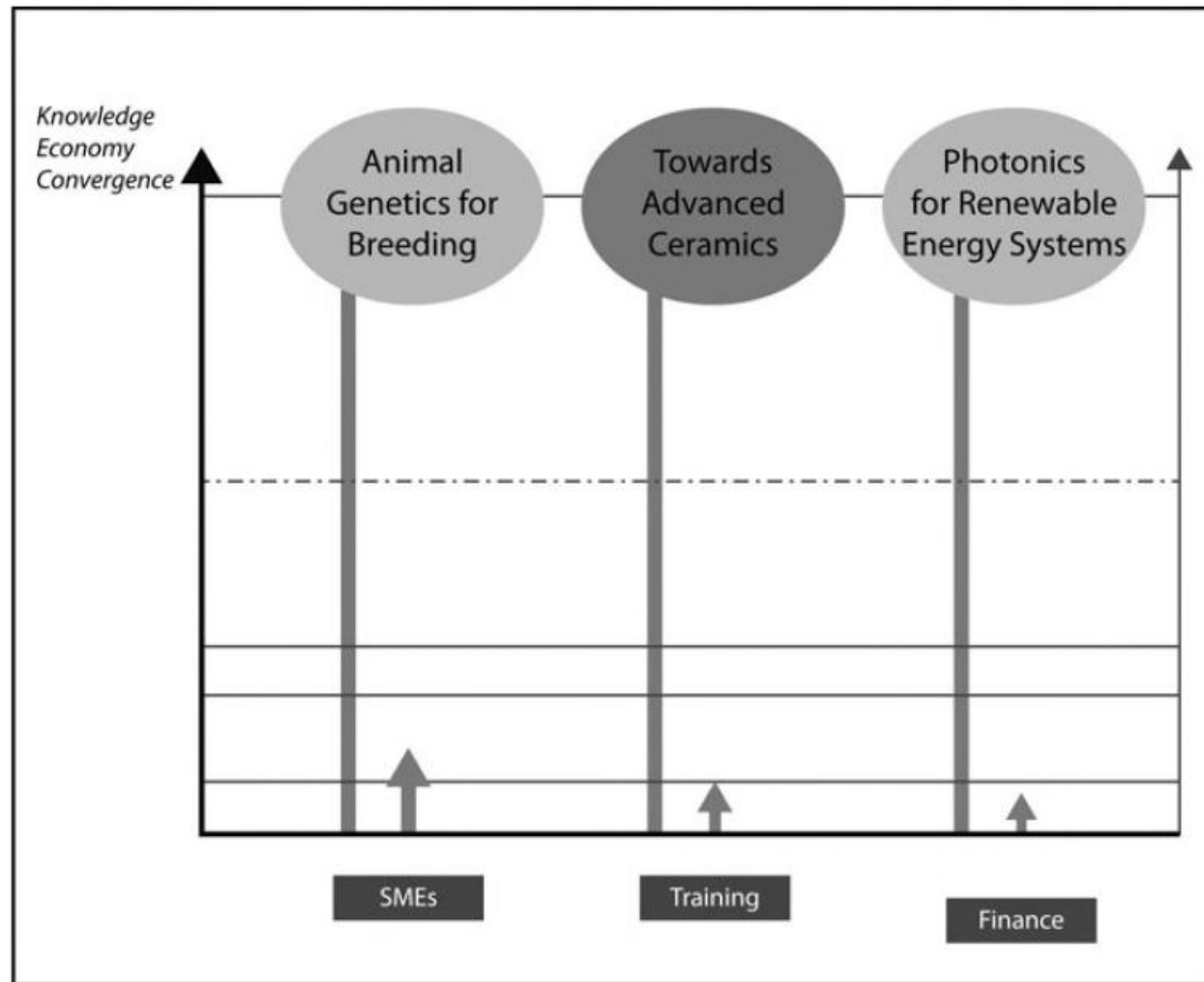


## Definition of smart specialisation strategy:

“putting in place a process whereby ... a dynamic of new speciality development, related to existing structures, can be facilitated thanks to ... targeted governmental intervention in order to support in a *preferential* way the most promising new activities in terms of discovery, experimentation, potential spillover and structural changes” (Foray 2015, 2).

