

The Creative Milieu: A Regional Perspective on Innovation

Cooke, P. and Morgan, K.

In: Dodgson, M. and Rothwell, R., (eds.), “The Handbook of Industrial Innovation”,
Edward Elgar, 1994

I. Introduction

p. 26 Innovation is first and foremost a collective social endeavour, a collaborative process in which the firm, especially the small firm, depends on the expertise of a wider social constituency than is often imagined (workforce, suppliers, customers, technical institutes, training bodies, etc.). In the regional agglomerations that the authors focus upon in this paper, it is clear that firms have benefited from not having to shoulder the entire costs and burdens of innovation. These costs and burdens have been spread throughout the region, in the shape of buyer – supplier networks, technology transfer agencies, trade associations and training consortia etc. These intermediary forms of self – organization, which inhabit the middle ground between “states” and “markets”, are especially important in regions dominated by small and medium – sized enterprises (SMEs) because, generally speaking, such firms tend to be handicapped by being both small and lonely.

II. Dirigiste Approaches

p. 27 Classically French in origin, modelled on Perroux’ (1950) concept of the *growth pole* or *technopole*, usually associated with a France *dirigiste* tradition, is becoming increasingly detached from centralist determination even in France. However, much the more interesting large – scale local and regional innovation projects are being developed in Germany.

p. 28 There, learning about the failures of old – style technopoles has led to a wave of relatively large – scale innovation initiatives. Not only is public – private partnership cemented in the formal constitution of such ventures but, for example in Aachen, start – up firms only continue to receive rental subsidies when graduating

from the laboratory atmosphere of the science park to the production atmosphere of the technology park, if they sign an agreement with a local “godfather” firm. Godfathers advise start – ups on business practice, keep them well – networked locally, and are intended to enable economic benefits to be retained in the locality. It is this kind of technopole that now carries more weight¹.

III. Grassroots Approaches

Where *dirigisme* is absent, a “soft infrastructure” of innovation support may emerge from the efforts of local, grassroots organization, perhaps municipal, perhaps private, possibly both.

p. 29 The key point about such grassroot methods of innovation support, especially but not exclusively in the Italian case, is that they have outlived their usefulness.

IV. The Network Paradigm

The regional system of innovation which many regions would most like to emulate is that of Baden – Wuerttemberg in Germany. This *Land*, created only in 1952, has consistently been one of the Federal Republic’s top economic performers in the past two decades. Its strength in innovation is built on “redundancy” in that many different institutions support it, including large and small enterprises, and one or two could be lost without the whole system suffering unduly². But because innovation is so well – embedded institutionally, scarcely any firm, however small, in need of innovation services, need be unable to access them locally.

p. 30 Next come the nine Universities, then follow the more applied research institutions such as the 14 Fraunhofer Institutes and the 64 other public non – University centres, ranging from international, through FRG, to industrial cooperative institutes. Most of this upper and middle part of the hierarchy deals with government and larger – scale industry. At the smaller end of the industrial hierarchy, the main actors are the technology transfer arms of Baden – Wuerttemberg’s 13 Chambers of Industry and Commerce, private consultants (who will also contract to large firms) and, unique to the *Land*, the Steinbeis Foundation. The last – named is a network of over 100 technology transfer centres, mostly based in Baden – Wuerttemberg’s 39

¹ Εδώ έχω ένα παράδειγμα του τρόπου λειτουργίας των τεχνοπόλεων στη Γερμανία.

² Herrigel, G., 1989

Fachhochschulen (polytechnics) for the services of which the SMEs make a contract with the transfer centre, 7% of the value of which goes to the Foundation. Thus, the Steinbeis Foundation is 95% self – funding.

This is clearly a rich and well – provided innovation system which acts as such. There are complementarities between institutions as well as competition. This mirrors the industrial scene where much of the dominant engineering industry is vertically disintegrated but functionally highly integrated³.

p. 31 Lessons can be learned and applied as appropriate. One of these is that “networking” can fruitfully be practised. A second is that, as in the French or Italian cases, collaborative solutions are often necessary to enable firms to continue innovating the better to compete. The third is that public – private partnership is more robust than state or market approaches to innovation.

V. Conclusions

In brief, the authors have shown that the *spatial* dimension, in the form of the *innovation milieu* is an essential part of the innovation infrastructure of the successful economic region.

A collaborative ethic is seen to be in the ascendant, not only between firms seeking to enhance innovative potential, but between the public and private spheres as well. Tying much of this together is a sometimes barely comprehended *modus operandi* referred to as “networking”. Innovation is increasingly a collaborative, leaning process. The evidence the authors have advanced suggest innovation is strongest where the networks linking the “soft infrastructure” of institutional support for business are most robust.

References

Herrigel, G., “*Industrial Order and the Politics of Industrial Change: mechanical engineering*”, in Katzenstein, P., (ed.), “*Industry and Politics in West Germany*”, Cornell University Press, Ithaca, pp. 185 – 220, 1989

³ Ενδιαφέρουσα η ιδέα της διάσπασης της κάθετης ολοκλήρωσης και της επίτευξης λειτουργικής ολοκλήρωσης, η οποία γίνεται ανάμεσα σε περισσότερες επιχειρήσεις.