

IN THIS ISSUE

REGIONAL INNOVATION STRATEGY

EDITORIAL AND CALENDAR OF NETWORK ACTIVITIES

2

MAKING GOOD ON INNOVATION POTENTIAL

3

Located in the Czech Republic, the Zlín region has a long tradition of innovation. Recently, however, this potential has lain dormant. A recent innovation strategy does not only highlight this potential, but also paves the way forward to put it to good use.

EUROPEAN INNOVATION POLICY

EIT: THE NEW FLAGSHIP FOR EUROPEAN INNOVATION

5

Put forward by the President of the European Commission, Mr Barroso, in 2005, the European Institute of Innovation and Technology (EIT) is a new initiative that aims to empower European innovation in the face of international competition and globalisation. It hopes to fulfil this ambitious remit by focusing on the knowledge triangle: education, research and innovation.

IRE EVENTS

IRE TRAINING SESSION: A DEEPER INSIGHT INTO INNOVATION POLICY-MAKING

6

To give participants a better understanding of the innovation policy-making process and equip them to face the challenges that will appear in their own regions was the objective of the first-ever IRE Training Session, held in Madrid on 16-18 April 2008. A total of 35 participants took part in three intense days which combined interactive lectures, case studies and group exercises.

IRE EVENTS

RELEVANT POLICIES FOR STRONGER REGIONAL INNOVATION SYSTEMS

8

Regional policies promoting innovation through collaboration were the key theme of the IRE conference "Innovation governance: Enhancing interaction in the regional innovation system" held in Rennes on 5-6 June 2008. While regional policy has a key role to play in this area, participants also concluded that it is crucial for policy-makers to improve their understanding of the true nature of innovation as well as of company needs to formulate relevant policy measures.

IRE PROJECTS

IRE GUIDEBOOK ON IMPACT ASSESSMENT AND BENCHMARKING

9

A brand new guidebook produced by the IRE Secretariat provides an introduction to the methodologies developed by eight pilot projects. These projects were carried out to help assess the impact of regional innovation policies and create instruments for inter-regional benchmarking. The guidebook highlights project conclusions for innovation policy professionals seeking to advance their understanding of impact assessment and benchmarking in Europe.

REVIEW

THE ROLE OF CITIES IN A GLOBALISED WORLD

12

When it comes to globalisation, it's as though we've heard it all before. "The world is flat" we are told, "It's a global community" or "We are living in the global village". What all these phrases imply is that, with modern communications and transport, it's almost irrelevant where we live as we can communicate from the middle of nowhere and fly to anywhere we want. Or is it? The latest offering by author Richard Florida, "Who's your city?" tells us that despite all these advances, where we live does make a difference.



Editorial

Does location matter in a globalised world? We are getting increasingly used to thinking that it does not – but this view is being challenged. The review article of this IRE Newsletter presents the latest book by author Richard Florida, who claims that the decision on where to live is extremely important since cities play a crucial role in fostering new ideas and creativity. We hope that this will be thought-provoking for those working to increase the attractiveness of their regions!

Changing people's way of thinking is not easy, but, as many IRE members have experienced, it is a central task of most innovation strategies aiming to promote innovative thinking and behaviour among individuals, companies and other organisations in their regions. The recent IRE conference "Innovation governance: Enhancing interaction in the regional innovation system" was built around the observation that a systemic view of innovation is gradually taking over from the previous thinking about innovation as a linear process, which placed less emphasis on regular contacts between regional actors. The conference presented results from the three IRE Working Groups that have explored how innovation policy actions can strengthen multi-actor collaborations within clusters and wider regional innovation systems as well as more specific knowledge transfer initiatives. Read more in the article on page 8.

Evidence-based policy-making is also a concept that is taking a more important place in the thinking about regional innovation policy. A new guidebook from the IRE Secretariat, introduced in this Newsletter, presents an introduction on ways in which the methodologies and tools developed by the regional innovation policy impact assessment and benchmarking projects carried out under the IRE umbrella can be used to provide such evidence. The intention with the guidebook is to facilitate the task for regions which are aiming to launch impact assessment and benchmarking activities.

