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Returning to basic principles: common denominators of the Mesopartner and the EU smart specialisation approaches

Common denominators between the Mesopartner philosophy and the smart specialisation logic

When working on EU projects during recent years, we recognised that the smart specialisation approach is in line with our way of analysing economic reality aimed
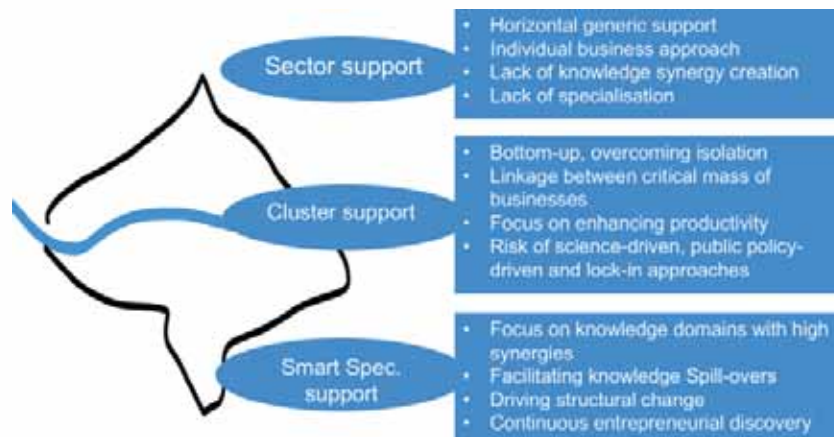
at the identification of economic development activities. In this article, we summarise the differences between the smart specialisation approach and sectoral and cluster approaches, and we emphasise the common denominators between the smart specialisation approach and our way of thinking.

Differences between the sectoral approach, the cluster approach and the smart specialisation approach

Smart specialisation has become an integral part of promoting the place-based approach of the European Union Cohesion Policy. The clear message is that there is a need to overcome horizontal sector or cluster policies by promoting more selective interventions that focus on knowledge domains with a spill-over effect on a diverse group of sectors and businesses. The approach can also be interpreted as criticism of 1) the traditional top-down, sector-driven approaches still existing in certain countries, and 2) the cluster approaches supported in many EU countries during the past decade, which are often more policy driven than business driven. The smart specialisation perspective acknowledges to a greater extent the right interplay between smarter bottom-up and top-down promotion activities. The differences between the sector, cluster and smart specialisation perspectives can be summarised as follows (see Figure 7):

Figure 7: Differences between sector, cluster and smart specialisation approaches

Sector support
- Horizontal generic support
- Individual business approach
- Lack of knowledge synergy creation
- Lack of specialisation

Cluster support
- Bottom-up, overcoming isolation
- Linkage between critical mass of businesses
- Focus on enhancing productivity
- Risk of science-driven, public policy-driven and lock-in approaches

Smart Spec. support
- Focus on knowledge domains with high synergies
- Facilitating knowledge Spill-overs
- Driving structural change
- Continuous entrepreneurial discovery

Sector support approach: This most often follows a top-down approach. It enables the identification of basic or very generic trends in certain sectors, as well as overall infrastructure requirements. Even early generic cluster and value chain potentials can be discovered in smaller countries with such an approach. However, the sector lens is not able to look beneath the surface and identify existing knowledge sources, potentials, requirements and opportunities to promote the innovation capabilities of certain businesses, employees and locations. In many such cases, we see that individual and isolated business development support is still the dominant way of promoting economic development. Opportunities for synergy creation through networks between businesses (and between businesses and meso-level supporting organisations) can often not be identified.

Cluster support approach: Many EU countries and regions have reacted to sector weaknesses and moved into cluster promotion. This bottom-up approach has enabled many regions to promote their economic competitive advantages by creating synergies and overcoming a rather isolated one-by-one business support approach. But with the increase in case experiences, it also became obvious that science- and policy-driven cluster initiatives in particular often failed to really get the buy-in of the business sector and to promote smart specialisation. Over the past years, many active clusters were themselves also challenged to innovate and to promote more cross-innovation activities.

Smart specialisation perspective: The focus of the smart specialisation approach is on knowledge creation and increasing the knowledge capabilities of people, businesses and organisations. This goes back to the principles of how locations, businesses and societies learn, specialise and ultimately increase their knowledge base. This approach focuses on strengthening 'knowledge domains,' which can also be seen as knowledge fountains, in other words, knowledge flows that derive from different knowledge sources and which, by merging and integrating, create more than the sum of their parts. Although they spring from different knowledge sources, they also splash over different sectors, clusters and businesses, and require established cluster or sector mindsets to be reconsidered. For example, in machine-building clusters, predictive maintenance or smart home technologies linked to the Internet of Things (IoT) solutions are getting attention. Many food clusters are now also trying to specialise, in particular areas such as nutritious and healthy food production. Nonetheless, these shifts often require new exchange and network constellations, as well as the reconsideration, reorganisation and re-specialisation of

certain networks that are better able to identify, connect, capture and integrate the required new knowledge sources.

Relevant principles for our work

The smart specialisation approach asks the regions in the EU[4] for smart and selective top-down policies in combination with a new and targeted bottom-up industrial policy perspective. This approach matches the Mesopartner philosophy and the search for the right attractors. It again brings to the forefront principles that are rather basic but highly relevant for our work, and which often got lost in policy-driven and rather isolated managed cluster and sector programmes:

- Promote an entrepreneurial discovery attitude: As Foray points out, "knowledge about what to try and where to go is not obvious and not visible! It is hidden – it needs to be discovered!" This requires a real interest in understanding existing knowledge capabilities and opportunities in territories as well as the consideration of the absorptive capacities of relevant local businesses to take the next step forward rather than an unrealistic leap. It requires all involved supporters to have an intrinsic interest in understanding what is really going on in businesses.

- Exploration and experimentation is key: such a discovery process cannot work without an attitude of exploration and experimentation. At the policy level, there is a need to provide space for experimentation with more targeted instead of generic horizontal policy approaches.

- Focus on identifying potential knowledge domains that link up with existing capabilities: do not get trapped by the sector or sub-sector lens, but instead look for

knowledge areas that enter from different channels and spread in different directions like a fountain.

- Promote a network approach as a means, not as an end: Networks are important for increasing knowledge spill-over, not just for making the group feel safer. The less the focus is on recombining or creating new knowledge, the less the network will really maintain its raison d'être.

- The discovery process is an ongoing one that forces everybody to learn from each other: knowledge creation is not static but is instead dynamic. Opportunities to combine existing and new knowledge are part of a never-ending process. This is why it is also of key importance to stay in close contact with market and knowledge trends, in order to continuously analyse, link and promote the knowledge capabilities of local young people, local scientists, or present and potential future outliers who are searching for new social or economic solutions to upcoming problems and opportunities.

These principles are of vital importance in our work. And they are focusing on the right entry points for those who want to make a difference.

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4 See 30 examples of smart specialisation stories at http://s3platform.jrc.ec.europa.eu/smart-stories