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**REGIONAL INNOVATION STRATEGY DEVELOPEMENT IN WIELKOPLSKA
REGION (POLAND) – ONE YEAR BEFORE THE ACCESSION TO EU**

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ABSTRACT

The paper presents the recent progress in the preparation of regional innovative strategy for economical growth of Wielkopolska region. It has been developed in the framework of Regional Innovation Strategy in Newly Associated Country (RIS NAC) European project assisted by partner regions Brandenburg (Germany) and Marche (Italy) which will share their experience of their RIS/RITTS projects. Project is based on a process of cooperation between different players of the innovation system: enterprises, universities, research units, providers of financial and advisory services, regional authorities and public institutions. The project objectives, results of initial analysis as well as conclusions after phase 0 are presented.

INTRODUCTION

Several months before Poland will have joined the European Union – assuming that referendum gives the positive effect – some regions in Poland will already have their regional strategy for innovative development based on excellent standards and methodology prepared several years ago for over a hundred of European Community regions. 5 Polish regions succeed in achieving the possibility to put into practice the RIS NAC projects (Regional Innovation Strategy in Newly Associated Countries) – European partnership for development of regional innovation strategy in the frames of the 5th Framework Programme.

Many politicians from the EU as well as from the countries that are about to join the Community tend to see the future Europe as a federation of regions: strong and competitive, regions of a diversified potential, specific features and differences founded on numerous factors (inter alia cultural, geographical, economical, historical etc.). Certainly, each region foresees the development of innovation, entrepreneurship and intensive economical growth. On the other hand each region has its strengths and weaknesses, opportunities and threats. Such a diversity creates a great chance for effective unification of European regions and – due to competitiveness and complementarity – for the added value so desirable for all the European economy.

Currently Poland is divided into 16 provinces – regions of a great economic diversity, however all with the GDP below the EU regional average. Even though Wielkopolska is one of Polish regions that are relatively developed, still there is much to do for improvement especially in comparison with “average” regions in the EU. Two years ago regional authorities (among the precursors) prepared and accepted the strategy for development of Wielkopolska. Participation of representatives of politics, economy and science was very valuable, however the slump in the market as well as political changes during the past few years have effectively obstructed realisation of noble ideas. Poznań Science and Technology Park together with Marshal’s Office of Wielkopolska Province decided – basing on expertises we have so far – to gather once again the world of science, economy and politics around the idea of innovative strategy for development.

THE WIELKOPOLSKA PROVINCE

The Wielkopolska Province is one of the largest regions in Poland. In the terms of area it is the second largest in the country, and the third most densely populated. Its area is comparable to an average sized European state (for example, Belgium), or a European region. Almost 58% of the Province's inhabitants live in cities and towns. **Poznań**, including its suburbs has a population of almost 700 thousand. 9.2% of all businesses operating in Poland are to be found in the Wielkopolska Province. The basis of the Province's economy is the variety of industries, efficient agriculture and well-developed services, particularly in the commercial and financial sectors. This diversified economy undoubtedly contributed towards lessening the effects of the transformation process, and created favourable conditions for a market economy. After 1989, unrestrained societal activity resulted in a fast increase in the number of businesses, which currently amounts to approximately 235 thousand units, thus placing the Province third in the country. In the 500 largest companies in Poland, approximately 40 are from Wielkopolska.

The Wielkopolska Province is a fast developing region with great potential for further dynamic development. Future prospects are facilitated by the advantageous communication infrastructure. Wielkopolska is in a good location with respect to major European transit routes, that is, in the area connecting Western Europe with Russia. It is an ideal half-way house for foreign investors who trade with the East. This communication attractiveness is further enhanced by fast train connections between large cities in Poland and Europe and also by the fact that in Poznań there is a passenger airport. The Province is one of the most attractive with

respect to the absorptive power of the market. It is influenced by affluence higher than the country average, as well as by the high incomes of local companies amounting to 9.24% of the total income of legal entities in Poland. One of the advantages of the Province's economy is the value of foreign investment, which is high compared to the rest of the country. It is accompanied by a well-developed business environment and progressive transformation processes. The Province offers numerous business fields, which can guarantee success. Other areas of development include the manufacturing potential of local companies, also those in the process of privatisation. The most desirable investments should focus on increased quality, introducing new technologies and new organisational forms, which would enable the establishment of co-operation agreements. Because of its agricultural character Wielkopolska is interested in investments in the technical infrastructure of the countryside, as well as in investments energising the economy of those areas. In the nearest future there will be further opportunities for infrastructure investments alongside the new motorway. Tourism is another important potential sector of the economy. The most attractive areas for development are forests with lakes, however, this requires the development of an accommodation and tourism infrastructure.