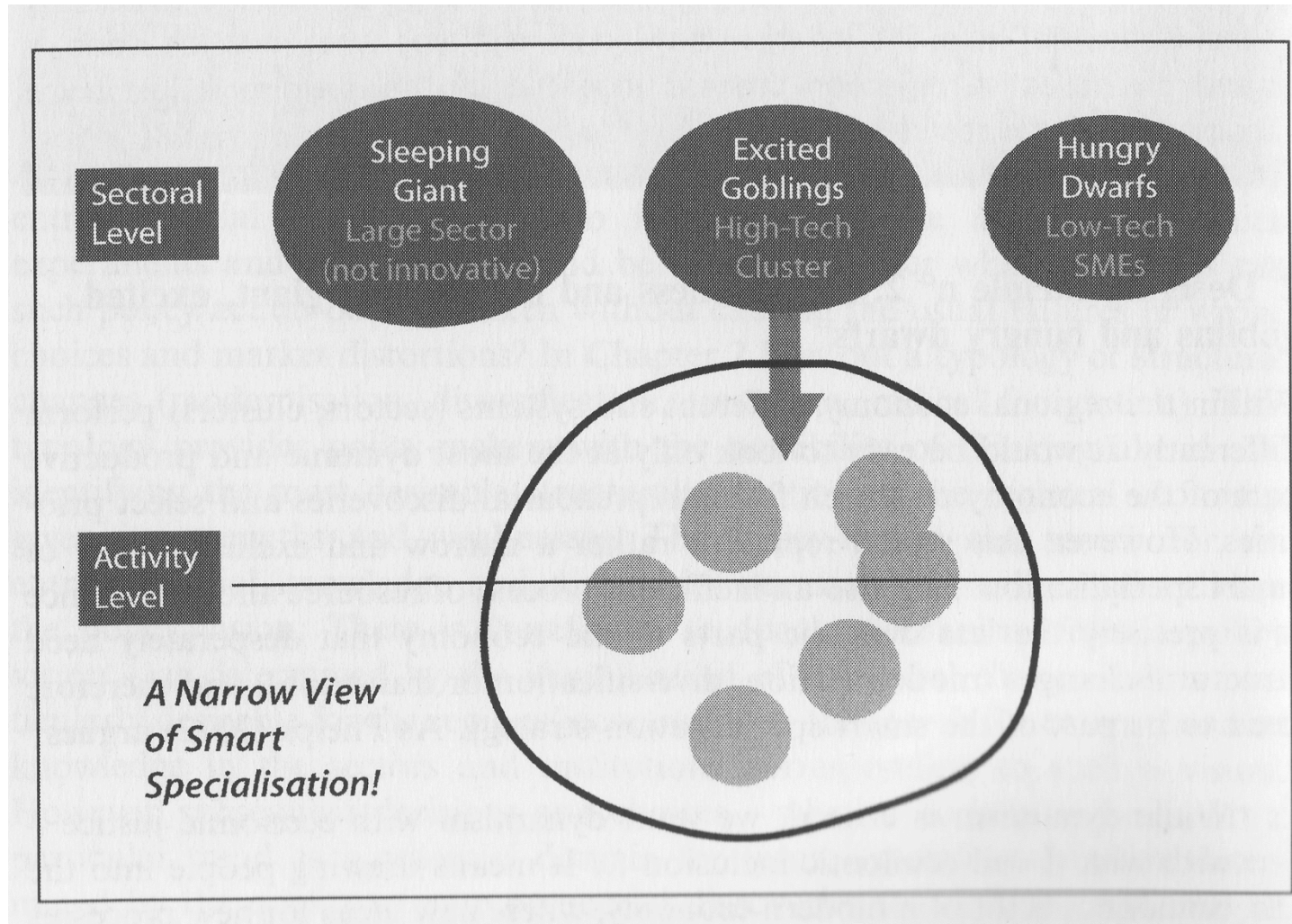


Horizontal policy in Region X (Foray 2015: 32)

