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## **SMART SPECIALISATION – PROGRESSIVE IDEA AND NEW INSTRUMENT SUPPORTING REGIONAL DEVELOPMENT**

**Abstract:** The article is aimed at pointing relatively, in distinguishing to appropriate based on current policies of the European Union, new instrument supporting of growing of the region into power and its development which the *smart specialisation* is. Having better understanding the *smart specialisation* concept as the aim as well as its role defining this instrument is necessary. Dissertations to its subject were passed by relating to the concept of *smart specialisation* in the policy of the European Union and meanings of mentioned instrument for regions.

Conclusions for regional governance are concerning of diversified possibilities of creating the regional development and using new, giving wider in this scope possibilities, instruments.

**Key words:** Development strategy, EU policy, *smart specialisation*, regions.

### **Introduction**

*Smart specialisation strategies* can be defined as focusing public resources on a few activities/industries that have strong competitive advantages and that allow regions to differentiate from their neighbours or their competitors [Saublens 2011, p. 28]. It is also an entrepreneurial process of discovery, identifying where a region can benefit from specialising in a particular area of science and technology<sup>1</sup>.

Essentially, smart specialisation is connected to supporting regional competitiveness and focuses on developing regions' innovative capacity to achieve improved economic growth. Because it can be also defined as "the prioritization done at regional level in a small group of sectors/technologies potentially competitive in inter-

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<sup>1</sup> A group of experts at European level called "Knowledge for Group" (K4G). This group concluded that the competitiveness gap between Europe and the United States comes from a lower economic and technology specialisation, as well as a lower ability to prioritize efforts and resources at regional level. As a mechanism to reduce this gap, the Commission urges the regions to develop Regional Strategies based on smart specialisation patterns. See also: [Castillo *et al.* 2011, p. 1].

national markets and generators of new activities with competitive advantage over other locations” [Foray, Ark 2007] it encourages regions to consider how investing in regional assets (including skills, research capacity, clusters and niche products and services, approaches to finance and investment and partnership/governance structures) can support long-term, sustainable growth.

Reaching article’s aim was possible within literature review from the scope of regional policy, regions’ development – analysis and literature’s criticism method – and within analysis of legal documents being in force at UE level.

## **1. Smart strategy as the new idea for regions development**

Creating and implementing of the strategy requires an economic transformation of integrated and local attempt to creating and implementation of a policy. Regulations must be fitted to the local context, in addition what should be remembered that there are existing different ways to the regional innovation and to the regional development. Belong to them, among others:

1. Renewing of traditional sectors through undertaking actions about the highest level of the addend value and new market niches.
2. Modernization by accepting and spreading of new technologies.
3. Technological diversity from current specialisations towards together tied fields.
4. Drawing new economical actions up towards radical technological changes and by crucial innovations.
5. Research of new forms of innovation, such as opened innovations and innovations directed by users, social innovations and service innovation [*Strategie badawcze...* 2013, p. 4].

While major innovations often result from the commercialization of a core GPT invention, and its successive technological elaborations – such as: the double-condensing steam engine, the electric dynamo, the internal combustion engine, or the micro-processor – there myriads of economically important innovations that result from the co-invention of applications [Foray *et al.* 2009, p. 5].

The concept of smart specialisation in its regional meaning should be understood by the fields in which it may appear. In most of those fields there should be mentioned:

- the sectoral policy,
- an eco-system supporting innovation, growth and creation of new work places,
- the integrated approach through which the innovation eco-system supports high growth potential enterprises, sectoral niches and responds to societal expectations,
- plan which helps providing more added-value support services to all regional stakeholders.

However for pointing at specific fields of the smart specialisation influence there should be stated some questions allowing to identify this instrument of regional development:

- who will make the strategic choices and how will the actors be associated?
- how will the smart regional specialisation be aligned with the new expectations in the field of societal challenges?