An important factor in attracting business partners is the well-developed co-operation of Wielkopolska with European regions. The priorities of co-operation and partner regions were identified by the local authorities of the Wielkopolska Province. The main objectives include co-operation in economy, activation of the local labour market, restructuring of country areas, communication infrastructure, environmental protection, water management, science and education, culture, tourism and sports and youth exchange. Apart from international co-operation on a regional level, direct contacts with partner units are established by the many communities of the Wielkopolska Province. Co-operation facilitates, among other things, the operation of local governments, business contact revival, and promotion of regional folklore. The scientific potential of Wielkopolska is strong and significant in the country, and is mainly concentrated around Poznań. In the Wielkopolska Province there are 21 universities and schools of higher education (excluding 6 religious schools), and 18 are located in Poznań. It is also the seat of the Polish Academy of Sciences, with its 21 centres, 27 branch institutes and research institutes. Their work is mostly focused on agriculture and forestry environment, wood technology, natural fibres, metal working, applied chemistry and installation technologies. In Wielkopolska there are approximately 90 thousand students, which is almost double the number of students at the beginning of the 1990s. There are over 6.5 thousand academic teachers and 1.5 thousand employees of research centres. Poznań's academic centre is third in the country, after Warsaw and Cracow. Poznań's schools apply flexible methods of instruction. They introduce new faculties and specialisations, thus preparing their students for participation in economic transformation. They co-operate and share their scientific experience with acknowledged universities and schools in Europe and world-wide. The increasing interest of young people in higher education, particularly in economics, has been an incentive for the establishment in new private schools operating alongside the well-established state universities. Scientific achievements of Poznanian scholars in many fields represent the highest international standards and their achievements are widely recognised, not only in Poland.

INNOVATION IN WIELKOPOLSKA

Innovation is key to the economic development in the contemporary world. Wielkopolska will become competitive, if local enterprises introduce new products, technologies, management concepts - by making use of science as the source of new technology solutions. The most successful regions in Europe are those that have managed to create a favourable environment for innovation: a combination of financial and advisory institutions, a system of intermediaries in the transfer of technology as well as schemes of public incentives and support. Such an environment cannot be created by decree of authorities; it calls for a continuous dialogue of interests and initiatives involving the people of science and business. After all it is the market success that drives innovations.

Despite many strengths: relatively high productivity, high GDP and an ability to attract foreign investors, Wielkopolska has a low level of innovations, even lower than the weak Polish average. The huge research potential of the region has only some very weak links with the economy. There are not enough instruments for financing innovations - risky, but ultimately very profitable undertakings. If we wish to be a competitive region in the enlarged European Union, we have to change this situation.

REGIONAL INNOVATION STRATEGY PROJECT

Concept of the project.

RIS “Innovative Wielkopolska” is a project aiming to prepare innovation strategy to be implemented in the Wielkopolska region. The project is performed by 2 regional partners:

- Poznań Science and Technology Park of Adam Mickiewicz University Foundation, the project leader and co-coordinator,
- Marshal Office of Wielkopolska Province – regional authority, responsible for regional policy, and then implementing the strategy,

and by two partner regions experienced in RIS/RITTS projects:

- Brandenburg, Germany (project partner: ZukunftsAgentur Brandenburg gmbH)
- Regione Marche, Italy (project partner: regional authorities)

The project work is supported by regional and international experts. The international experts are responsible for methodological guidance and delivery of suggestions for strategic framework, pilot actions and monitoring system methodology. Regional ones are responsible for preparation of preview of existing situation and field research, the international and regional experts work together in preparation of workshops and analyses.

