

ENTREPRENEURIAL DISCOVERY PROCESS ACROSS EUROPE: TOOLS AND MECHANISMS

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- This policy insight focuses on the tools and mechanisms used by countries and regions to foster efficient entrepreneurial discovery processes (EDP), within their smart specialisation strategies.
- How this interactive process should be stimulated and organised remains highly context-dependent. There seem to be a significant heterogeneity across entrepreneurial discovery processes and within entrepreneurial discovery processes themselves.
- Existing institutions, culture and historical trajectory of innovation policy influence the ways countries and regions organise their entrepreneurial discovery processes.
- The ambiguity around the entrepreneurial discovery process, in theory and practice, stems from the diverse interpretations that can be made of what the desired process should look like, and from the diverse regional contexts in which it is to be implemented.
- To organise successful entrepreneurial discovery processes we suggest focusing on interventions that: (i) design/implement mechanisms around the specificities of the regional context; (ii) re-consider using digital forms of engagement; (iii) increase the use of communication and dissemination tools.

1. What this report is about

This brief presents some insights of the new evidence collected on the smart specialisation policy experience across EU regions and countries. The specific focus is on the tools and mechanisms used by countries and regions to foster efficient entrepreneurial discovery processes (EDP), within their smart specialisation strategies. The complete version of this analysis and the full references to the academic contribution referred to in this brief can be found in Perianez-Forte I. and Wilson J. (2021).

2. Policy context

Smart specialisation strategies are built on the idea that territories should prioritise research and innovation investments as a pathway to the structural transformation of their economies, and that they should do so through a process of entrepreneurial discovery that draws on the collective intelligence of businesses, universities, government bodies and other key territorial actors.

Stakeholder collaboration (entrepreneurial discovery process) is one of the key elements for smart

specialisation strategies and a core element of the European Regional Development Fund (ERDF) Enabling Condition “Good governance of national or regional smart specialisation strategy” for the period 2021-2027. However, still, after years of implementation it is a challenging concept for most European regions and countries. Also, the COVID-19 crisis requires that the entrepreneurial discovery process is adapted to the new conditions where it is more difficult to have personal meetings.

The entrepreneurial discovery logic has recently been described as meaning “that the targeted transformation will not follow a path that is decided from the top but will be discovered as the process unfolds”. Alongside the directionality implied by smart specialisation, in terms of targeting policy and funding towards specific priorities, its distinguishing feature is precisely this dynamic *unfolding process*. However, as several authors have pointed out, the dynamism of entrepreneurial discovery in itself is not an original idea and has historically occurred spontaneously in regions, as new paths are developed and structural change takes place.

What is novel is the formalisation of this dynamism as an explicit policy process. Indeed, for most public administrations, injecting dynamism into public policy engagement with stakeholders from across the triple- or quadruple-helix requires a fundamental shift in paradigm, from a 'planning' logic to a 'process' logic. Yet, precisely, how this unfolding process should be stimulated and organised remains vague and highly context dependent. In this sense the ambiguity around the entrepreneurial discovery process, in both theory and practice, stems from the diverse interpretations that can be made of what the desired process should look like, and also from the diverse regional contexts in which it is to be implemented.

3. Methods and data

The analysis draws on three complementary types of information:

- 1) *Literature review*;
- 2) *Survey data* including 79 valid responses from 19 EU Countries, 9 responses from national authorities and 70 from regional ones; responses came only from people belonging to the public administration and involved in smart specialisation;

The survey included five questions directly about the entrepreneurial discovery process, related to: (i) the instruments used; (ii) the quality of stakeholder engagement; (iii) the level of participation of different stakeholders; (iv) the importance of different types of contribution; and (v) the effectiveness of the entrepreneurial discovery process in different dimensions

- 3) *18 case study reports* across 7 EU countries and 18 EU territorial entities, 5 at the national level and 13 at the regional one. The case study reports were based on secondary data analysis and interviews with public officials and relevant stakeholders involved in the design, implementation and evaluation of Smart Specialisation.

The case studies addressed different dimensions of the entrepreneurial discovery process: (i) understanding of the continuous entrepreneurial discovery process concept; (ii) the organisation of the entrepreneurial discovery process; (iii) the

The policy context of this research

This brief is part of a research project developed within the Territorial Development Unit of the JRC and co-financed by the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO) in the context of the Smart Specialisation Platform activities. The research project explored four main themes: smart specialisation governance, the entrepreneurial discovery process, monitoring and evaluation systems, and policy implementation measures. Further references can be found in the "Read more" section.

mobilisation and engagement of stakeholders; an (v) capacity building.

4. Main results

Evidence collected suggests that there are three broad sets of findings influencing the success of the entrepreneurial discovery process and the selection of the mechanisms used for stakeholder mobilisation and engagement.

A highly context-dependent concept

The evidence collected from the cases suggests that there is a significant heterogeneity, both across entrepreneurial discovery processes and within entrepreneurial discovery processes themselves (in terms of variation in the process according to different priority areas, moments in time, etc.). This should be considered a strength, as a key premise of place-based policies is that they must adapt themselves to the context. Indeed, while an effective entrepreneurial discovery process relies on an adequate institutional context, capable of regularly engaging key stakeholders and filtering the emerging information in ways that aid policy decision-making, there are many ways of organising the specifics of this, depending on the existing institutions, culture and historical trajectory of innovation policy.