In other words – is the concept just a way to support a growth agenda or can it also be a path for quality development based on sustainable and social development requirements?

- what would be the scope of a smart regional specialisation strategy?

Answer at such questions has or the same level of complication as each region has got its own level of development. It is possible to distinguish, as important factors of the smart specialisation identification, such factors as support to endogenous development including the support to start-ups and innovation or recruitment of the new industry, talents and investors. Also special meaning for that path of regional development have diversification of products, services or just geographical diversification of existing industry upgrading of existing mature industry as well as improving innovation infrastructures and networks.

Taking into consideration smart specialisation aims in the region it is important to remember who will be responsible for validating the relevance of the smart regional strategy. The importance of showed factor is more clear when we can show dangers in its implementation which may be conservatism due to the influence of strong existing stakeholders and locally established lobby when it comes to the choice of the specialisation topics and means to support the process.

Other dangers can be find in lack of strong prerequisites such as: global vision of sector trends, equity capital value chain, skills related to the strategy focus, social or administrative and institutional capital and sectoral value chain.

In the other hand absence of territorial intelligence regarding may causes enterprise pipeline, knowledge cycle in a region, innovation capability (technology breakthrough, lack of technology or knowledge absorbers). Also sustainable funding, international cooperation and strength of the support service value chain can be pointed as factors having influence at the shape and place of smart specialisation in regions.

At regional level, an smart specialisation strategy can be structured as follows:

1. An initial participatory and consensus exercise that must identify and select those sectors/technology domains where the region is going to prioritize its efforts and the available resources. The idea is to lead the process from a “bottom-up” approach with a “top-down” support from the regional government.
2. The policy making must define and implement the priorities through realistic, reachable and measurable objectives, and specific initiatives connected to them involving all the economic and social agents.

3. The strategy must have a monitoring and evaluation system to update and have a high degree of transparency, which is a key element to raise the European regional policy funds [Castillo *et al.* 2011, p. 4].

Very important for the shape of smart specialisation on region is its implementation path with special taking into account tools which will be favoured: grants, equity, soft support, infrastructure. There should be pointed one preferable option for smart specialisation. This option can include picking the winners manifesting itself by potential beneficiaries with generic support services or option supporting the winners manifesting itself by targeted beneficiaries with high added value support.

The choose of the preferable option involves the criteria to evaluate the soundness of the strategy such as the process or the governance.

Above dissertations are already leading to the conclusion about actions which have been undertaken and actions which are supposed to be taken in the future to the shape and the development of the region. Following scheme depicts relations between them.

Of course there are many elements building the strategy of the region and having influence at its smart specialisation. But the most important is that the specialisation of the region, even smart specialisation, has got its source in economic action undertaken in the past. As above scheme shows the time of implementation of the specialisation is important – it is the present having influence for the future. And the future may be the effect of sustainable development by instruments being under disposal of self-governments units such as smart specialisation.

Regional diversity in pathways and models of innovation calls for differentiated policies, in order to maximize the potential of regional knowledge economies in Europe.

Most existing typologies rank regions in terms of high and low performance, suggesting that the differences are merely stages in following the same route, and that progress along this single pathway can be achieved by adopting good practice policies of the best performing regions [Wintjes, Hollanders 2011, p. 42].

For sure the smart specialisation is the concept which is going to expand its influence to regional policy. Because this instrument of regional development is set in the upcoming structural fund period 2014-2020 (and is also connected with the Europe 2020 Strategy) the impact of innovation system in regions is becoming its long-run.

Worth to remember is fact that smart specialisation is driven by European Union and is addressed to regional communities. It is mainly based on locally focused strategies (strategy process) and has the potential to improve the understanding of the regional innovation system.

## **2. Smart strategy in the policy of European Union**

The European Commission published its legislative proposals for the post-2013 Regional Policy and has included in this package a conditionality which would requ-

ire Member States and regions to generate a Smart Specialisation Strategy [*Common Provisions...* 2011, p. 137]. According to the Commission, the greatest expectation concerned to smart specialisation is that regional specialisation will allow to reach, at both – regional and European level – a sustainable economic growth in the medium and long term. It was the straight connection to Europe 2020 Strategy.

