INSTITUTIONALIZING EXPERIMENTATION IN INNOVATION POLICY: CHALLENGES AND SOLUTIONS IN UPSCALING

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- Government, as the policy principal, does not possess all the knowledge required for policy design and implementation
- A solution: **experimental governance**

Experimentation in innovation and industrial policy. Where it comes from?

2

Accountability (see Radosevic et al, 2023, 2023b) and institutionalisation challenges

- A disconnect between the rhetoric which calls for a more experimental public sector, and the reality of a public sector compliance culture that is intolerant of mistakes and failure (Morgan, 2016)

3

Institutionalization challenge

- The lack of solutions for institutionalizing experimentation beyond pilots (cf. policy labs)

- TIP literature, including JRC (2022) Playbook, does not provide a satisfactory solution to the governance challenge for complex transformative policies where numerous actors are involved and where, given the uncertainties involved, experimentation seems inevitable.

How to engage stakeholders

- Proponents of mission - oriented and TIP policies advocate either (Ulmanen et al. (2022):

  - *top-down approach (mission-oriented)*

  - or

  - promote *bottom-up*, self-organised stakeholder involvement *(transformative policy)*.

Policy practice has already generated relevant insights and lessons that could be used to implement transformative regional innovation policy, particularly PRIs:
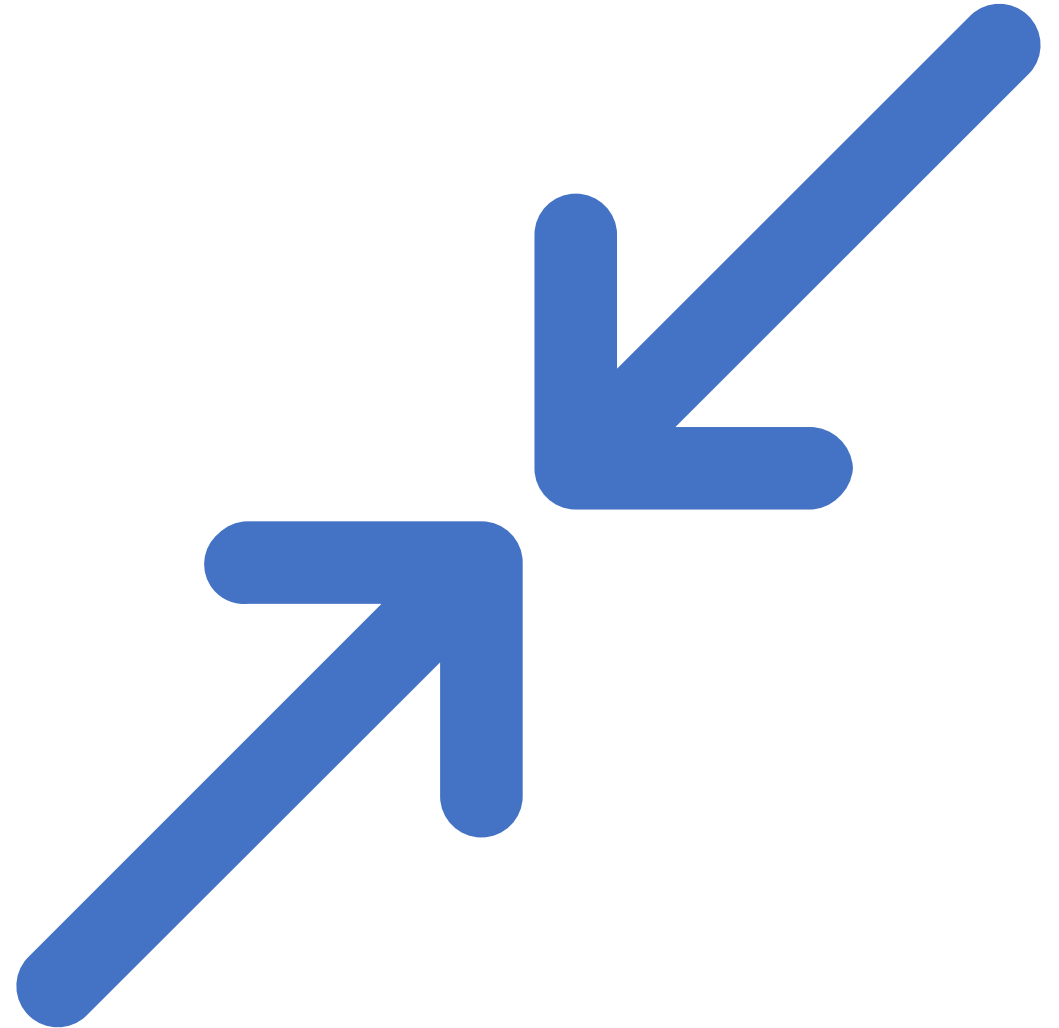
- **Advanced country cases** (based on in depth analysis of Public Private Innovation Partnership programmes):
  - VINNVÄXT programme (_Sweden_)
  - Innovation Performance Contracts programme (_Netherlands_)
  - Innovation Networks programme (_Denmark_)