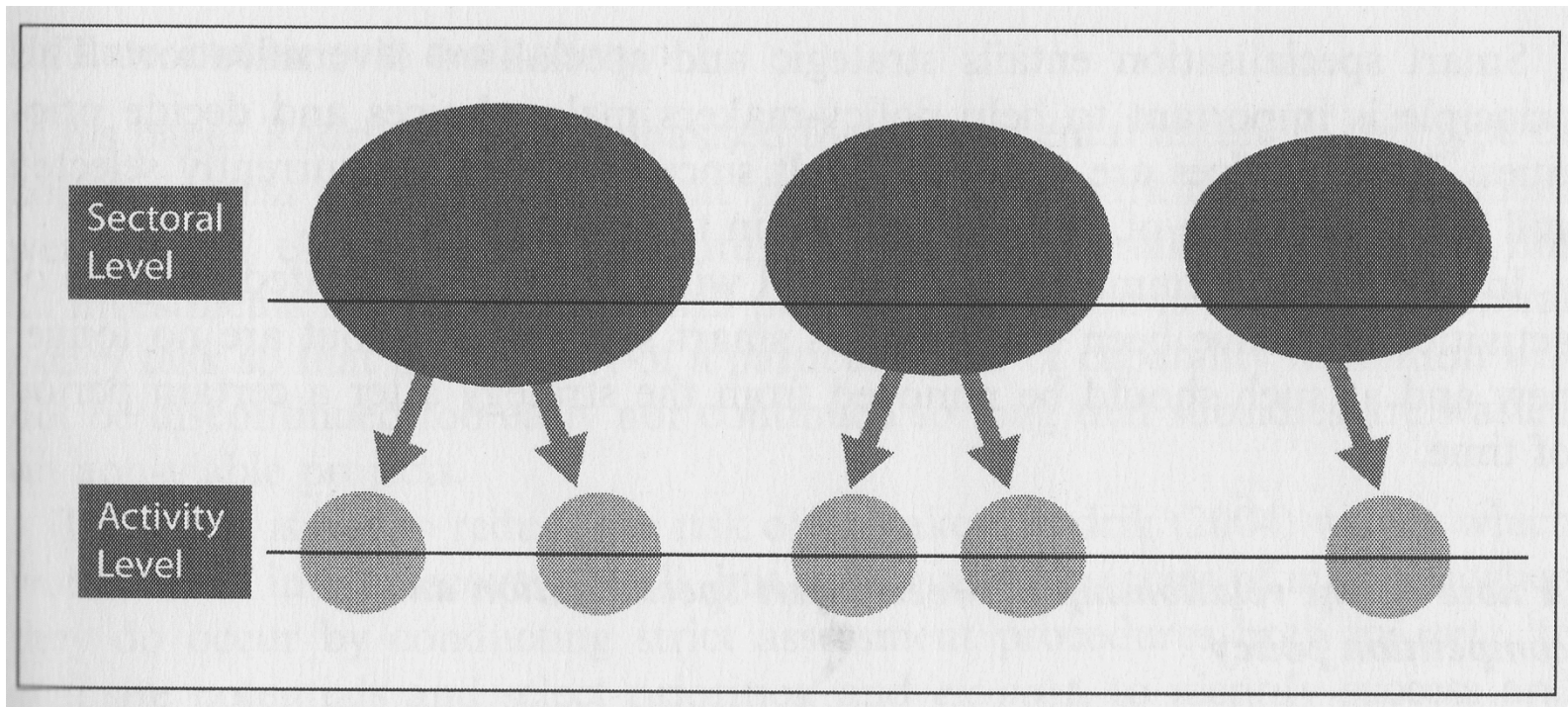


Smart specialisation strategy in Region X (Foray 2015: 33)





An exclusive smart specialisation strategy (Foray 2015: 48)



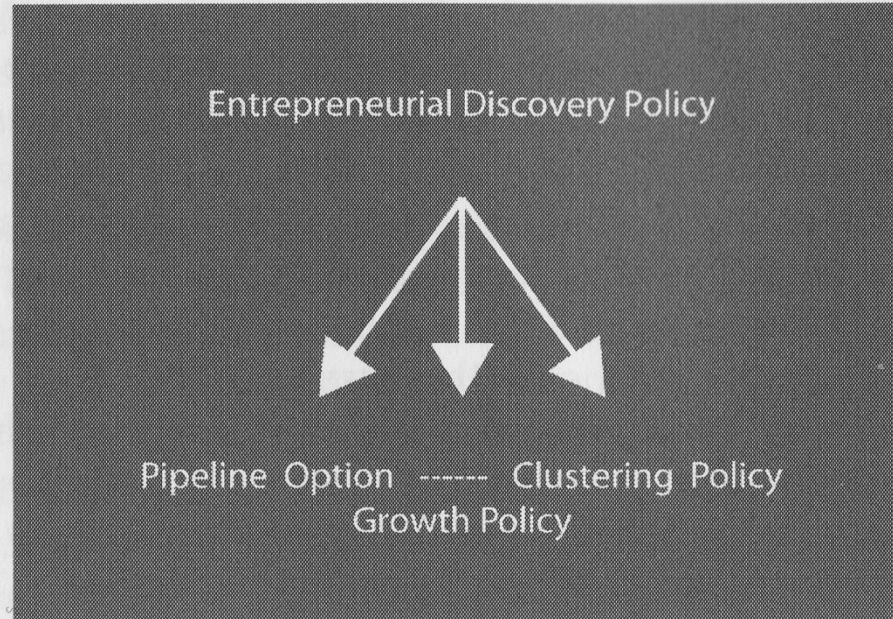
An inclusive smart specialisation strategy (Foray 2015: 49)



