

OECD: Public Governance and Territorial Development

Innovation in the context of Rural Regions

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Outline

- Rural Innovation and metrics
- Systemic approaches to innovation
 - Innovation systems at national and regional levels
 - Ways of learning & “smart specialisation”
- Role for public policy
- Innovation for Inclusion
- Case studies
- Strengths of innovative rural regions
- Policy measures at regional level
- Conclusions

Rural innovation

- Is rural innovation ‘unseen’?
 - By the common metrics of innovation
 - By the ‘city region’ and ‘creative class’ mindset
 - Rural areas are ‘green space’
 - Creative class migrates to cities
- Yet there is substantial direct and indirect evidence that rural innovation is common
 - Studies of ‘differential economic performance’
 - Studies of ‘green innovation’ and ‘cleantech’
 - Studies of Innovation, Policy and Science (IDRC, SPRU)
 - Studies of regional innovation systems (Globelics)

Forms of Rural Innovation

- Agriculture, Forestry, Food Systems, Food processing & Supply chains
- Renewable energy
- Ecological sanitation
- Water governance
- Transformation of public goods (nature and culture)
 - Rural tourism and recreation
- Information and Communications technologies
- Creative economy
 - Attracting young entrepreneurs & ‘lone eagles’
 - Attracting new residents and returnees
- Education and Health – new delivery mechanisms
- Etc!