The project objectives

- 1. To promote innovation among Wielkopolska enterprises,** to develop instruments that facilitate innovation, encourage competitiveness improvement. The project will disseminate innovation awareness among companies, investigate the companies standing, their needs in the field of innovation, diagnose the barriers of development and develop strategic framework for improvement
- 2. To make the huge research potential work for the needs of the region economy.** It is already known that the links of science and industry are weak in the region. With help of partner region the situation will be evaluated, instruments for the strengthening the links will be proposed and discussed with the sector organizations the actions for the research activation will be prepared and tested.
- 3. To activate innovation in underdeveloped subregions.** The sources of underdevelopment as well as efficiency of instruments used so far will be analyzed. The actions to enhance internal regional cohesion will be designed and tested.
- 4. To build favorable environment for innovation** (support services, financing etc.). The innovation supply system will be analyzed, the relevance to the regional companies needs will be evaluated, the points missing elements of the system will be determined and actions to improve undertaken.
- 5. To make use of the collaboration potential with partner regions.** The capabilities of companies to collaborate internationally will be analysed, the possible fields of the cooperation will be identified. Concrete actions to stimulate collaboration between partner region enterprises will be undertaken.

The specific goals of the project are:

- raising innovation awareness among entrepreneurs in the region, to low innovation level in the region and can threat the region competitiveness.
- building consensus among all main players in region innovation, gather them around the ideas of the project, to turn in integrate diffused and dispersed system

- to diagnose of the real state in demand and supply of technology market and instruments to integrated both sides of the innovation process
- development of consolidated program discussed and agreed by wide region representations
- development and implementation of pilot action to test feasibility of the strategy and promote their needfulness
- development and implementation of monitoring system that will allow the regional authorities and Wielkopolska Innovation Network test efficiency of their work and adjust the program.
- use of international experience in the strategy building to facilitate the directions of work and avoid often mistakes and to determine the field of future business links avoid
- joined actions for economical and technology transfer collaboration promotion with partner regions.

Expected achievements of the project

- Formation of Wielkopolska Innovation Network, which will evaluate for the cooperation within the project and its structures.
- Analysis of the regional SMEs need and the existing instruments for their fulfillment
- Program of project activities
- Pilot projects – incentives for innovations
- Monitoring system
- Cooperation Forum
- Creation of Wielkopolska Centre for Interregional Economical Cooperation

Progress of the work

The phase 0 of the „RIS Innovative Wielkopolska” was successfully performed, all the planned task were done basically within the planned schedule, small difficulties did not influence the project process.

The biggest success of the phase 0 is strong involvement of strategic players of the region and general public support. This is reflected by the number of participants in Working Groups, conferences and Steering Committee. The most tangible sign of the regional consensus achieved is “**Wielkopolska Innovation Memorandum**” signed by the most prominent representatives of the key region institutions at conference summing up the phase 0. The social capital mobilized turned out to be bigger than the expectations and pose challenge for the project to utilize and streamline in the next phase. That will require bigger, than it was planned, involvement of WG members in the phase 1 activities.

The main specific project achievements are:

- establishment of the **project structures**: Management Unit, Steering Committee, Working Groups, team of experts,
- relay on **partner region experience** through the project meetings and training visits,
- **the project promotion** on 2 regional conferences, 13 meetings, 3 press conferences, website, patronage of the regional media,
- **initial analyses** to prepare work plan: previews in 5 fields prepared by regional experts, 5 workshops, summing up reports made by the experts after the workshops,
- preparation of **methodology and workplan for the next phase** adopted by Steering Committee,
- preparation of field research – **questionnaires and sample** to be interviewed.
- **management and networking** – good project secretariat, permanent contacts with IRE and PARTNER networks, contacts with EC, partner regions and other RIS NAC projects.

Results of the initial analysis

Initial analysis made on the basis of previews and 5 workshops has shown:

1. Entrepreneurship and innovation needs of regional enterprises.

- competitiveness of the region can be created through innovations implemented by companies,
- there is a lack of financial sources for innovation,
- entrepreneurs mentality - thinking in short term categories,
- the lack of need of creating new solutions in the companies thinking.

Analysis in the phase 1 in this field is intended to identify strengths and weaknesses of the regional companies as well as their potential. Due to this analysis effective actions leading to innovations are supposed to be planned as a realization of regional policy, structural funds or individual actions of supporting institutions.