At the EU policy level smart specialisation origins are rooted in the work of the “Knowledge for Growth” Expert Group who defines it as „one simple idea” [Foray *et al.* 2009, p. 2] which should be understood at the outset that the idea of smart specialisation does not call for imposing specialisation through some form of top-down industrial policy that is directed in accordance with a pre-conceived „grand plan” [Foray *et al.* 2009a, p. 75].

Enforcement of smart specialisation into legal force suggested that entrepreneurial process of discovery what the member state or region does best in terms of science and technology.

That is a specific learning process to discover the research and innovation domains in which the region can hope to excel. In this learning process, entrepreneurial actors are likely to play leading roles in discovering promising areas of future specialisation<sup>2</sup>.

In 2009, an influential paper [*Communication...* 2010] produced by Barca [2009] provided a strong contribution to the debate concerning the future of regional Policy at development of the regions of European Union. It argued for a place-based approach to regional innovation.

The literature [McCann, Ortega-Argiles 2011, p. 62] referring to smart specialisation problem points to the need to test regional economic activity against the following three core principles which can be simply related to their aims:

1. Embeddedness – which can explain to what extent is the identified economic activity embedded in the regional economy.
2. Related variety – concerns diversification of economic activity which is close to existing competences – in example linked to current expertises, economics actions or events taking place in the region.
3. Connectivity – Smart Specialisation assumes a joined-up approach to regional innovation both internal and external to the region [Saublens 2011, p. 32].

The intelligent specialisation is indicating identifying of exceptional features of both assets of every member state and the region, underlining the competitive edge of every region and concentrating of regional partners and stores around the vision of their future directed at achievements.

This also means strengthening regional innovation systems, maximizing flows of knowledge and spreading benefits resulting from the innovation within the regional economy [*Strategie badawcze...* 2013, p. 2].

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<sup>2</sup> European Commission – Expert Group “Knowledge for Growth” Commissioner for Research Janez Potočnik.

The intelligent specialisation has got a key importance for the actual effectiveness of research and investments in innovations<sup>3</sup>. The main problem is which elements can define the smart specialisation best. Surely they are elements which may constitute a comparative advantage and its coherence as the very important link of the global value chain. Also there can be qualified some domains of technology being the priority as the part of strategy to reach competitive advantages. Last, but not least, the smart specialisation can be the identification of the regional related diversity in order of developing of new technology sectors.

## Conclusions

In accordance to Katz though that all regions need a new growth model [Katz 2010] it is possible to state that the current EU policy is concerning to innovation. At the same time innovation stresses the need to consider this in an holistic way and from a range of perspectives.

Not every region will have the immediate capacity for a high-tech approach to smart specialisation but this does not mean they have no regional assets upon which to build future growth.

Regions need to prepare better for this context and to adopt and adapt approaches to economic development and growth to gain a stronger foothold in the global market place.

Because of that it seems to be necessary to use, by regional self-government, to find the answer for many important questions connected to the region. Most important are the practical conclusion for regional government:

- (1) regions should see their comparative advantage not only as an asset in itself to build on but also as an opportunity to co-operate with other regions,
- (2) smart specialisation is the challenge to develop initiatives to cross-link technology areas, and last but not least
- (3) smart specialisation is the long-term political support and committed multi-level governance.

Self-government should ask the correct questions: about the strategy of the region and its contents, about sources of income – present and future as well as about taking part in global trade by relocation or outsourcing flows.

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<sup>3</sup> [http://ec.europa.eu/regional\\_policy/what/future/proposals\\_2014\\_2020\\_en.cfm](http://ec.europa.eu/regional_policy/what/future/proposals_2014_2020_en.cfm).

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