Diversity of policy instruments

If we zoom in on the types of mechanisms used to mobilise and engage stakeholders in the entrepreneurial discovery processes, the cases highlight a wide range of different instruments.

While the wide range of instruments and the different interpretations that could be given to many of them make it difficult to generalise, four key messages emerge from the combined survey and case evidence:

Firstly, **focus groups, working groups, workshops and forums of some description stand out as the preferred instruments** to engage stakeholders in the entrepreneurial discovery process, which is no surprise given the potential that they offer for deeper interaction.

Secondly, **online platforms appear less popular** in general, and in several of the cases there was mention that web-based engagement had not been very effective. Again, this is perhaps unsurprising, **although given the accelerated learning around digital forms of engagement that has taken place in the context of the COVID-19 pandemic during 2020 it is also likely that this perception is changing or will change.**

Thirdly, the relatively low perceived use of brochures, pamphlets, magazines, facts, numbers and figures to inform the general public, alongside comments some cases, suggest that the communication and dissemination of entrepreneurial discovery processes among a wider public than those directly engaged has not been a priority. Finally, **in terms of incentives** to engage through these instruments, while many of the cases cite **privileged information** about funding calls as a key incentive, there is also mention in some cases about the natural **commitment to a common cause.**

Importance of capacity building

When it comes to capacity building, we can see both widespread agreement on its importance for the entrepreneurial discovery process and surprisingly little direct action to reinforce it. This raises the question of the extent to which capacity building is naturally occurring and inbuilt within the entrepreneurial discovery process itself, capacities being developed through the very engagement of different actors. While this is a common view, there is also evidence that after several years of such learning-by-doing within the entrepreneurial discovery process, stakeholders still lack some of the capacities

needed to effectively engage in such processes. It seems imperative therefore to re-think this issue and continue to search for and learn from practices where long-term entrepreneurial discovery process-oriented capacities have been built.

5. Policy recommendations

The combination of case analysis with survey data, make it possible to propose some core features or dimensions that appear likely to influence the success of the entrepreneurial discovery process in most contexts.

Rules of engagement: In most cases it seems important to establish some rules of engagement. These can be more or less formal and more or less flexible, depending on the specific context, but some overall guidelines are important in terms of managing the expectations of different actors and setting the tone for continuity.

- ***Providing guidance and a clear set of codified rules of engagement*** for the role of the different actors involved in the entrepreneurial discovery process and the organisation of these activities (e.g. either formal or informal) seem to be welcomed by most participants as influencing the effectiveness of the process.

Mechanisms: The choice, effectiveness and evolution of mechanisms such as cluster initiatives, focus groups, working groups and stakeholder networks depend on the existing institutional context, and frequently suffer from a deficit in capacities among both the public administration and other stakeholders who are engaging in the entrepreneurial discovery process. The evidence collected suggests that the following policy actions influence the effectiveness of the entrepreneurial discovery process organised:

- ***Promoting the use of thematic groups or workshops*** reflecting their usefulness in allowing depth of discussion and exploration. These can also be progressively targeted to specific priorities and sub-priorities to generate granularity and integrate increasingly niche knowledge.

- **Supporting the use of funding calls** to link the entrepreneurial discovery process, with policy decision-making, as a generally well known and accepted mechanism among stakeholders. Funding calls are a key tool for quickly adjusting the direction of innovation policy towards supporting emerging priorities.
- **Increasing the use of web-based tools or platforms.** Given the steep learning that has taken place in the use of digital engagement tools during 2020, it seems worth revisiting their potential, particularly in phases of the entrepreneurial discovery process where lighter forms of engagement are required.
- **Promoting activities of wider awareness raising, dissemination or communication among the general public.** The use of entrepreneurial discovery processes beyond the realms of those directly involved also appear to be quite weak, which suggests an opportunity to better exploit the wider value of Smart specialisation strategies within regions.

Human resources: It is essential to ensure the right skills and resources for the operationalisation and continuity of the entrepreneurial discovery process (e.g. identification and mobilisation of relevant actors, studies and analysis, follow-up and communication activities, etc.). The entrepreneurial discovery process requires the presence of a combination of analytical, operational, relational and communication skills in public administrations:

- **Promoting training and supporting staff in developing networking and operational skills** which are essential to engage with relevant actors and experts, to effectively manage working sessions with stakeholders and to design and implement effective policy instruments.

interact well with others, build trust and solve conflicts. So as skills for **effective communication**, using adequate tools and messages tailored to the target audience, are required to provide stakeholders with information on project results and feedback on policy implementation.

- **Promoting capacity building initiatives** on the entrepreneurial discovery process for all quadruple – helix actors is central for promoting greater stakeholder engagement.

Altogether, the next smart specialisation strategies for the new period 2021-2027 of the European structural funds offer the opportunity to enhance the effective functioning of the entrepreneurial discovery process by taking stock of the lessons learned over the past few years and the current crisis.

Read more

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