- **Medium development level case**:
  - Smart Specialisation Strategy governance approach (_Slovenia_)

In institutionally different but functionally similar ways, network-based programs are characterized by the following distinctive features:

- Networks emerged driven by institutionally different facilitators!

- Facilitators have created space for communication and interaction to explore new options and solutions!

- Facilitators (pro)actively engaged in brokering activities!

- Brokers' scope of activities is not confined to R&D.

- Networking programs have matched support to individual needs!

- A distinctive feature of successful networking programmes is flexibility in all stages in the light of new insights!
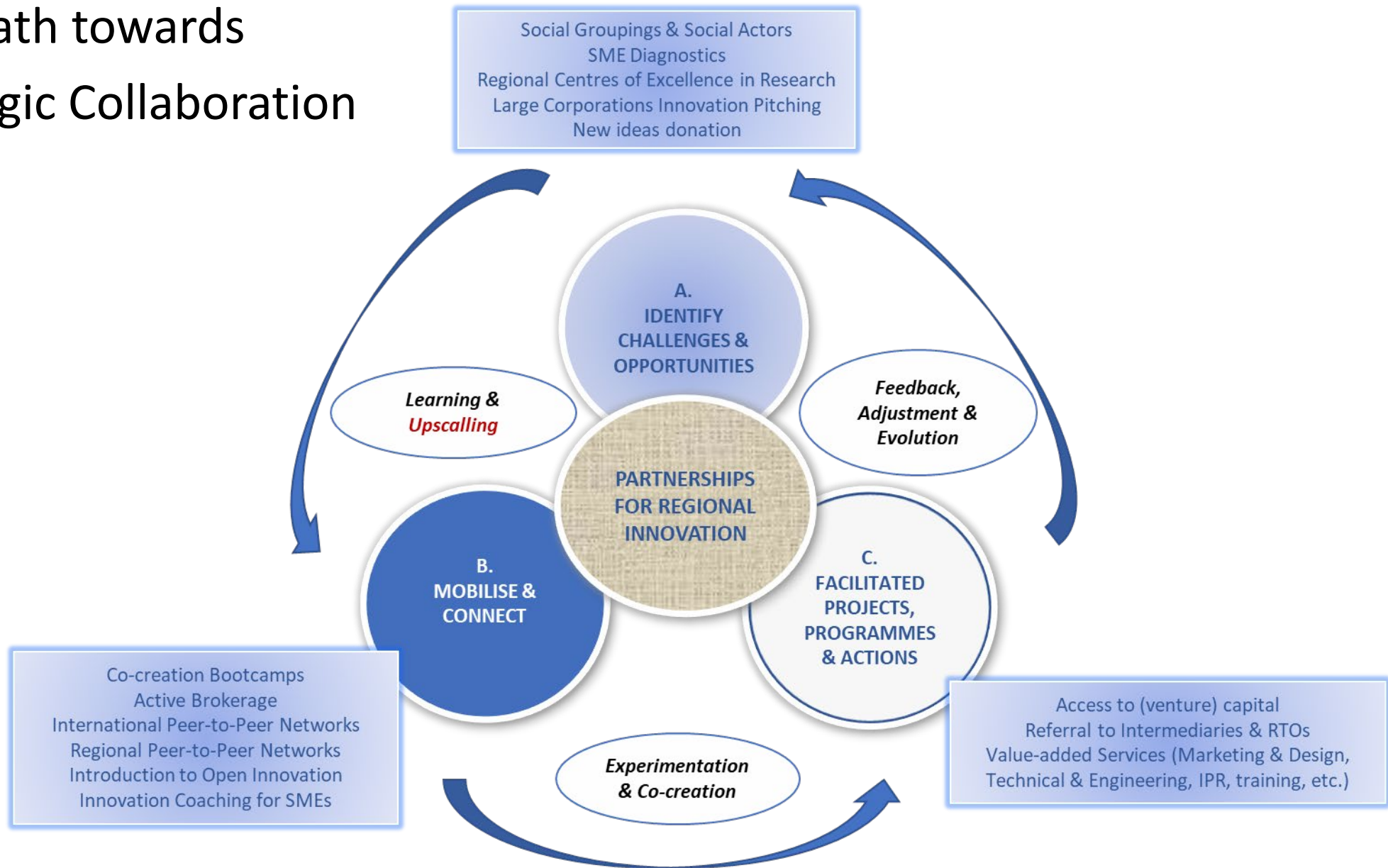
Key challenge which each of networks has (at least partly) solved:

* The bottom-line: to establish the institutional context 'in which an outcome will emerge **from interaction among decision-makers, each of whom is in pursuit of solutions to his own problems**', BUT who, at the same time, **commit towards the same goals** and converge their actions in **the same direction**! Lindblom (1990)

4. How to do it: Methodological foundations of PRIs

The path towards

Strategic Collaboration

Social Groupings & Social Actors
SME Diagnostics
Regional Centres of Excellence in Research
Large Corporations Innovation Pitching
New ideas donation

A.
IDENTIFY CHALLENGES & OPPORTUNITIES

Learning & Upscalling

Feedback, Adjustment & Evolution

PARTNERSHIPS FOR REGIONAL INNOVATION

B.
MOBILISE & CONNECT

C.
FACILITATED PROJECTS, PROGRAMMES & ACTIONS

Experimentation & Co-creation

Co-creation Bootcamps
Active Brokerage
International Peer-to-Peer Networks
Regional Peer-to-Peer Networks
Introduction to Open Innovation
Innovation Coaching for SMEs

Access to (venture) capital
Referral to Intermediaries & RTOs
Value-added Services (Marketing & Design, Technical & Engineering, IPR, training, etc.)

Action Learning as the underlying mode of Work of PRIs

- Through action learning, individuals *learn with and from each other by working on real problems and reflecting on their own experiences*." (McGill and Beaty, 2021: 11)

- 'Action learning' is **a 'highly situational' practice** (Gifford, 2005:2).

- But PRIs / LNs should be set up as:

  - *formal* inter-stakeholder *arrangements,*

  - with *explicit operational structure and business model*!

LN as governance mechanism

- LN are NOT networks that facilitate learning as a product of the policy process
- LN include all stakeholders in the I/I policy process, including SMEs, contributing as designers, implementers and beneficiaries
- Are formal arrangements with clear and well-defined thresholds for participation
- Have an explicit operational structure that includes regular processes and actions
- Have a primary target – specific learning/new knowledge about the experiential I/I policy implementation process enabled by the network, e.g. examining each other viewpoints and sharing expertise
- Assess learning outcomes which provide feedback on network operation (Tsekouras and Kanellou, 2018)

Conclusions & Policy Implications (1)

1. *Pilots and policy labs* as the mainstream institutional solutions to experimentation, at least in the context of the EU regional innovation policy, *face serious challenges*.

2. Transformative regional policies require *complementary national or regional government-facilitated approaches complemented by bottom-up driven* partnerships for regional innovation (PRIs).

3. *PRIs* should , within a formal context:

   - promote *learning and mobilisation* of *diverse coalitions* of stakeholders in a *common direction*

   - via *facilitation, brokering, negotiations, promoting syneriges and finding new solutions,*

   - in a constantly *adapting* context,

   - with chances of upscalling and enactment being improved when *embedded in a broader eco-system* with *(pro)active government*.

Conclusions & Policy Implications (2)

4. The 'thicker' the *initial institutional environment*, the easier it is to introduce more advanced PRI functions.

5. Weaker institutional environments will require greater committment due to lacking intermediary organisations, but also, e.g., with regard to ensuring accountability ➜ thus, *the weaker the institutional environment, the stronger the role for the government*.

6. *Stability* (~ political cycles) is essential for building *institutional capacities*, *relationships and trust* and thus for putting in place **virtuous cycle of co-creation and strategic collaboration!**

Thank you

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