2. Research and education supply (strengthening links of science and industry).

- the research and educational potential of Wielkopolska region is very high and this potential could be a driving force for economical development of the region,
- mutual links between science and industry are very weak,
- in the perception of science side the industry is not open for collaboration,
- in the enterprise eyes the science attitude poses barriers for collaboration,
- in the research institutions there is a lack of structure responsible for contacts with industry,
- the scientific institutions budgets depend on public financing – there are no expenses in acquisition of funds from the market.

The project aim is to analyse the reasons why the links of science and industry are so weak and to propose instruments stimulating collaboration of research institutions and companies.

3. Technology transfer services and financing.

- innovations cannot be developed without suitable financial instruments or technology transfer services,
- existing support instruments despite their multitude and diversity do not stand for the support base (especially in terms of financial dimension) for the innovative enterprises' needs,
- there is a considerable lack of the institutions offering financial support, especially the *venture capital* type,
- there is not enough communication flow among all the innovation process participants.

The project aim is to increase the effectiveness of the innovation supporting institutions through better adjustment to companies' needs.

4. Enhancement of underdeveloped subregions.

- sustainable development of the region requires strengthening of the less developed parts of Wielkopolska,
- the level of socio-economic development of the province of Wielkopolska is differentiated,
- in the less developed areas there is no sufficient innovative infrastructure,
- there is a need to establish an institution which would continuously monitor the demand for innovation in the industrial branches of the less developed areas.

The project aim is to work out effective instruments stimulating innovations for economical development of less developed subregions.

5. Interregional collaboration.

- there is necessity to strengthen industry staff exchange,
- there is necessity to increase ability of enterprises in Wielkopolska region to collaborate,
- concentration on branches and regions,
- enterprises are mainly targeted on contacts with Western European countries,
- there is a need to develop links between research institutions and enterprises from Wielkopolska and other European regions.

Competitiveness of the region depends also to a large extent on ability of international collaboration of enterprises, research institutions from the international collaboration environment.

Conclusions after the phase 0

- 1) The preparation of some pilot projects must start sooner, firstly to maintain the involvement of WG and SC members – to provide concrete perspective for the project results and secondly to increase chances to finance some of them by structural funds in the first period.
- 2) There is a need for more means of involvement for WG and SC members not to lose the social capital already gathered.
- 3) The project must closely collaborate with institutions preparing programmes within structural funds to ensure possibility for funding for the pilot projects.
- 4) There is a need for more communication between all project participants. That is why coordinator decided to involve one more person in the project secretariat. It will help in communication process and issue a project newsletter, not planned earlier.
- 5) Despite the fact that the project promotion was very wide there is a need for promotion of innovation in the region, which will make idea of the project more tangible for the public.
- 6) There is a need for involvement in elaboration of future programmes and the criteria of the projects in the field of innovation within structural funds. There is a plan to utilize WG members in that.

Specific objectives for phase 1

- 1) Analysis of the enterprises' innovation needs and their capability of interregional collaboration,
- 2) Analysis of the regional infrastructure and potential of innovation support,
- 3) Comparison of the adjustment of innovation supply (research services, financial products, business and technology transfer services, support centers) with companies' needs,
- 4) SWOT analysis of the region,
- 5) Specification of priorities and strategy framework,
- 6) Elaboration of strategy implementation plan,
- 7) Beginning of the preparations of specific projects for the EU structural funds.

The key success factors of a RIS project results from the main evaluation, studies of RIS project lessons from 7 years' experience

- need for strong political support for the project,
- importance of the members involved in Steering Committee,
- the key role of the project manager,
- solid phase 0 exercise,
- emphasis on identifiable outputs,
- need for pilot projects to maintain enthusiasm and to finance RIS exercises,
- involvement of the private sector in RIS project,
- favouring of staff exchange programme,
- well embedded experts and consultants in RIS project

CONCLUSION

Development of Wielkopolska Innovation Strategy will help the region to be competitive after enlargement of European Union. The vision of Innovative Wielkopolska – to be a region of:

- development of small innovative enterprises,
- development of research and new technologies,
- strong commercialisation of its research results,
- spin-off activity from universities and large business,

- effective networking of high quality innovation and technology support services

It is very important for the region to properly absorb the structural funds, after polish accession to European family. Regional Innovation Strategy will help to prepare appropriate projects to absorb this funds for innovative actions and investments.

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