### Smart Specialisation Policy

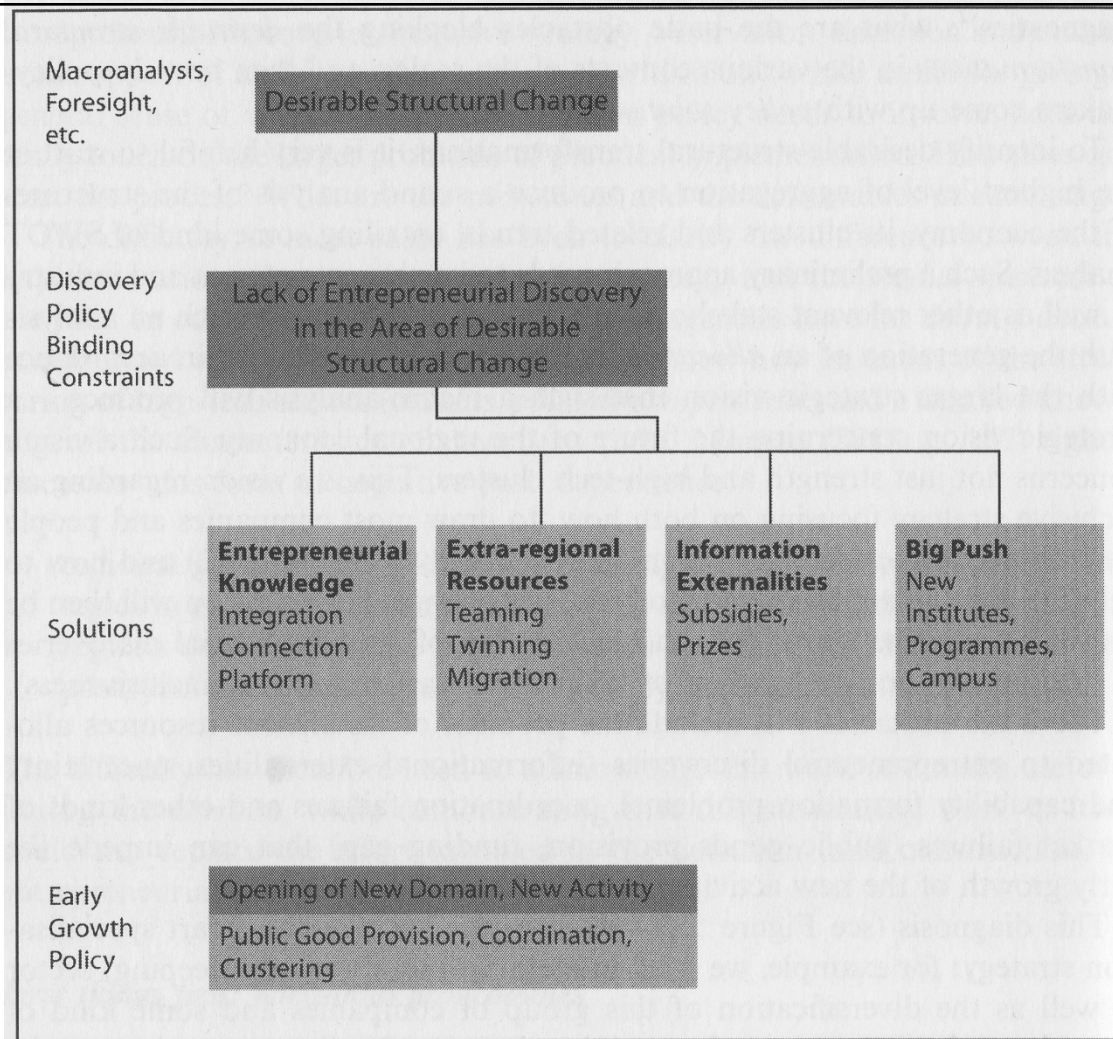
**Early Effort** : Integrating Entrepreneurial Knowledge, Evaluating Potentials, Opening a New Domain

**Mobilising Resources to Facilitate Early Growth**: Entry and Agglomeration, Extra-Regional Expertise, Public Good Provision



Smart specialisation policy in peripheral regions (Foray 2015: 68)