With this, we wish all readers a nice and sunny summer!

The IRE Secretariat

INDICATIVE CALENDAR OF NETWORK ACTIVITIES

JULY

INSME Annual Meeting 2008: "Encouraging SME innovation and growth: Increasing capital access", Guangzhou (CN), 2-4 July 2008. [Conference website](#)

Conference on "Knowledge for growth – European strategies in the global economy", Toulouse (FR), 7-9 July 2008. Contact: information@knowledge-conference-france2008.eu. [Conference website](#)

NESTA research launch: "Path dependence and innovation in British city regions", London (UK), 9 July 2008. [Event information](#)

SEPTEMBER

Conference Baltic Dynamics 2008: "Innovation – key from slowdown to growth", Tartu (EE), 3-5 September 2008. Contact: Mr Henri Hanson, henri.hanson@sciencepark.ee. [Conference website](#)

Regional innovation strategy



Making good on innovation potential

Innovation can be compared to potential energy. This, as every physicist knows, is energy that is being stored and waiting to be converted to other forms of energy that can be applied. The same can be said in the case of innovation in Zlín. Located in the Czech Republic, the Zlín region has a long tradition of innovation. Recently, however, this potential has lain dormant. A recent innovation strategy does not only highlight this potential, but also paves the way forward to put it to good use.

Looking at the bustling city of Zlín, the administrative centre of the surrounding region which also carries its name, one cannot imagine its humble beginnings. Nor can one imagine it as the birthplace of a multinational corporation. And yet: At the turn of 1900s, the town's population was a mere 3,000 people. Thanks to the vision of local entrepreneur Thomas Bata and the shoe empire he created, its population increased more than 11-fold in the span of a few decades.

The region is once again looking to re-ignite the spark of innovation that made it so great. Its strategy in achieving this will involve a multi-pronged attack focusing on people and finance.

RIS — IDENTIFYING POTENTIAL

In January 2008, the region of Zlín completed its regional innovation strategy. As this was its very first strategy, the region acknowledged its lack of internal experience in conducting such measures. This, however, was quickly overcome with the support of experienced external partners and with help from the IRE.

The IRE Network offered its assistance in the form of methodological workshops. The RIS coordinators in the region found these to be an ideal forum for the development of the region's innovation strategy. During these workshops, they also availed themselves of the opportunity to talk about their efforts in developing an innovation strategy with other regions going through the same process, as well as with more experienced regions. Foreign experts encouraged the region's stakeholders to only propose actions which they knew were viable.

Despite identifying some obstacles, the RIS project was also able to highlight the strengths of the region, strengths which some did not even know they had. The project discovered that the region possessed a higher than average share of innovative companies in industry and services in comparison to other regions in the Czech Republic, as well as an increasing number of companies in the knowledge-based sector. Another strength they did not realise they had is the largest Czech organisation in the field of testing and certification, which moreover is unique in the EU: the Institute for Testing and Certification.

IT'S ALL ABOUT PEOPLE

However, some weaknesses were identified as having to be overcome if the strategy was to be a success. These included a lack of interest in vocational education among students, the unbalanced structure of the available labour force in the region, the low attractiveness of the region for the skilled labour force and the low number of employees in R&D. These factors contributed to the critical mismatch between the needs of the region's enterprises and its workforce. Therefore, one of the biggest priorities was to increase the level of cooperation between companies and academic institutions.

To achieve this, financial incentives are being proposed to support long-term internships in companies. These are expected to encourage students to take note of opportunities close to home instead of adding to the brain drain and leaving the region. They will also help to transfer experience to companies, through access to young graduates, but also to the students

themselves, as they can see the practical applications of their studies and benefit from the companies' know-how.

Also being prepared are seminars aimed at university students, to help them familiarise themselves with the concept of innovation, and at companies, to assist them in transferring knowledge and examples of best practice.

