

Regional Innovation Cultures II: Future plans

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The project ‘Regional Innovation Cultures’ has progressed smoothly in its first year of operation. The paper “Innovating in the Periphery: Firms, Values, and Innovation in Southwest Norway” has been submitted to *European Planning Studies* and is currently under review. Earlier versions of the paper were presented at the Stavanger Innovation Summit (as “Culture for innovation: Cooperation and regional innovation in Southwest Norway”) and the Regional Studies Association annual conference (as “Open-mindedness, international cooperation and regional innovation: A study of regional innovation in Southwest Norway”). Furthermore, we chaired a successful workshop at the Stavanger Innovation Summit, with four international researchers presenting papers on related topics. The paper has also been presented in the local media, in the form of an op-ed article in the *Stavanger Aftenblad* and interviews in the *Rosenkilden* and *Univers* magazines. The project has greatly benefited from the close cooperation between IRIS and the LSE throughout the year.

The most interesting finding of the project so far is that – in contrast with cluster theories which highlight the importance of physical proximity and interaction – the ability of businesses in Southwest Norway to overcome geographical distance and link to the outside world is crucial in explaining the innovativeness of the region. The paper also touches on the role of other types of proximities (cognitive, organizational, social and institutional) in combating the disadvantages of peripheral location. We propose to deepen this strand of research by extending the current research on Southwest Norway in order to explore the main driving question from a comparative dimension. This will imply examining how other peripheral regions manage to overcome the challenges of geographical distance and draw on other types of proximities. The project is articulated into three successive stages:

Stage 1: In year one, a comparison of four Norwegian city regions (Oslo, Bergen, Stavanger and Trondheim) will address the following research questions: What are the main drivers behind innovation in Norwegian city-regions? How do firms in Norway manage to overcome the problem of geographical distance in order to remain competitive? Are there significant differences in innovative capacity and in the sources of this capacity among Norwegian city-regions? The study will examine whether the findings from the study of Southwest Norway are extendable to the national context or not, as well as the ability of our approach in explaining national outcomes. These questions will be addressed by means of a survey of management culture, cooperative relationships and innovation outcomes in the four city-regions. The survey will also address the question of whether the soft institutions identified in the study of Southwest Norway are specific to the region or part of a broader national framework, and whether the relationships that we have detected in the case of Southwest Norway work in similar ways in other regional innovation systems with different institutional contexts, allowing us to determine which aspects of business and management culture are common for innovation across the country, and which are specific to particular regions.

In this stage of the research, and if funding is awarded to both projects, we will cooperate with the ‘Innovative City Regions’ project. Cooperation will be centered on the development and implementation of the survey, enabling both projects to draw on economies of scale by being able to carry out a more extensive survey for a smaller cost. This approach will ensure that we

do not duplicate our efforts and unduly burden respondents by approaching the same people twice. Discussions have already been undertaken with Arild Farsund in this respect.

Stage 2: In year two, we will extend the analysis beyond Norway, by doing a comparison of all European regions and, in particular, of regions in the periphery of Europe. The study will address the broader question of “How do peripheral regions innovate?” This will be a quantitative study of all regions in Europe for which data are available, combining three potential sources of innovation: a) investment in R&D (using regional data from Eurostat and the OECD); b) regional social structure and education (using data from the same sources); and c) soft institutions and local institutional environments (using data from European business surveys and the European Cluster Observatory). This stage of the analysis will also include a geographical and a time dimension. The aim will be to identify which combinations of hard (investment in R&D, training and skills) and soft factors (institutional environments) drive innovation in the periphery of Europe. This stage of the study will build on and expand earlier work by Rodríguez-Pose (with Riccardo Crescenzi, LSE) on regional innovation in Europe.

Stage 3: In year three, a more targeted comparison of peripheral energy regions (such as Aberdeen, Groningen and Calgary) will be conducted. The key questions will be to examine how they manage to innovate and diversify and whether there are significant similarities or differences in their respective approaches to innovation. The study will focus in particular on regions where dwindling oil and gas reserves are casting doubt on the viability of their innovation and development models. This stage of the project will add the sectoral dimension that was missing from the study of Southwest Norway, while examining how the model works in different cultural and institutional settings. It would also be relevant for regional businesses and policy-makers as a way to examine how the institutional context in which innovation takes place in Southwest Norway compares with some of the region’s main international competitors. The study will allow us to disentangle the effects of being a petroleum region from the effects of soft regional institutions, thereby addressing face on ‘the Norwegian paradox’ of low R&D inputs combined with a high level of innovation. We will seek external funding for the collection of data at this stage.

Deliverables

Each of the three studies will result in a paper to be presented at the annual Stavanger Innovation Summit in June, where we will also undertake to chair a track on a closely related theme and attract international participation. Each of the papers will be further developed into articles for publication in high-impact international journals. We will also participate in at least one international research conference each year, presenting papers emanating from the project. We will continue to disseminate the findings from the project actively in regional and national media in order to ensure communication with stakeholders and will also contribute to the Centre’s workshop series.

Project plan

The project will continue to build on the fruitful cooperation between IRIS (Fitjar) and LSE (Rodríguez-Pose) over the next three years, with all papers being co-authored by both

researchers. The project will also seek to bring in junior researchers at IRIS and/or UiS (including Master's level students) with the approval of the Centre where this can benefit the project and the individuals concerned.

The project has strong potential for external funding from multiple sources over the course of the project plan. The national survey of different city regions, carried out in year one, should be of interest to funding bodies in the respective regions as well as nationally. We will apply to the newly established regional research funds, many of which focus on regional economic development, as well as to the Research Council's Demosreg programme for additional funding to carry out the analysis of this interesting and multi-faceted data on regional innovation and business development. Both these sources are expected to issue calls for research proposals during the spring of 2010. Alternatively, regional development organizations in the city regions may be interested in funding data analysis on their own regions, which would contribute to the overall study.

The European study of peripheral regions should be of significant interest for the European Union, in particular the DG Regio. This is a study area in which the Commission has showed a lot of interest in the past and which continues to be a priority. Rodríguez-Pose has previously done consultancy work on related topics for the DG Regio, the DG Research, the DG Employment and the European Investment Bank. For the study of energy regions, the regional research fund for Western Norway and Greater Stavanger Economic Development are once again potential sources of funding, as are equivalent bodies in the overseas regions. Stavanger has developed strong connections with other petroleum producing regions through the World Energy Cities network and there is a strong regional interest in these types of comparisons.