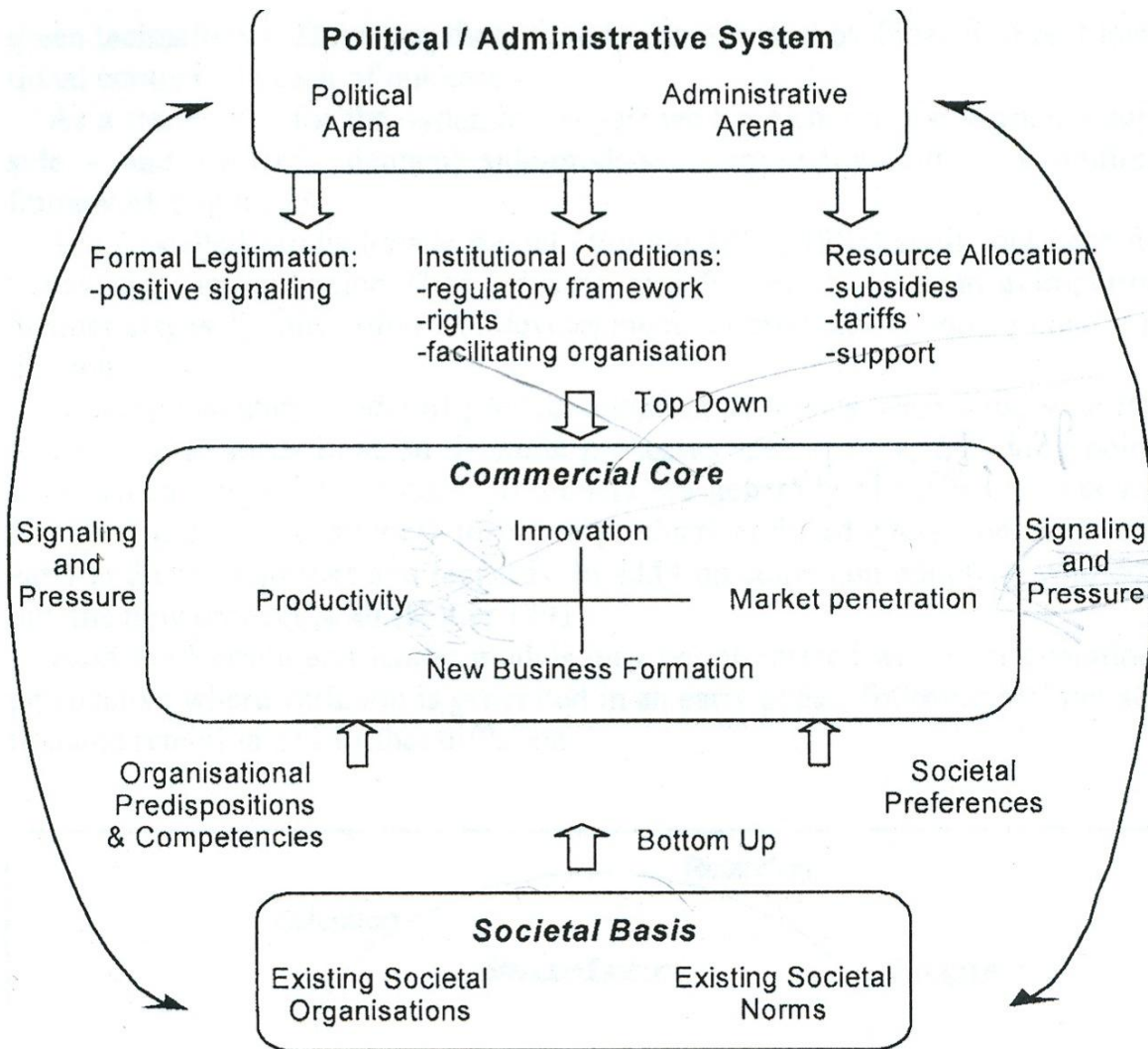
Systemic approaches to Innovation

- Innovation as a Learning System
 - Lundvall, Freeman in the 1980's, Senge, 1990, Foray *et al*, 2008)
- Ways of Learning (Anderson & Lundvall)
 - Searching
 - Doing (Rosenberg, 1982; Arrow, 1962)
 - Using
 - Interacting
- Smart Specialisation and knowledge market failures
 - (Foray, 2000; 2008)
- Regional Innovation Systems
 - (Edquist, Cooke, etc) (2000-)

Smart Specialisation

- “a learning process to discover the research and innovation domains in which a region can hope to excel” in which
 - “entrepreneurial actors are likely to play leading roles” because of “the needed adaptations to local skills, materials, environmental conditions, and market access conditions”.
- The necessary knowledge is unlikely to be “publicly shared knowledge, and instead will entail gathering localized information and the formation of social capital assets”.

The Social and Institutional Context for Innovation is important!



Role for Public Policy

- Regional innovation- knowledge process involves significant market failure for 'first movers'
- Foray *et al* (2009): since the social value of discovering the relevant regional specialization is very high, regional public authorities should have a strong interest in this process
- 3 Key roles for the public sector at both National and Regional levels are ...
 1. incentivizing the coming together of the relevant actors in the 'innovation platform'
 2. on-going monitoring and evaluation of the effectiveness of the process and its outcomes
 3. in complementary investments such as education, training, and R&D, addressing new knowledge needs of any specialisation

The new 3D agenda: Innovation for inclusion

- Direction. Who/ what is innovation for?
 - countering the role of powerful interests
- Diversity. Encouraging diverse pathways
 - sensitive to needs of marginal groups and to local ecological, cultural and economic contexts
- Distribution. Explicit attention to the distribution of benefits
 - inclusive and deliberative processes from the start
- Ref: STEPS: Innovation, Sustainability, Development: A New Manifesto. 2010

Some good cases of Rural-Regional Innovation Systems

- NK Finland: Forestry-bioenergy-district heating- related plant & equipment (OECD, 2012)
- PEI, Canada: Tourism based on natural and cultural resources (Stolarick et al 2009)
- Hultsfred, S.E. Sweden: Rock Music (Persson & Ceccato, 2004)
- La Pocatière, Quebec: Food and food manufacturing; manufacturing of rail and metro carriages (Doloreux, Dionne & Jean, 2007)
- Orkney Islands, Scotland: “Orkney Inc” quality branding crossing food, drink and tourism industries (Bryden, Courtney, Atterton, Timm and Hart, 2004)

Welcome to Hultsfred, Sweden!



<http://www.hultsfred.se/>

“Hultsfred – A Music Metropolis

25 years ago, Hultsfred was a place like any other. We led a rather anonymous existence next to Lake Hulingen. Of course, the parties at Blue Hall were well-known. And the fame of the Hagadal concerts, which had just gotten under way, was spreading. To the surrounding towns, at any rate. Otherwise though, it was mostly just the house factory that people had heard of ...

“Then something happened. The music took hold in Hultsfred. The Hultsfred festival got started and quickly became a tradition. Then more festivals came to town. Every one of them is at the top of its class. Virserum's Music Days for classical music and Rookie, which gives future stars a chance to air their talent.

“But Hultsfred is much more than its music festivals...”

Panoramic View: La Pocatière, Quebec, the College on the left



Bombardier Factory, La Pocatière



L'Institut agroalimentaire



La Pocatière, Québec

- A small, rural town of 6400 inhabitants, 100km N.E. of Québec city
- David Doloreux, Steve Dionne, and Bruno Jean discuss the long term evolution of this local innovation system in rural Quebec, and the role of institutions over time. (International Journal of Urban and Regional Research Vol 31.1 March 2007)

Key Points: rural regions with strong regional innovation systems have ...