CALLING ALL ANGELS

Perhaps the most crucial of all are the financial aspects of an innovation strategy, and this is of most concern to entrepreneurs. The regional authorities of Zlín have limited resources and therefore cannot offer direct financing for companies. Instead, what they are doing is creating an innovation support base which will help save companies money. They are also looking into methods in which the absorption capacity of companies can be increased. In this way, the companies will be able to get the maximum benefits of structural funding.

Other financing opportunities already exist within the network of business angels. What is needed, however, is an appropriate method in which these angels can be incorporated in the Zlín region. Opportunities must be mapped appropriately, and the level of awareness about financing needs to be raised among enterprises. Once created, companies can be assisted in their search for the optimum form of financing for their innovation aims.

LOOKING OUTWARD

To help in formulating strategies and implementing actions, the region of Zlín looked outwards to other regions for good ideas and good practices. This is also in keeping with the Seventh Framework Programme and its Operational Programmes, which encourage cross-border cooperation. One project being assessed will see the formation of a knowledge cluster which will involve the regions of Moravia, Olomouc, Silesia and Zilina, as well as partners from Germany and the United Kingdom. Cooperation can then be further developed between the academic, public and entrepreneurial sectors of these four neighbouring regions.

Cooperation is being fostered not only in Europe, but also further afield, such as in China. A business mission was organised to the Chinese province of Shandong to explore possibilities for cooperation in the area of innovation. Interest in China has been growing in recent years, which is why Zlín sees it as a great opportunity that it was able to conclude a mutual cooperation agreement with the province. The regions hope that together they can advance common innovation projects.

While many companies are trying to establish bridgeheads in China, information still remains sketchy. Zlín, for example, found it difficult to access information on the number of R&D centres. The accessibility of information about Shandong also plays a key role in considerations as to whether to develop activities of companies in relation to the given territory. This is why the region researched the innovation eco-system of Shandong. This mapping exercise is akin to creating a treasure map, where X marks the innovation opportunities in the region. It lays the foundations for even closer cooperation during innovation projects, as well as the development of the innovation environment in both regions.

LOOKING FORWARD

The regional authorities in Zlín have identified a huge potential for developing the innovative environment. They hope to see this potential continue to grow, making the region an attractive location for innovating enterprises. This vision builds on the consolidation of a quality work force, nurtured in a structure that reacts to market requirements. Innovation activities and cooperation between the research and private sectors will be supported. These complementary actions are deployed with a single aim in mind: boosting economic growth in Zlín.

Further information: Zlín's [Innovation Strategy](#) and [Action Plan](#)

European innovation policy



EIT: The new flagship for European innovation

Put forward by the President of the European Commission, Mr Barroso, in 2005, the European Institute of Innovation and Technology (EIT) is a new initiative that aims to empower European innovation in the face of international competition and globalisation. It hopes to fulfil this ambitious remit by focusing on the knowledge triangle: education, research and innovation.

“Excellence needs flagships: that’s why Europe must have a strong European Institute of Technology, bringing together the best brains and companies and disseminating the results throughout Europe” said José Manuel Barroso, President of the European Commission, when first announcing the EIT. The initiative will hopefully breathe new life into the Lisbon process, generate new opportunities and help maintain Europe’s position as a global leader.

ATTAINING THE GOALS OF THE LISBON AGENDA

Acknowledging innovation as vital if Europe is to increase its competitiveness in the world economy, the Lisbon Agenda for Growth and Jobs has placed a high priority on fostering innovation in the EU. During a meeting of European leaders in Lahti in 2006, a 10-point programme for innovation was agreed upon, one of which was the establishment of the EIT.

The concept of the EIT is in itself innovative. Prior to its creation, no framework existed at European level where the best scientific, business and educational resources could be pooled in order to boost innovation capacity. The EIT provides this framework, and in doing so it will combine the three sides of the knowledge triangle: education, research and innovation. In the eyes of key policy-makers, these three areas lie at the core of the knowledge society — and consequently, the structure of the EIT will reflect them. The institute will have a mix of partners specifically designed to integrate and inseparably link these three areas.

