



Baden-Württemberg

MINISTRY OF ECONOMIC AFFAIRS, LABOUR AND HOUSING

Policy Brief

Future role of regions and regional innovation strategies in the context of cross-border cooperation of SMEs

Introduction

Baden-Württemberg is one of the most innovative regions in Europe. Therefore, one of the main objectives of the state government is to strengthen the competitiveness of small and medium-sized enterprises (SMEs) and make them sustainable. In an increasingly globalised world and against the background of ongoing digital transformation processes, cross-border international cooperation among SMEs is gaining more importance. Essential goals of such cooperation can be:

- The bundling of most diverse competences of SMEs in order to better master the increasing complexity of innovations. The necessary competences are not always available in a region.
- The acceleration of innovation processes through cross-border cooperation with actors who already have the necessary preliminary knowledge.
- Generating cutting-edge innovations by collaborating with leading international players.
- The joint exploitation and commercialisation of jointly created innovations in an international context.

Accordingly, the European Commission has also been focused on promoting cross-border cooperation within Europe for some time now. The research framework programmes Horizon 2020, COSME and INTERREG are examples of funding approaches for international cooperation.

At the same time, the importance of regions in the context of transformation and innovation is growing. A well-developed, regional innovation system can significantly contribute to improve the innovation capacity and culture of economic and scientific actors and thus, ensure their long-term competitiveness. Accordingly, regional innovation strategies have been established as an important instrument of structural policy measures in Baden-Württemberg. In 2013, the RegioWIN competition systematically motivated regions, rural districts, cities and municipalities for the first time to elaborate a joint development strategy for a functional area with the relevant actors from business, society and administration.

Through the obligatory development and introduction of so-called Regional Smart Specialisation (RIS) strategies as a prerequisite for access to structural funding, the regions of the member states have also been motivated by the European Commission for many years to strengthen

their role as innovation drivers. Consequently, the regions have implemented such RIS in recent years.

Challenges in the context of cross-border cooperation

The structural and innovation policy approach of giving regions a stronger role as innovation drivers is clearly correct and has positive effects in Baden-Württemberg. In order to secure the local economic and innovation centre on a long-term and sustainable basis, SMEs will increasingly have to be able not only to specialise but also to diversify. New competences are therefore required which SMEs very often lack. As a consequence, SMEs will have to collaborate more with new, excellent partners that are not always located in Baden-Württemberg.

Due to the fact that SMEs must focus more on international cooperation in order to actively shape transformation and diversification processes, regional innovation systems and related regional innovation strategies should provide targeted support for these internationalisation efforts of SMEs; especially when a critical mass of SMEs in a region is exposed to these trends. Regional innovation strategies must therefore find answers to address the growing need for cross-border cooperation for the benefit of their SMEs. If an entire region is capable of designing thematic and regional focal points of such cross-border cooperation, optimal framework conditions can be created to enable participating SMEs to efficiently and effectively translate international co-operation with suitable partners into new products and technologies.

However, practice proves that most regions of Baden-Württemberg, but also in Europe, are still at the beginning in terms of internationalisation of their regional innovation strategies. In addition, there is often a lack of awareness and competence as well as of suitable tools to shape cross-border cooperation in a demand-oriented and target-oriented manner. Nor are the regional innovation intermediaries prepared for international cooperation that could provide benefits for SMEs. The existing EU funding programmes often do not meet individual regional needs and therefore are only suitable to a limited extent.

New approaches to facilitate cross-border cooperation for the efficient implementation of regional innovation strategies

The Ministry of Economic Affairs, Labour and Housing is convinced that, as a result of increasing transformation processes such as digitisation, electro mobility or demographic change, an intensified target- and problem-oriented networking of regional actors at the international level is becoming indispensable in order to make better use of existing synergy potentials. For example, there are actors and regions in Europe that have competencies in areas such as digitisation or alternative energy generation which are not available in Baden-Württemberg or which do not exist in a comparable manner. Therefore, SMEs in Baden-Württemberg need better support when choosing cooperation partners with whom they can most efficiently meet new challenges and thus secure their long-term competitiveness. Regional borders should not be a barrier here.

Regional innovation strategies, which promote needs-based, cross-border networking and create suitable framework conditions, can facilitate this process for SMEs. However, this also means that key regional innovation intermediaries, such as cluster initiatives and business development agencies, must increasingly be interlinked with cross-border networks in order to have the competence to actively support SMEs in cross-border cooperation.

For this reason, the Ministry of Economic Affairs, Labour and Housing's innovation policy approach primarily pursues the goal of anchoring according awareness at all levels (companies, innovation intermediaries and regional drivers) even more strongly. A further development of competence among innovation intermediaries with regard to how cross-border cooperation can be initiated in the interests of their SMEs, also remains an important objective.

The Ministry of Economic Affairs, Labour and Housing supports this approach by

- further internationalisation of cluster initiatives and business development agencies as important initiators of cross-border cooperation within the activities of the **ClusterAgentur Baden-Württemberg**.

- active engagement of the Vanguard Initiative, which strengthens cross-border cooperation to promote innovation between Europe's strongest regions.
- joint discussions with selected European regions on new funding concepts and concerning the question how the synchronisation of regional funding programmes – based on the example of the 2017 call for proposals within the framework of cluster funding – can facilitate the targeted cooperation of SMEs and research actors from different regions.
- information and support measures for existing EU funding programmes.

The state government will continue to pursue this new approach in the new ERDF funding period starting in 2021.

These measures should be seen in close coordination with other existing activities in the country, such as the Enterprise Europe Network, which also helps SMEs to gain EU research funding.

For more information: www.clusterportal-bw.de

Imprint

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