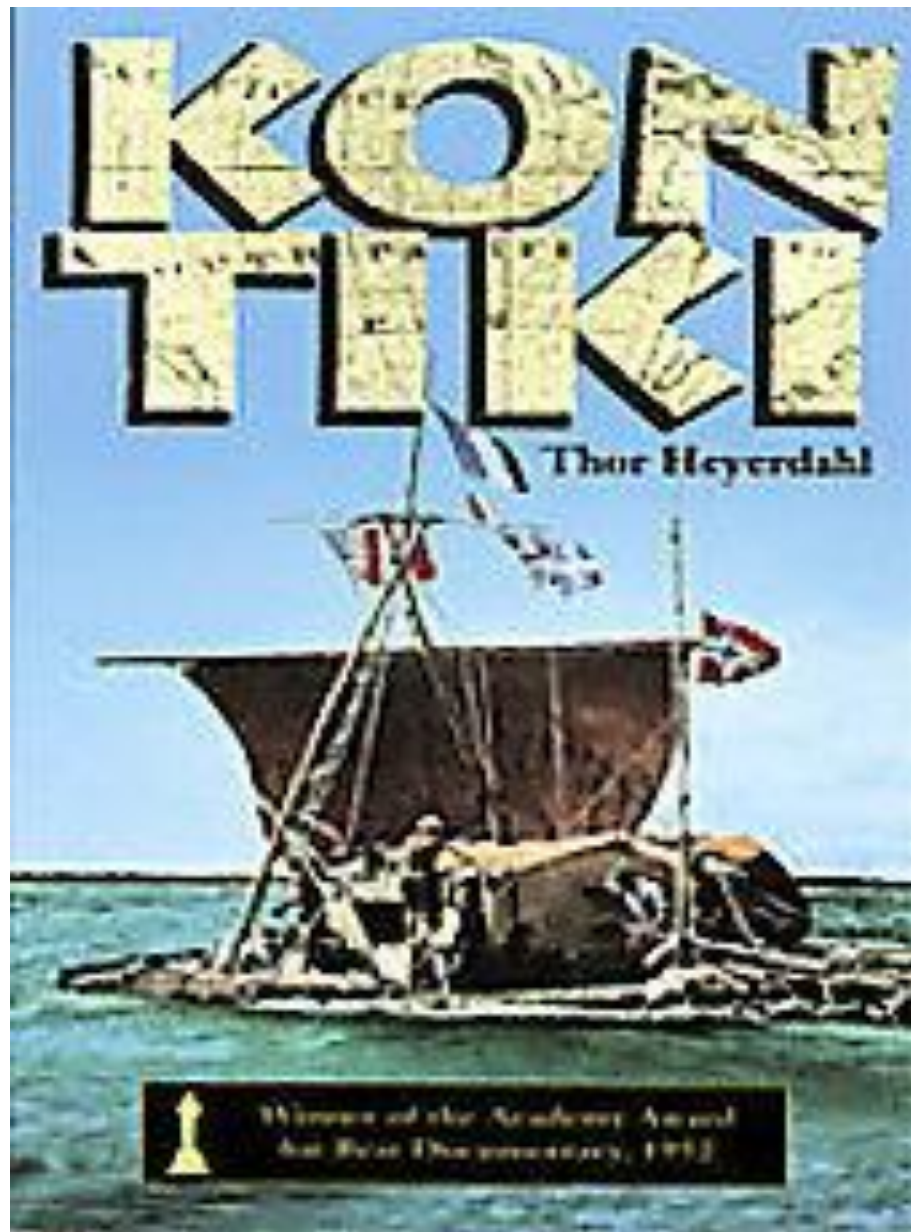
- Strong regional/local governments often play an important role as **facilitators** (not leaders)
- Often local government **ownership** of key utilities
- Strong regionally engaged university/**research institutes**/colleges
- Good **external linkages** with politics, research and enterprise
- Strong links and common activities between **different** regional actors
- Strong political and social **legitimacy** for innovation activities
 - Implies...
- Local **embeddedness** – history, culture, skills, natural resources
 - ...
- All of which give them an ability to ACT.

Regional/Local Policy Instruments

- Targeted innovation activities, including 'platforms'
- Municipal share of ownership innovative production and utilities
- Competence development
- Relevant R&D facilities & activities
- Marketing branding & promotion
- Sustainability objectives and linked activities
- Influence on national policies

Can local/ regional innovation systems be created?

- Using an innovation platform
- Platforms are “learning organisations’.
- In rural contexts
 - often ‘flat’ organisations with public (local authority), business, research, training, and
 - especially where dealing with public goods – NGO, partners and expertise.



Is it a Platform?

Why a regional/ local platform?

- Scope out possible ‘smart specialisations’
- Bring actors and sectors together to form and reach common goals and objectives
- Agree knowledge, skill and policy gaps and problems
- Share knowledge
- Monitor/evaluate process & outcomes
- Stimulate complementary investments
- Build links to national and international levels

Some problematics

- The capacity and power to act differs between regions and localities, and countries.
- Power issues are often ignored in studies of platforms and partnerships
- Innovation does not address needs of poor
- Innovation studies have an urban bias
- Public goods issues, patenting vs open source
- Need to cut across disciplines, ministerial/departmental and agency remits etc. to address real social problems
- Measurement/ metrics

Conclusions

- Rural Innovation and Rural Innovation Systems do exist, and are important
- But they do not exist everywhere, and - where they do - they evolve and change over time
- They can be stimulated
 - But there are no quick fixes
- Public policy has an important role
 - Public knowledge goods are involved
- New approaches are needed
 - Less hierarchical
 - More socially and politically legitimate
 - Platforms and partnerships – building knowledge & innovation together
 - Metrics/ measurement of innovation

THANK YOU!