Therefore, not only will the EIT attract the best and most talented students, researchers and staff from around the world, but it will also enable them to work side by side with leading businesses in the development and exploitation of cutting-edge knowledge and research, thereby enhancing research and innovation management skills generally. The integration of teams from universities, research centres and companies will give it an edge over traditionally organised universities or networks. Furthermore, it is hoped that the new EIT model will act as a catalyst for reform by inspiring change in existing institutions.

KNOWLEDGE AND INNOVATION COMMUNITIES

KICs, or Knowledge and Innovation Communities, are akin to clusters, with some existing KICs likening themselves to Silicon Valley. The Governing Board of the EIT will select from a range of stakeholders including academic institutions, research organisations and companies to form new KICs in the EU. These will operate autonomously. Every KIC will consist of at least three partner organisations, situated in at least two different Member States. These will include at least one higher education institution and one private company. Universities which take part in a KIC will also be encouraged to add an EIT label to the degrees and diplomas they award.

KICs will reflect leading-edge technology. Therefore, the first KICs will target climate change, renewable energy and the next generation of information and communication technologies (ICTs). These areas will help the European Union to face current and future challenges.

The KICs will be selected through a process that is both top-down and bottom-up. Teams from the academic, research and business sectors will come together and create potential partnerships in selected fields. Meanwhile the Governing Board, representing the top-down, would define the strategic interdisciplinary areas of operation in which the KICs need to be

established. These areas will represent key technological challenges in a long-term perspective, where innovative solutions and commercial advantages with a major impact on Europe's competitiveness can be generated. They should be areas with business relevance and an agenda between fundamental research and downstream applied research, particularly in new areas of enquiry which require a multidisciplinary approach.

The Governing Board will ensure the independence of the EIT, provide accountability towards its funding providers and society as a whole, contribute appropriate scientific and business steering competence, and also establish the proper dialogue and feedback mechanisms with the various stakeholders involved.

STRENGTHENING BUSINESS INVOLVEMENT

The EU sees the involvement of the business sector in the EIT as being crucial to its success and credibility. This is why the Governing Board will include representatives from the business sector who will assist in directing the EIT's strategic investments. Within the KICs, the role of business will be to ensure the commercial applications of knowledge outcomes. This will enable the private sector to contribute substantial financial, human and physical resources to KICs. Business will also have a role in defining education activities which should incorporate innovation management and entrepreneurial elements as integral features.

The EIT aims to attract a significant amount of funding from private sources, and an EIT foundation will eventually be set up to manage philanthropic donations. This will occur as the EIT builds up a global reputation and develops relations with private institutions. SMEs will naturally be invited to become partner organisations in KICs, like any other private company.

The Commission estimates that the institute will need an overall budget of EUR 2.4 billion for the first six years. These will be funded from a combination of private and public sources.

Further information: [European Institute of Innovation and Technology](#)

IRE events



IRE Training Session: A deeper insight into innovation policy-making

To give participants a better understanding of the innovation policy-making process and equip them to face the challenges that will appear in their own regions was the objective of the first-ever IRE Training Session, held in Madrid on 16-18 April 2008. A total of 35 participants from 16 countries took part in three intense days which combined interactive lectures, case studies and group exercises.

As the area of innovation policy develops and becomes more complex and advanced, so do the needs for knowledge and insight increase among those involved in shaping and implementing innovation policies. The IRE Training Session "Innovation policy design, implementation and evaluation" was organised to meet this need and gathered participants from regions with long experience of working with innovation policy, as well as from others where this is a quite new policy area.

BACK TO BASICS

What is innovation? This might seem a trivial question for a group of innovation professionals, but one aim of the training session was to challenge habitual ways of thinking. Participants were encouraged to reflect upon this question as part of an exercise inviting them to take the reins of a small, imaginary company.