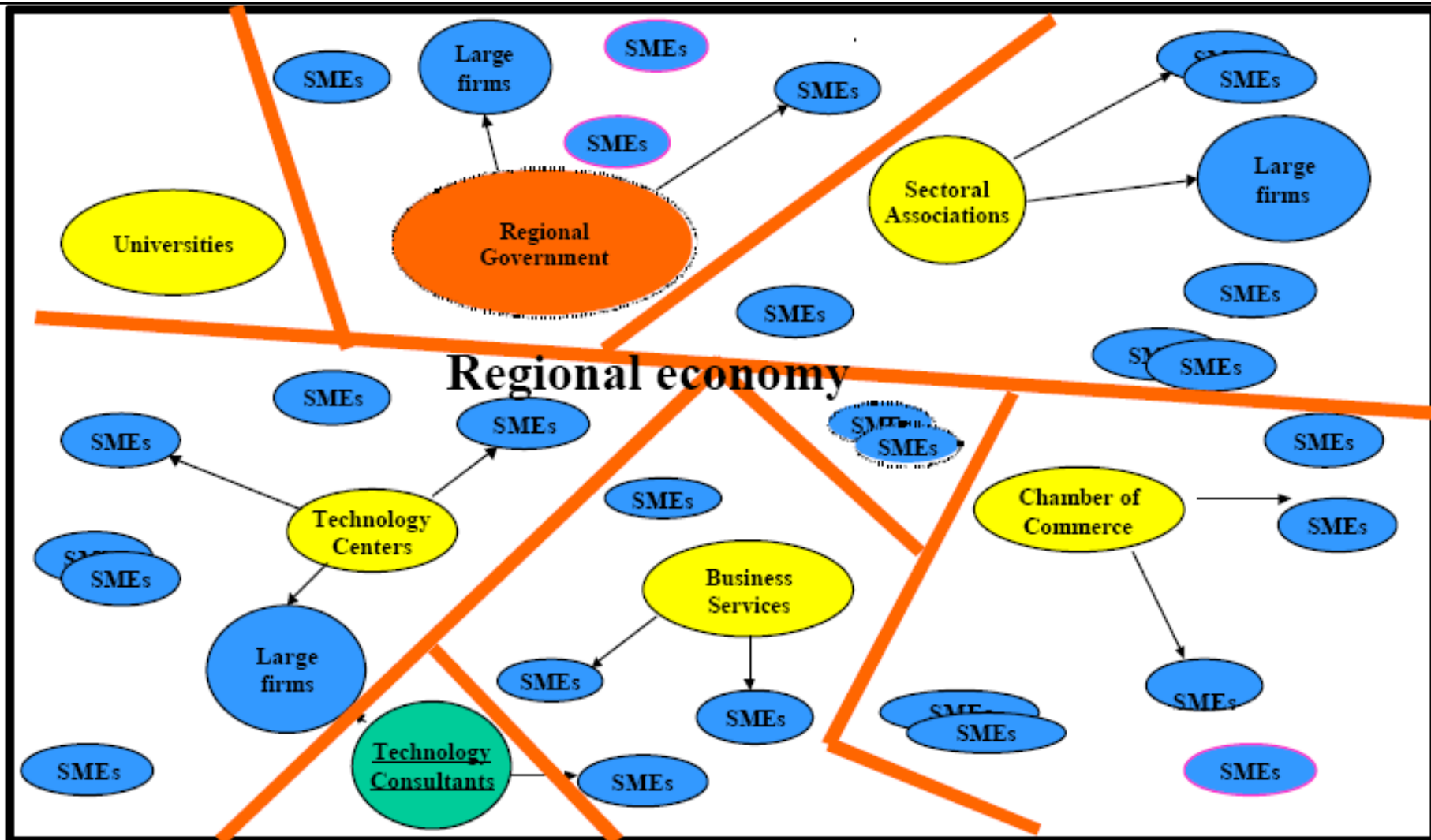
A smart specialisation diagnosis (Foray 2015: 78)

## Smart specialisation as part of regional innovation policy

measures that aim at boosting entrepreneurial innovativeness and thus competitiveness of regional economies:

- financial aid schemes
- technology transfer agencies
- science parks
- cluster initiatives
- smart specialisation

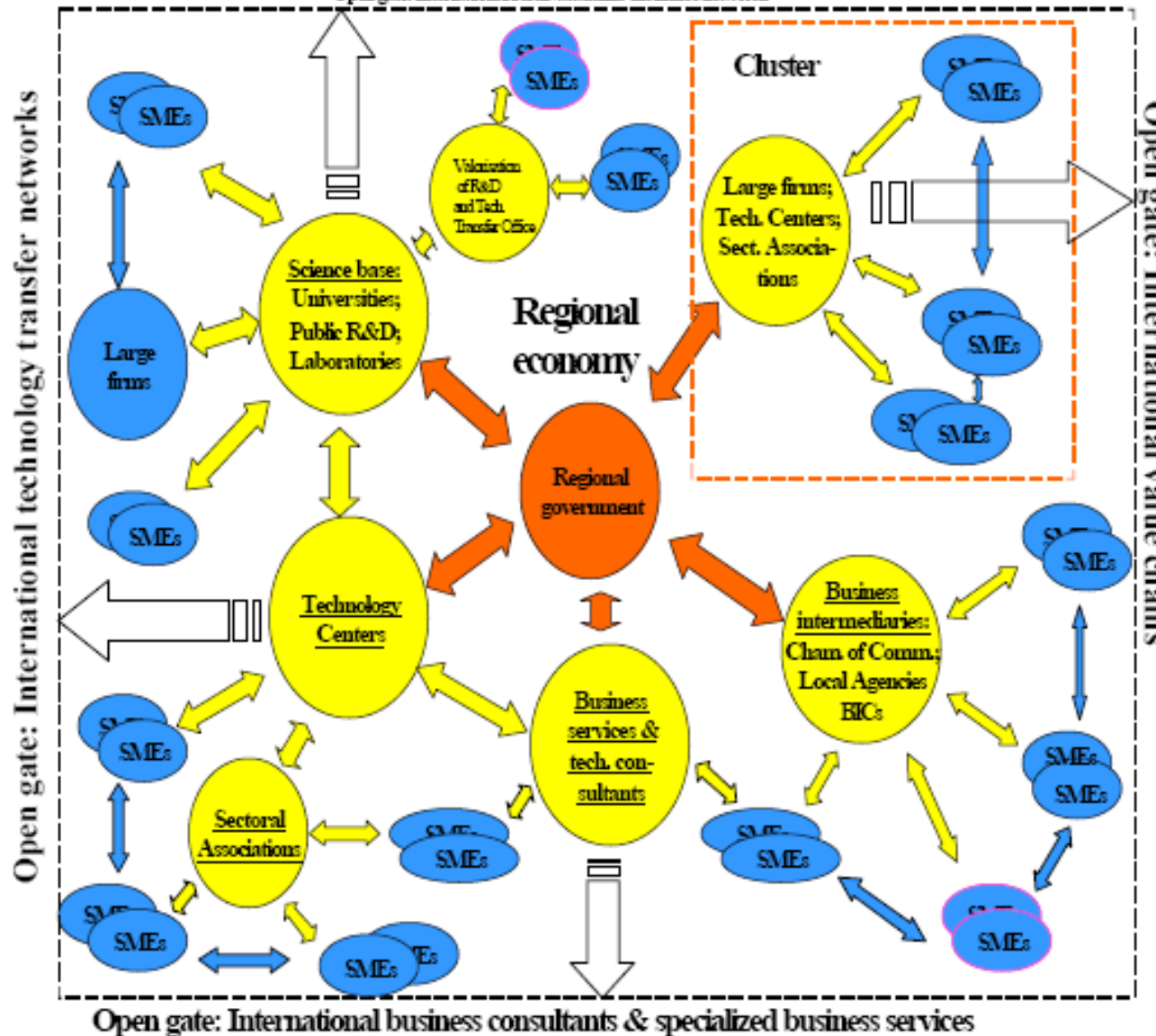
renewed interest because of place-based approaches of regional policy (Barca et al. 2012; OECD 2011, 2013)



