S3-4AlpClusters- StressTest

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1   Introduction

With this document we would like to give you some further information about the StressTest idea and the S3-4AlpClusters project. The aim of the StressTest and some basic information about the methodology are described in the first section. In the next part the terms we use, like cluster organisation, cluster initiative or clusters are defined precisely. In the end you can find some information about the S3-4AlpClusters project.

2   S3-4 Alps StressTest

StressTesting of regional approaches conducive to the implementation of S3 through clusters is a transnational benchmarking-based learning approach. This approach determines how and where clusters can be effective in supporting industrial transformation, new value chain formations and employment generation in an integrated, coordinated and sustained manner. The overall aim is to find ways of designing and implementing modern cluster-based regional economic development policies. It also serves to draw maximum advantage of the regional cluster portfolio while shaping new industrial value chains and sectors. It is intended for regional implementation organisations, policy makers and business development entities that are interested in drawing comparisons with European frontrunner regions.

StressTesting addresses policymaking and implementation processes. This includes the role of clusters in the design of the S3 along with regional support schemes for cluster initiatives, coordination and alignment of S3 at the regional and national level. StressTesting also highlights the role of clusters in e implementation of S3. Benchmarking explores the role of a regional cluster portfolio in providing inputs for development and in testing innovation models initiated by cluster organisations.

The overall objective of the StressTest is to better understand the role that cluster initiatives can play in implementing S3 and how to improve the framework conditions for innovation induced by clusters and their SMEs. The underlying problem in the implementation of S3 has been detected at two fundamental levels: a lack of experience among regions on how to use clusters in the implementation of S3 and a lack of alignment between and knowledge about other regions' strategies.

The interplay between S3 and clusters implies a two-way relationship between the two concepts. An initial way to view the interdependency is to look at how S3 can be used to foster innovation processes and spark entrepreneurship within clusters ("S3 -> Clusters"). Turning the relationship on its head, existing clusters can also be used as a tool in the implementation of S3 ("Clusters -> S3"). That is where the StressTest can come into play.

The StressTest will mainly focus on the question of how and when clusters and cluster initiatives are used as a tool in S3. By including questions about the ability of clusters to implement new innovation models, the StressTest will also pave the way for considerations how S3 can contribute to the

process of defining new innovation models in further detail. It thus fully considers the two-way interplay between clusters and S3.

The approach provides regions with a unique opportunity to reflect on their past successes from a policy perspective and guide regions in their efforts related to the policy discovery process. It is very practical. In a time of ever-accelerating speed of change, Stress Testing provides policy makers and clusters with the opportunity to build the capabilities needed to support businesses and move them in the direction where opportunities are opening up. It provides high added value for frontrunner regions (to compare with others) as well as for less advanced regions to learn from more advance regions.

3 Key Concepts and Definitions

For the purpose of this report the key concepts and definitions are understood as follow:

- **Clusters:** Clusters are generally described as groups of specialised enterprises, often SMEs, and other supporting actors in a particular location that cooperate closely together.

- **Cluster initiatives:** A cluster initiative is an organised effort aiming at fostering the development of the cluster either by strengthening the potential of cluster actors or shaping relationships between them. They often have a character like a regional network. Cluster initiatives maybe managed by a cluster organisations.

- **Cluster organisations:** Cluster organisations are entities that support the strengthening of collaboration, networking and learning in innovation clusters and act as innovation support providers by providing or channelling specialised and customised business support services to stimulate innovation activities, especially in SMEs. They are usually the actors that facilitate strategic partnering across clusters. Cluster organisations are also called cluster managements.

- **Cluster participants:** Cluster participants companies (user and suppliers), academia or other intermediaries, which are commonly engaged in a cluster initiative. Given the case a cluster initiative has a certain legal form, like associations, cluster participants are often called cluster members.

- **Cluster policy:** Cluster policy is an expression of political commitment, composed of a set of specific government policy interventions that aim to strengthen existing clusters and/or facilitate the emergence of new ones. Cluster policy is to be seen as a framework policy that opens the way for the bottom-up dynamics seen in clusters and cluster initiatives. This differs from the approach taken by traditional industrial policies which try (and most often fail) to create or back winners.

- **Programme:** Programmes are vehicle to implement a policy, e. g. funding programme for R&D in environmental technology. In addition to programmes, policies are also implemented through regulation (= regulatory framework, e. g. law on consumer protection).

- **Smart Specialisation Strategies:** Smart Specialisation is a strategic approach to economic development through targeted support for research and innovation. It involves a process of developing a vision, identifying the place-based areas of greatest strategic potential, developing multi-stakeholder governance mechanisms, setting strategic priorities and using smart policies to maximize the knowledge-based development potential of a region, regardless of whether it is strong or weak, high-tech or low-tech[1].

We will clearly distinguish between clusters, cluster initiatives and cluster organisation to make it easier for the interviews to understand what is intended with the corresponding question.

4 About S3-4AlpClusters

Several EU regions have developed Smart Specialisation Strategies (S3) as integrated part of their regional innovation strategies. The challenge is to implement S3 through clusters in order to gain sustainable and inclusive growth while generating critical mass of economically viable activities.

There is a relative lack of knowledge about S3 in emerging economic regions of the EU. Both analytical and implementation tools must be developed in order to adapt S3 approaches in a way that will fully benefit SMEs. The objective is to improve framework conditions for innovation induced by clusters and SMEs and to create new jobs and employment opportunities. As implemented by clusters and cluster organizations, S3 can offer an innovative approach to improve innovation in the Alpine Space. Cross-regional approaches can serve to support coordinated actions between the different sectors/regions. Transnational cluster cooperation helps to achieve a critical mass of SMEs and enhances cross-regional collaboration to innovate for new products in areas of relevance to the Alpine Space.

Proposed project outputs include joint transnational cluster action plans and S3 stress test analysis of advanced and less advanced regions. This can enable agenda setting, strategy development and implementation. Additionally, it provides the basis for a synchronised scheme and an S3-based innovation model adapted to regional clusters. The result is better framework conditions for companies through tested innovation models and services.

The quadruple helix associated with the region benefits from these outputs and is better positioned to boost innovation. The work is jointly completed by pilot clusters, entrepreneurs, academics, and supported by public authorities, clusters and S3 experts. Cluster policies will shift "to concentrate resources on the development of those activities that are likely to transform the existing economic structures through R&D and innovation". The transnational approach bundles the strengths of the Alpine regions and participating SMEs towards smart innovation. They learn from each other through

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[1] Foray, D. (2015). Smart Specialisation, Opportunities and Challenges for Regional Innovation Policy, Routledge.

both good and bad practices. S3 partners' mutual knowledge facilitates the creation of framework conditions. The outcomes of previous Interreg and existing S3 and their implementation are taken into account.

For further information go to: http://www.alpine-space.eu/projects/s3-4alpclusters/en/home