Groups of participants were given the task of developing a traditional bakery, inherited from their aunt, into the most innovative bakery in Madrid. The groups showed great creative and imaginative abilities, delivering ideas that did not focus exclusively on business development, but also took environmental and societal concerns into account. Their ideas were related to all “four Ps” of innovation:

- **P**roduct innovation
- **P**rocess innovation
- Innovation related to the company’s **M**arket **P**osition
- Innovation related to the firm’s **B**usiness **P**aradigm (i.e. the business philosophy and model)

The participants also discussed the concept of innovation policy and how innovation policy is designed, and considered how different views on innovation, conflicting interests and politics in general as well as the presence of various actors and networks in a region influence the policy-making process. Using both their own experience and case studies from IRE regions, participants concluded that innovation policy-making deals with a wide range of challenges, for instance overlapping policy domains and limited policy competence.

FACING REALITY: FROM POLICY TO CONCRETE ACTION

Innovation policy shows its first, tangible effects when it is implemented through concrete projects and programmes. It is at this stage, however, that innovation policy is confronted with reality, and decision-makers’ real willingness to devote resources and efforts to it is put to the test. Persuading politicians to commit to innovation is not always easy. Innovation policy is less visible to the general public (i.e. the voters) than infrastructure investments such as motorways, for example. It also requires decision-makers to have a relatively high level of understanding — and the long-term vision on which truly effective innovation policy depends.

These considerations were the starting point of the second training day, which focused on practical steps and considerations to keep in mind when preparing the concrete implementation of innovation policies. Participants put the theoretical discussions into practice by designing innovation policy measures for a fictitious region and reflecting on how these should work to bring the desired results.

NEW TRENDS IN INNOVATION POLICY

In addition to a lecture on the monitoring and evaluation of regional innovation policies and a lively debate on the extent to which the public sector should meet company needs for innovation support, the last day of the training also looked ahead to the future of innovation policy. Three main trends were discussed:

- Globalisation of innovation, with a trend to outsource not only production, but also R&D and product development to other parts of the world
- Involvement of the end-user community in innovation processes, encouraging end-users to interact with the actors of the “triple helix” (business, academia and public administration) and input directly on the development of new, innovative products
- The use of innovation and communication technologies, which has paved the way for the creation of global innovation networks

These trends have an impact both on how innovation policies are designed and how they are implemented. Policy-makers can no longer focus only on their own geographical area, but need to understand that regional actors are playing on a global arena that does not take geographical or administrative limitations into account. Regions which fail to integrate these new trends might risk being left behind in the general progress of innovation.

The presentations as well as a summary of the IRE Training Session are available on the [IRE website](#).

IRE events



Relevant policies for stronger regional innovation systems

Regional policies promoting innovation through collaboration were the key theme of the IRE conference “Innovation governance: Enhancing interaction in the regional innovation system” held in Rennes on 5-6 June 2008. While regional policy has a key role to play in this area, participants also concluded that it is crucial for policy-makers to improve their understanding of the true nature of innovation as well as of company needs to formulate relevant policy measures.

The conference, which gathered over 70 participants from 19 countries, marked the end of the three IRE Working Groups that had been running for the past two years. Members of the Working Groups shared their experience and practical examples of innovation policy in the areas of regional innovation systems, clusters as innovation drivers and knowledge transfer between the research and business sectors.

CHANGING VIEWS ON INNOVATION – A TIME-CONSUMING PROCESS

Over the past years, the approach to innovation in the policies developed by IRE regions has gradually changed. At the outset, innovation was often viewed as a linear process where research organisations would develop results that could be taken over by companies and transformed into innovations. The main task of public actors was to provide intermediaries who could facilitate the transfer of research results. An increasing number of IRE regions have, however, realised that this view is too restricted. Innovation is an interactive process that involves many actors of various kinds, and far from simply being receivers of research results companies are often the main drivers and initiators of innovation. Innovation is therefore increasingly understood as a systemic process. The IRE Secretariat exemplified this by the fact that more than half of the regional innovation strategies developed from 2001 to 2004 have an explicit focus on regional innovation systems.

It takes time, however, for this improved understanding of innovation to really penetrate the thinking of innovation policy-makers and practitioners. “*The linear model is dead, but it won't lie down*”, were the words of Mr Per Koch of the Research Council of Norway, who pointed out in his presentation that even though the systemic model of learning and innovation is taking over in innovation policy-making, it is harder to communicate and understand. Some participants in the group discussions organised as part of the conference viewed the fact that the linear understanding of innovation sometimes still prevails as one of the factors leading to the establishment of non-innovative and less effective schemes for knowledge transfer between research and business. A change in thinking is needed to be able to put useful support actions in place.