Source: Oughton et al. 1999

### A learning region: An efficient regional innovation system

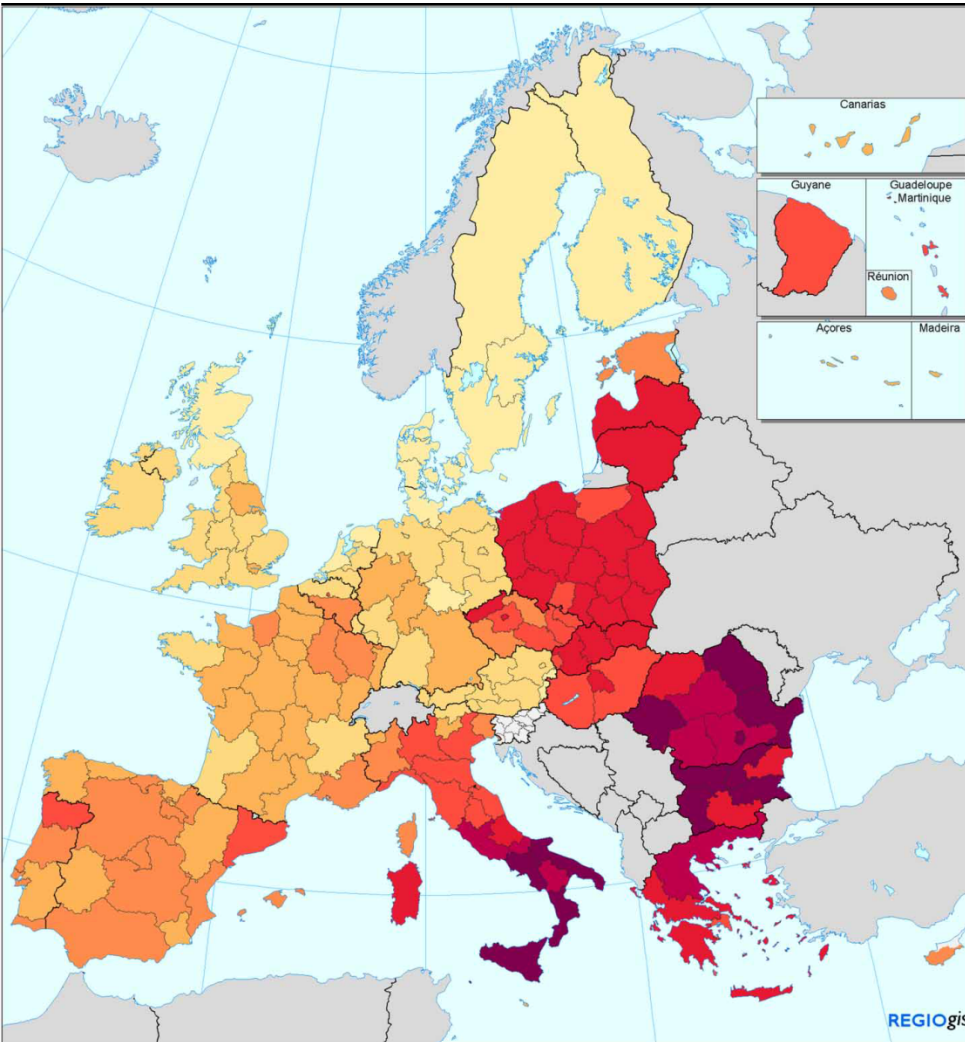
Open gate: International R&D/academic excellence networks



