PUBLIC SECTOR INNOVATION IN VÄRMLAND (SWEDEN) AND FINNISH LAPLAND (FINLAND)

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Summary

This policy brief provides an overview of public sector innovation, its relationship with the smart specialisation program, and the place specificities of Värmland and Finnish Lapland that enhance it. Both regions are characterised for having a low population density within the European context (Eurostat, 2020), and often classify above the European average for institutional capacities and innovation (European Commission, 2019), which provides a favourable starting point for public sector innovation. Besides this favourable starting point, aspects such as collaborations between key actors based on trust, and regional policies that facilitate agreements around a common agenda, are harnessed by regional practitioners, reflecting innovation from the public sector.

About the project

This policy brief is based on the ongoing research project 'Forests as resources and opportunities in regional development'. The project aims to contribute to the strengthening of regional innovation systems in Värmland, in relation with the transition to a forest-based sustainable bioeconomy. The project explores what it means for a region to transition towards a bioeconomy, and the processes through which regional actors build and implement such transition. The project is carried out with the case study of three European regions where strategies of smart specialisation and regional innovation systems are set in place to promote a forest-based bioeconomy.

What is public sector innovation?

Public Sector Innovation (PSI) is a new idea, practice, process or object coming from the public sector. It is a broad concept that involves both results and processes, hence PSI also refers to the ability of public sector to experiment, learn and change paths (De Vries et. al., 2016; Morgan, 2016). These processes are also known as policy learning and policy translation.

Smart specialisation as an opportunity for PSI

To promote regional development and access extra funding from the national levels or the European Union, regional councils often had to apply public policies defined in upper levels of government, leaving little room of manoeuvre for regionally tailored and innovative strategies. Although being a strategy designed at the European level, smart specialisation (S3) enables that room to be amplified. It is up to the regions to decide where and how to invest the human and financial resources according to their identified priorities, needs, and existing or potential assets (Foray, 2015; Morgan & Marqués, 2019).

The smart specialisation strategy S3

S3 is a strategy designed and promoted from the European Commission (Foray, et. al, 2012), that advances theory and practice of innovation and regional innovation systems. It is defined as a place-based agenda that focuses on regional priorities, needs and assets, regional competitiveness, place-based innovation, and collaboration between mainly the public sector, universities and industries but with ambitions to include civil society actors too. Regional policy-making processes are, therefore, crucial for a successful implementation. S3 should serve as a tool for regions to realise their regional development goals (Foray, 2015).
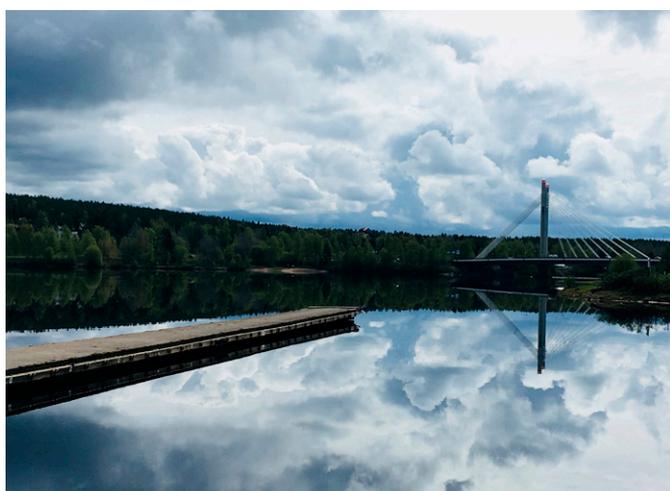
What elements are indicative of PSI?

One way to assess PSI is to look at the type of strategies that the regional councils are implementing to advance their selected S3 priorities. Some of those can be a repetition of what is written in the upper level policy documents; for example, providing innovation grants, facilitating and serving as a knowledge exchange platform for the industry and researchers, and working as public policy communicators and coordinators. However, a place-based innovation approach as well as priorities selected through participative processes, can lead to innovative and locally tailored strategies. For example, both regions have strategies to promote innovation through grants and knowledge exchange platforms, but also strategies tailored to their particular contexts. Finnish Lapland recognises that entrepreneurship is a key priority. Hence, they have designed strategies to connect local producers with local consumers using social media, and strategies to open up local markets connected to the tourist industry for local producers. On the other hand, aware that a great part of rural household's income goes towards paying energy bills, the regional council carries out an information campaign to incentivise the establishment of decentralised energy systems based on forest biomass in rural villages. Another example of PSI measured in terms of strategies created is the creation of the Academy for Smart Specialisation in Värmland. Led by the regional council, the Academy for Smart Specialisation is a collaborative platform between them and the local university (Karlstad University), that promotes, disseminates and fundraises research. It has become a strong asset for research and innovation in the region, and an articulator between researchers and actors from the public and private sectors.