INNOVATION SYSTEMS GOING GLOBAL

Both national and regional policy-makers today need to look outside their own territory and take globalisation into account in their policies. Trade is now taking place on a global scale, huge multinational companies have emerged and, even for small companies, the global market can be essential. Mr Rodolphe Uhlmann of Méditerranée Technologies, member of the Working Group “Clustering and networking as innovation drivers”, discussed three important reasons for innovative clusters to go global: gaining access to global markets, integrating global supply chains and global knowledge, and making the regional cluster visible and attractive to international investors. Supporting company clusters in entering the global arena is, however, a challenging task for policy-makers, and Mr Uhlmann emphasised that internationalisation support measures should reflect business needs and opportunities, not political interests.

Adding an international dimension to innovation policy also has an influence on the context in which regional policy governance operates. The Working Group “Effective regional innovation

systems” has looked at innovation policy-making in a multilayer governance system, among other issues, and the Spanish region of Castilla y León was presented as a case study of what this means for an IRE region in terms of taking into account both national and European policies and bodies when outlining regional strategies and structures. It highlighted the need to establish coordination mechanisms both within the region and between the regional, national and European levels to achieve policy synergies.

OLD COOPERATIONS – AND NEW

The concept of public-private partnerships for policy actions is already widespread, but its importance remains. The Working Group “Knowledge transfer between universities and enterprises” has identified public-private collaboration as crucial for the establishment of knowledge transfer mechanisms, and illustrated this with Northern Ireland’s Science and Industry Council where business representatives take the lead in publicising the value of exploiting research commercially.

Ms Annika Sällström of Luleå University of Technology introduced a new kind of collaboration concept which is gaining importance in Europe, “Living Labs”. A Living Lab is a system for real-life user-centric research and innovation where ordinary users function as test pilots and co-creators of new products, services and social infrastructure. This allows companies to test their ideas with the users before they buy, thus increasing their “hit rate”, and it is also an efficient source of new ideas. The Living Lab concept extends the traditional cooperation triangle of business, research and public administration to a fourth component – everyday end-users, who are, after all, the ones to benefit from innovation in their everyday life.

The presentations and minutes of the conference are available on the [IRE website](#).

IRE projects



IRE guidebook on impact assessment and benchmarking

A brand new guidebook produced by the IRE Secretariat provides an introduction to the methodologies developed by eight pilot projects. These projects were carried out to help assess the impact of regional innovation policies and create instruments for inter-regional benchmarking. The guidebook highlights project conclusions for innovation policy professionals seeking to advance their understanding of impact assessment and benchmarking in Europe.

After some years of developing and implementing innovation strategies, many European regions are interested in obtaining a better overview of the results and impact of their innovation policies. The European Commission therefore launched eight [regional innovation policy impact assessment and benchmarking projects](#) three years ago to identify methods for achieving such an overview. Following the projects’ end in early 2008, the IRE Secretariat has compiled a guidebook conveying the essence of their outcomes and conclusions.

The approaches adopted in the regions participating in the projects and the way tools and methods were integrated have given rise to unique impact assessment and benchmarking methodologies. The guidebook focuses predominantly on describing a range of methodologies available for impact assessment and benchmarking activities. The direct experience of the individual impact assessment and benchmarking projects and the tools they have developed have been made available to others on the projects’ [websites](#).

IMPACT ASSESSMENT FOR EVIDENCE-BASED POLICY-MAKING

As the area of innovation policy matures and becomes more established, the political pressure on securing evidence of its actual usefulness increases. There is thus a growing demand for

tools that make it possible to measure the outcomes and results of innovation policies and establish if they allow regions to progress. Impact assessment can help to refocus policy support by showing that some actions yield little results or that insufficient efforts are going towards a certain policy objective. Moreover, making a policy choice implies an opportunity cost – if one alternative innovation policy is chosen, limited resources will usually not allow the implementation of another, parallel set of measures. Policy-makers therefore need to pick the policy that will add the greatest value, and impact assessment can provide the information needed to make the right choice.