Degree of devolution in STI policy competences and resources	Federal countries	Countries with elected regional authorities	Countries with non-elected regional level/decentralised state agencies
Significant control of STI powers and/or resources by regions	Austria, Belgium, Germany, Australia, Canada, Switzerland, United States, Brazil	Italy, Spain, United Kingdom (Scotland, Wales, Northern Ireland)	
Some decentralisation of STI powers and/or resources to regions	Mexico	France, Netherlands, Poland, Sweden (pilot regions), Norway, Denmark (autonomous regions)	United Kingdom (English regions), Korea Sweden (except pilot regions)
No decentralisation of STI powers	Regional innovation strategies	Denmark, Slovak Republic, Turkey, Czech Republic, Portugal (autonomous regions)	Hungary, Ireland, Portugal (mainland)
	Innovation projects only	Chile, Japan	Greece, Finland, Luxembourg, Iceland, New Zealand, Slovenia

Source: OECD 2011

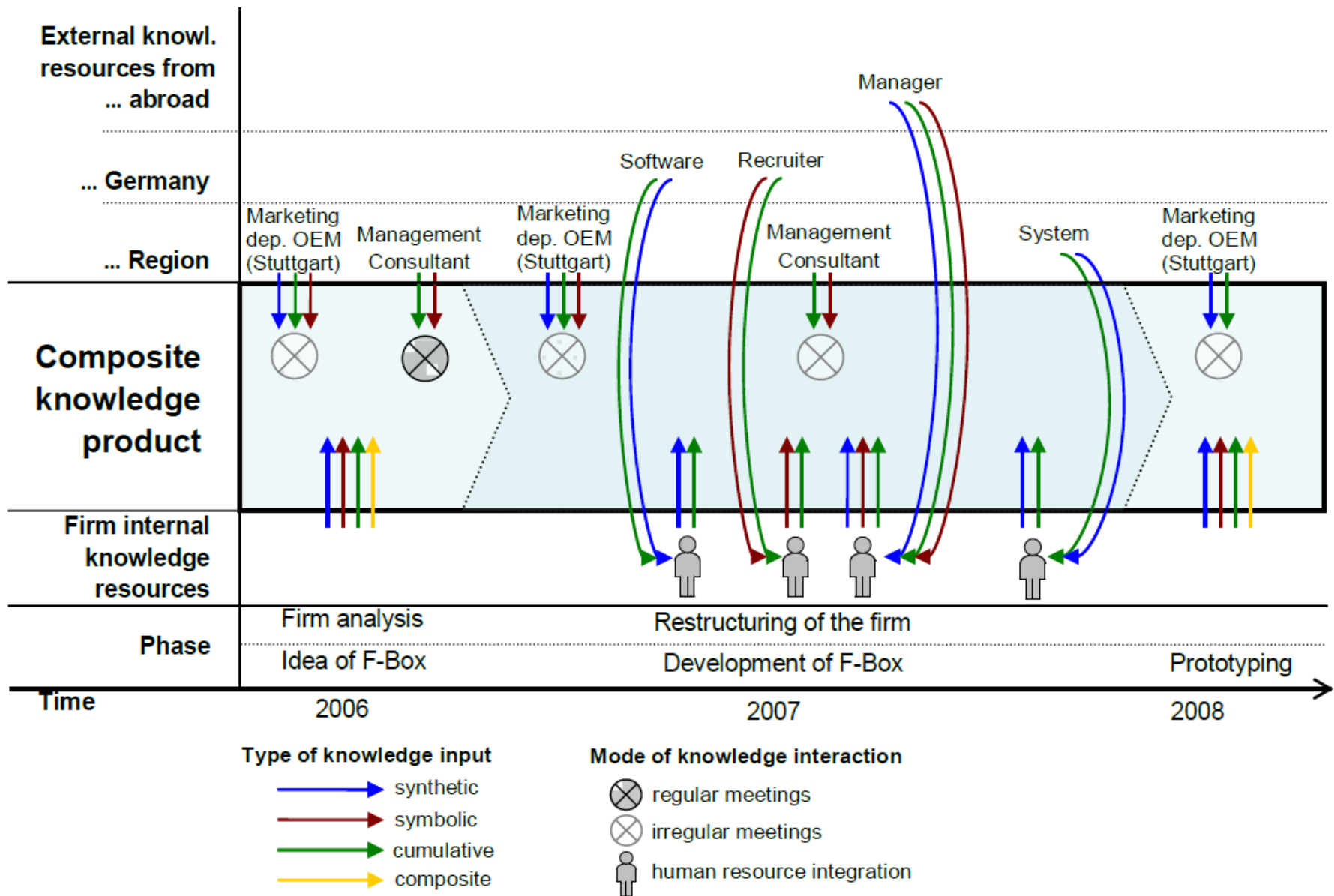




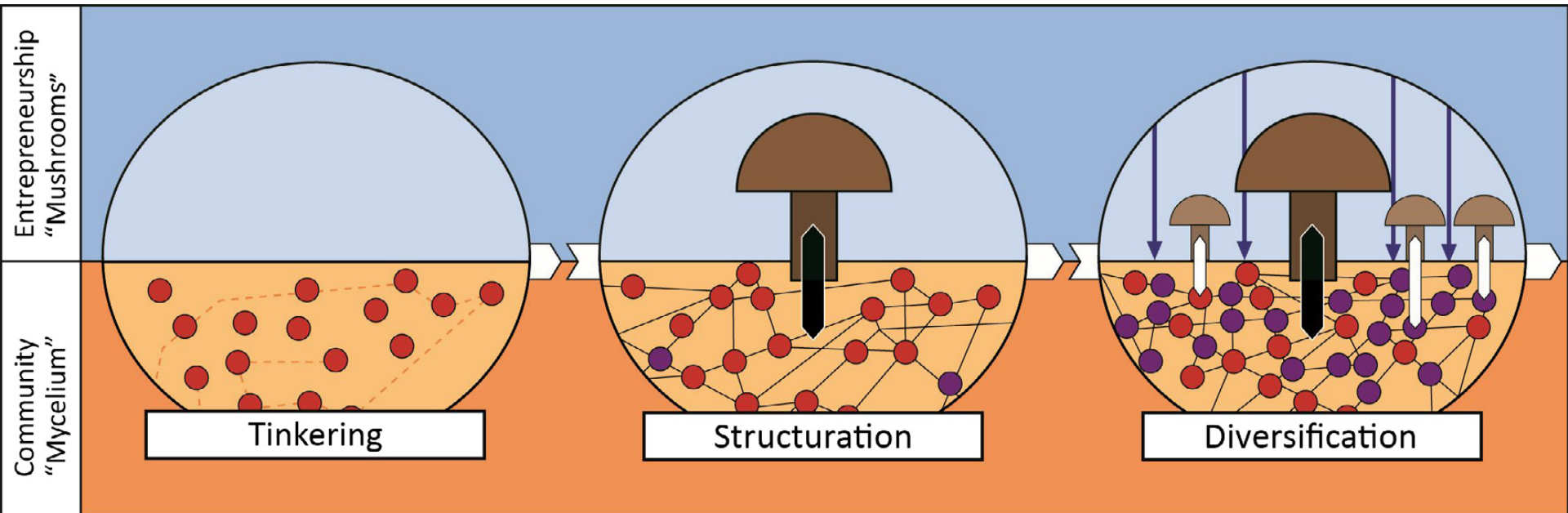
Foray (2015, 86): „In many cases I have observed very poor administrative and governance capacities at the regional level“



Source: Rodríguez-Pose & Garcilazo 2015



Source: Strambach & Dieterich 2011



-  Enterprise directly related to the community's activity
-  Enterprise offering additional services to the community's activity
-  "Pure at hearts"
-  Further members
-  Co-Development
-  Exogenous entrepreneurial activities
-  Firm formation from within the community

Source: Brinks & Ibert 2015



## Strengths of the concept

- Alternative to one-size-fits all approach
- Taking geographical context seriously
- Prioritising and concentration of resources
- Bottom-up, inclusive approach