Another way to assess PSI is to look at the flexibility and learning capacity of regional councils. It is important to look at evidences of policy learning, which can materialise in adjustments to the S3 strategy and in the search of new forms of collaborations and strategic coordination with private actors and civil society, with actors within and outside the region (Morales & Sariego, forthcoming). For example, Finnish Lapland's regional council has decided to redesign one of its areas of specialisation, after assessing their S3 program and realising that it was not bringing the expected outcomes.

Image 1. Rovaniemi. Source: author.

Image 2. Norra Klarälvdalen. Source: Margareta Dahlström.

What factors, specific to Värmland and Finnish Lapland, facilitate PSI?

It is important to note that Scandinavian countries often rank highly in innovation scoreboards. The European Innovation Scoreboard 2020, for example, classifies Sweden, Denmark and Finland as innovation leaders. Even if the innovation capabilities are not equal amongst all regions, most of them are classified above EU average (European Commission, undated). These indicators refer to private sector innovation; however, innovation is not a result but a process that often involves several actors, including the state (Trippl et. al., 2019). Hence, it can be said that Scandinavian regions have a good departure point for PSI. Additionally, together with S3, there are contextual and cultural factors from the regions that can be harnessed to improve PSI. First, the S3 program became a public policy agenda that is not only convenient in terms of providing alternatives for funding, but allows tailoring the strategies to existing socio economic conditions, natural resources endowments and industrial development. This in turn makes S3 a regional development and innovation policy that is easier to translate to the regional context when compared to past innovation policies. Second, demographic conditions such as a small population, joined with above average institutional capacities of the public sector (as mentioned above), enable collaborations and exchange between different actors based on trust, whether they belong to the public or private sector. These conditions also enable a sense of ownership of the policy, with a strong effect on actors' empowerment and commitment, facilitating agreements towards a common agenda. Third, S3 allowed strategic collaborations with already existing and well-established organisations.

Where to next?

A sense of ownership of the strategies, a common agenda concerted though S3, and trust to build key collaborations, are conditions existing in Värmland and Finnish Lapland that, when harnessed by regional practitioners, serve as catalysers of PSI. However, PSI is a process rather than a result. As such, it requires continued reflection from actors in the public sector, and continued collaboration of other private actors and research institutions or universities. It is important to recognise that part of PSI also depends on public funding; therefore, next conversations and agreements between incumbent actors could aim to anticipate and address the focus of the next funding period in the European Commission.

On the other hand, PSI also requires public actors able to experiment and try new forms of working and expanding collaborations to other actors from the civil society. This is especially relevant when it comes to assess the current S3 strategy and taking decisions over changes or adjustments.

It is also crucial that public actors approach PSI as a learning process, rather than a quantifiable result, understanding success and failure as both an acceptable part of PSI. Failure when it involves public actors and funding can be controversial, hence, the support from the public and regional politicians is key; strong governance supports processes of PSI.

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Centre for Research on Sustainable Societal Transformation (CRS)

The Centre for Research on Sustainable Societal Transformation at Karlstad University conducts multidisciplinary research on current and historical trends as well as future challenges. Our researchers work collaboratively across local, regional, national and international issues, and aim to contribute new research results and methods to the field of sustainable development and a range of other societal challenges.

CRS is an inclusive center that unites researchers from many different areas and with different approaches, which fosters a dynamic research environment. Some of the research questions in which our researchers are engaged include: How can we jointly use all the forest's resources in a sustainable way? How does digitization affect tourism and the development of visitor destinations? How is the day-to-day life of a family affected when moving from the big city to an urban area? How can we learn from local and historical knowledge for a sustainable future? These are just some of the issues within CRS's broad research fields.

CRS also runs a graduate school for doctoral students from a variety of disciplines. In addition to offering PhD-level courses, doctoral students are offered activities such as seminars and workshops, often with a special focus, such as academic writing or career opportunities after graduation.

In addition to research projects and postgraduate programs, CRS regularly organizes writing workshops, seminars and networking breakfasts to promote academic writing, research communication and networking.

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Region Värmland