Impact assessment for such a complex area as innovation policy does, however, involve a number of difficulties. The guidebook points out that even agreeing on a definition of what innovation is and what causes it is a challenge. Innovation is usually an incremental process of improvements of past developments or integration of existing technologies, which makes it very difficult to determine who and what makes it happen. All policy also takes place in a context with many influencing factors, and it is extremely difficult to identify the cause and effect of policy actions.

Having pointed out these – and other – considerations, each impact assessment and benchmarking project has developed its own way of addressing the evaluation and inter-regional comparison of innovation policy results. The guidebook outlines the projects' joint considerations on how the impact assessment and benchmarking process should be organised and conducted. Various approaches and tools are introduced, and the guidebook also includes brief presentations of the instruments and methodologies developed by each project.

KEY RECOMMENDATIONS FOR REGIONAL ACTORS

The guidebook concludes that impact assessment will be far more effective and easier to carry out if it is planned from the very conception of a regional innovation strategy, rather than added on towards the end of its implementation. A key recommendation is therefore that regions should plan their impact assessment model from the start of the strategy, incorporate assessment criteria into the innovation strategy design and clearly define the expected targets, outputs and outcomes from the outset. Other recommendations for regional policy-makers presented in the guidebook include:

- Respect regional diversity – all regions are different, and individual methodologies may be more relevant to some than to others. An appropriate methodology needs to be selected for each region.
- Do not imagine that necessary data will be available – often this is not the case. Research methods should be based on data that is actually available.
- Select suitable assessment indicators, and involve stakeholders and policy-makers in the definition of the methodology.
- Seek to institutionalise the evaluation process and consider it as a continuous learning process.
- Assume that over time the impact assessment process will evolve, and will in the future require changes in variables or indicators to be measured.

The "[Regional innovation policy impact assessment and benchmarking guidebook](#)" can be downloaded from the IRE website. Hard copies can be ordered from the IRE Secretariat (tel +352 441012 2200 or e-mail n.brahim@innovating-regions.org).

Review



The role of cities in a globalised world

When it comes to globalisation, it's as though we've heard it all before. "The world is flat" we are told, "It's a global community" or "We are living in the global village". What all these phrases imply is that, with modern communications and transport, it's almost irrelevant where we live as we can communicate from the middle of nowhere and fly to anywhere we want. Or is it? The latest offering by author Richard Florida, "*Who's your city?*" tells us that despite all these advances, where we live does make a difference.

Professor Florida has made a name for himself over recent years for putting commonly held perceptions under close scrutiny. Born in Newark, New Jersey, he is an expert in the field of urban planning. He is currently the Director of the Martin Prosperity Institute and Professor of Business and Creativity with the Rotman School of Management at the University of Toronto. His latest book, "*Who's your city? How the creative economy is making where to live the most important decision of your life*" continues on from where his previous books left off.

In 2002 his book "*The rise of the creative class: And how it's transforming work, leisure, community and everyday life*" caused quite a stir. In it he depicted the rise of a completely new social class. The creative class, he went on to explain, is the new engine of growth in the modern economy. These people create new ideas, new technology, and new creative content.

Now, Professor Florida makes the case that cities play a crucial role in fostering this creativity. Cities, he says, "encourage people to do more than they otherwise would, such as engage in more creative activities, invent new things, or start new companies." People, he argues, despite their ability to communicate anywhere in the world or the ease of travel, still congregate in certain areas. They do so, as he explains in his book, "because of the powerful productivity advantages, economies of scale and knowledge spillovers such density brings".

THE WORLD ISN'T FLAT – IT'S SPIKEY!

And because people are drawn to these "creative" cities, the end result is not a "flat world" as described by some, but instead, a "spikey" world. "Today's key economic factors – talent, innovation and creativity – are not distributed evenly across the global economy. They concentrate in specific locations," Professor Florida writes.