- Smart specialisation diagnosis
- Links to (evolutionary) economic geography

## Critical issues

- Embedding smart specialisation in a broader set of regional innovation policies
- Typology of regions
- Measuring entrepreneurial discovery processes (the role of qualitative research such as innovation biographies)
- What is structural change?
- Do entrepreneurial discovery projects really contribute to structural change?
- Do they really affect the regional economy to a significant extent?

## Critical issues

- Extra-regional linkages, global production networks, global pipelines
- Collective inertia are only seen as potential danger in leading regions, but they might be a bigger problem in structurally weak regions
- Due to vested interests and lock-ins smart specialisation might contribute to structural conservation
- Power issue concerning setting priorities

## **Towards a research agenda on smart specialisation**

- Role of vested interests and rent-seeking in selecting priority areas
- Conflicts between consensus seeking and specialisation
- Relationship between horizontal and vertical policies
- The quality of regional government and successful smart specialisation strategy
- National-administrative political systems
- Regional institutions, governance, committed leadership

## Conclusion

The concept clearly has a large number of strengths

There are however some critical issues

Economic geography offers paradigms

If these issues are tackled in future research, it can develop into a better policy concept, as well as a theoretical concept explaining regional economic renewal processes

**Many thanks for your attention! *Dankeschön!***

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