Regional strategic management in Europe

A comparative survey

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A quick primary on factors of regional productivity

• Traditional advantages:
  1. The amount of human resources and physical capital
  2. Costs and natural resources
• In the knowledge economy:
  1. The innovative capacity of industrial sectors
  2. The importance of the « scientific » knowledge base
  3. The capacity to attract human and financial resources
  4. The efficiency of the local innovation system
A new step in regional development planning in advanced countries

- First step: as everywhere, essentially quantitative factors of development financial means, development of basic infrastructures (utilities, industrial parks ...) and grants to support business ..., 
- Second step: improvement of the resources in education and research, the quality of the labour force and development of social capital 
- Third step: focus on the efficiency of the innovation system in international competition

Some preliminary remarks

1. The quality of regional innovation strategies is a main factor of success in globalized economy 
2. The importance of a good information is a huge factor of growth and productivity in the knowledge economy; but improvements have to be done in providing information of the SME 
3. Governance of the regions is sometimes inefficient in Europe 
4. Marketing of the regions is a factor of competitiveness
The strategic thinking is a factor of productivity in the knowledge economy

But the use of strategic tools differs:
• Big companies are aware of the necessity of efficient business and competitive intelligence,
• Public authorities generally make small use of strategic thinking

This survey on the practices in Europe: the purpose

• To situate the regions in the european context
• To define the most interesting practices
• To help improve the rationale for designing strategies
The survey on the practices in Europe: the method

- A statistical survey on all regions in Europe, studying how regional authorities use strategic and competitive analysis tools
- 25 regions, selected for monography:
  - representative of different levels of economic development;
  - with the most structured public management

The statistical survey - the analysis: describing of how the tools are used in the regions

- SWOT type analysis methods (strengths, weaknesses, opportunities, threats) for specific sectors or a general approach
- Studies to identify key- (or core-) technologies in the region
- Studies of changes in mature manufacturing industries
- Specific studies of the needs of local firms in term of innovation support
- Analysis of the regional system of innovation
The survey - some general findings for the whole EU

- based on the third of European E-25 regions
- a large variety of the practices found but:
  - size matters (the biggest regions have more important staffs, but not necessarily the most structured strategic management)
  - the level of economic development and exposure to international competitiveness for FDI and trade are distinctive factors

(1) the general use of SWOT method analysis
(2) The ability to determine the regions considered as « competitors »

(3) Where are the regions considered as « competitors »: level of development matters for int’l concerns
(4) The ability to determine the « competitive » sectors

(5) The ability to determine the « competitive » sectors: it is easier for smallest regions
(6) What are the sectors considered as « competitive »?

<table>
<thead>
<tr>
<th>GDP/head</th>
<th>Sectors</th>
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<tbody>
<tr>
<td>&lt;10,000</td>
<td>Miscellaneous, Food industry,</td>
</tr>
<tr>
<td>10,000-20,000</td>
<td>ICT, Automotive industry, Food industry</td>
</tr>
<tr>
<td>20,000-23,000</td>
<td>ITC, Life science, Automotive industry</td>
</tr>
<tr>
<td>23,000-28,000</td>
<td>ITC, Life science, Miscellaneous advanced mechanics</td>
</tr>
<tr>
<td>&gt;28,000</td>
<td>ITC, Life science, Finance, Miscellaneous advanced industries</td>
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</tbody>
</table>

Differences between new entrants regions and E-15

According to the same level of development (comparing structural adjustment regions in the E-15 and in the E-10), there is:

- a lower degree of strategic thinking;
- a less important use not of the strategic tools but of their results;
- a less structured industrial policy;
Do you use SWOT type analysis this method for your region?

Can you define the regions which could be considered as the main “competitors”?
Where are the three regions which could be considered as the main “competitors”?

Can you define the three sectors with the highest competitive advantage for the ten next years?
What are the three sectors with the highest competitive advantage for the ten next years?

<table>
<thead>
<tr>
<th>E10</th>
<th>E15C</th>
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<tbody>
<tr>
<td>Building industry</td>
<td>Energy</td>
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<tr>
<td>Life science</td>
<td>ICT</td>
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<tr>
<td>Retail trade</td>
<td>Environment industries</td>
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</tbody>
</table>

Do you use a specific method for identifying key-technologies?

![Bar chart showing method usage]
If you do specific studies, can you give a list of the 3 main key-technologies for your region?

What are the three main key technologies for your region?

<table>
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<tr>
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<th>UE15C4</th>
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<tbody>
<tr>
<td>Life science</td>
<td>ICT</td>
<td>Advanced industrial technologies</td>
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<td>ICT</td>
<td>Traditional industrial technologies</td>
<td>UE15C4</td>
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</tbody>
</table>
Do you make studies on specific needs of local firms on innovation and economic development?

Have those studies enabled you to define specific plans of actions?
Have you defined support actions to the businesses deeply affected by economic or technological changes?

If yes, what are the three main actions?

- R&D development
- Training on new technologies and processes
- Information on markets and technologies
As far as every region has an innovation strategy, what are the three priorities?

The monography regions

- Some among the most advanced high tech clusters: Cambridge, Eindhoven, Göteborg, München, Stuttgart, Helsinki, Copenhagen-Malmoe;
- strong high-tech manufacturing clusters: Amsterdam, Berlin, Grenoble, Oulu, Scotland, Toulouse,
- « high performance » industrialised regions, Catalogna, Flanders, Ireland, Lombardia, Madrid, Oberösterreich, Pays Basque, Piemonte,
- Lisbonne, Krakow, Budapest, Slovenia
The analysis: the main items of strategic management of the regions

- Efficiency of governance
- Use of strategic analysis tools in the decision process
- A precise knowledge of the regional innovation systems
- Policies fitted to the economic structure of the region
- Global cluster policy focused on sectoral priorities
- Modern information systems for SME considered as a main factor of productivity
- External and internal « marketing »

The regions with an advanced « strategic management »

- The list of the regions: Scotland, Oberösterreich, Basque Country, Stuttgart, Copenhagen, Helsinki..
- They have all a strong industrial policy with sectoral priorities, even in « liberal oriented » countries, and organised in clusters and competencies centers
- Close interactions between strategic analysis and policies, and between business and policy makers
- A governance fitted to the level of « institutionnal thickness » and the social capital of the regions
The regions in the new entrant countries in Europe

- A rough strategic thinking of regions faced to the immediate challenges of structural adjustment and liberalization of the economy
- The governance of the regions remains « classical », mainly a competency of the state
- A light focus on the intensity and the quality of the interactions between companies (SME’s) and research centers
- No policies devoted to the improvement of economic and technological information of SME’s

The survey: report available in French on www.adit.fr

- Analytical considerations
- Designing of a new doctrine on regional strategic policies in the knowledge economy
- Annexes on benchmark countries or regions
- Statistical analysis

⇒ Call for specific contributions to help to improve knowledge and benchmark