Using data to back up his hypothesis, Professor Florida isolates these spikes around some key cities. The tallest of these spikes centre around innovation hubs such as Seoul in Korea and San Francisco in the United States, which generate the most patents. Other spikes are concentrated on areas he terms as mega-regions. These include the greater Tokyo area and the Boston-to-New York-Washington corridor, both of which generate over USD 2 trillion in economic output, and the greater London region, which generates USD 1.2 trillion.

These cities produce what he calls a "clustering force". A power which not only attracts the key economic factors, but also acts as a catalyst which reinforces these factors. "In today's creative economy, the real source of economic growth comes from the clustering and concentration of talented and productive people. New ideas are generated and our productivity increases when we locate close to one another in cities and regions. The clustering force makes each of us more productive, which in turn makes the places we inhabit much more productive, generating great increases in output and wealth."

In the United States alone, over 90% of all economic output is produced in metropolitan regions, with the largest five making up 23% of it. These cities form loci of wealth and creativity which spill over into their surrounding metropolitan corridors, transforming them into mega-regions where a population of millions of people produces trillions in economic output.

FINDING YOUR PLACE

“Place remains the central axis of our time – more important to the world economy and our individual lives than ever before.” What’s more is that each location offers us something different, and we can congregate on areas that best suit our needs at each stage of our lives. For example, some areas offer better education services, or are safer, while others have a thriving job market.

Again, Professor Florida points out that these observations are not new, citing economist Dr Charles Tiebout who outlined the opportunity cost involved in choosing a place. According to Dr Tiebout, communities offer a bundle of services – and when we choose a place to live, we are not only selecting a location based on scenery, but also selecting the goods and services being offered. People, Charles Tiebout argued, “vote with their feet” in selecting a location which suits their needs.

Each location has something unique to offer people. Those with a passion for finance and a desire to be at the top of their field, for instance, will ultimately be drawn to New York or London, despite the associated high cost of living.

What also becomes clear in his book is that the size of a city’s population does not matter. What does matter is the skill level of the people entering the cities and the way of thinking they bring. Certain cities are becoming the focal point for the highly educated and entrepreneurial, who then reinforce the prevailing attitudes in that city. Other cities, the author adds, are focal points for certain types of personality traits. The most conscientious of people in the USA, for example, can be found to congregate in the Sunbelt.

The book appeals to the reader on many levels. It offers some deep insights as to the role of innovation in today’s world, and the role that cities play in encouraging it. It also engages with the reader on a more playful level, offering quirky data such as where the most neurotics can be found, and which is the best city if you are single.

Further information: http://creativeclass.com/whos_your_city

IRE SECRETARIAT CONTACT

Ms Elzbieta Ksiazek
IRE Secretariat project manager
2b, rue Nicolas Bové, L-1253 Luxembourg
Tel.: +352 441012 2256
Fax: +352 441012 2055
E-mail: e.ksiazek@innovating-regions.org

[Contact details for IRE Secretariat experts](#)

EUROPEAN COMMISSION CONTACT

Mr Alberto Licciardello
European Commission, Enterprise DG, Innovation policy development
Avenue d'Auderghem, 45 – Office BREY 6-77, B-1040 Brussels
Tel.: +32 2 299 31 71
Fax: +32 2 296 04 28
E-mail: alberto.licciardello@ec.europa.eu

In order to receive this newsletter, change the mailing address or to send in any material or announcements, please contact Ms Nathalie Brahim (n.brahim@innovating-regions.org, fax: +352 441012 2055).

INNOVATING REGIONS IN EUROPE
www.innovating-regions.org

Published by: IRE Secretariat

Address: 2b Rue Nicolas Bové, L-1253 Luxembourg, Fax. +352 441012-2055
contact@innovating-regions.org

Legal notice: Neither the European Commission nor any person acting on behalf of the European Commission is responsible for the use which might be made of the information contained in this publication. Any information given does not necessarily reflect the official position of the European Commission. In this regard, it should be noted that the information provided is considered to be of a preliminary nature and users should contact the competent authorities and other public or private organisations for more detailed information or for advice on particular courses of action.