



# Industrial Strategy at Local Level – What Policy Levers for Local Emerging Industries?

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# Structure

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1. Policy questions
2. Processes that may favour local emerging industries
3. OECD Local Emerging Industries project
4. Early findings from one case study
5. Conclusions



# 1. POLICY QUESTIONS



# Re-emergence of industrial strategy in OECD countries

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- Governments are returning to industrial strategy, but with more ‘targeted’ interventions (not subsidy, state control, protection)
- A place dimension is important for:
  - local catch-up
  - strengthening place supportiveness for national priority sectors
  - integrating policy silos
- Governments are seeking to define the place dimension – what to do, with which tools, which organisation arrangements



## Some key policy questions from governments

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1. Should policy just create a favourable local business environment, or also target specific sectors?
2. If sectors, which ones – existing local sectors or new global mega industries; related variety or unrelated; broad diversification or tight specialisation?
3. What policy approaches can successfully identify and stimulate emerging sectors locally?
4. How should policy approach vary with local context?
5. How can local action support national high-productivity sectors?
6. What about places left behind?



## 2. PROCESSES THAT MAY FAVOUR LOCAL EMERGING INDUSTRIES



# What processes could favour local emerging industries?

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## **Entrepreneurship**

- Start-ups, spin-offs
- Scale-ups
- Inward investment

## **Knowledge exchange**

- Knowledge generation in HEIs, companies
- Innovation collaborations
- Related variety industries

## **Skills**

- Skills base
- Entrepreneurial employees in SMEs and large firms
- Labour mobility

## **Policy capacity**

- Identifying diversification opportunities
- Accessing, steering, integrating national policy
- Bringing stakeholders together
- Avoiding lock-in to existing interests



# 3. OECD LOCAL EMERGING INDUSTRIES PROJECT





# What does the project involve ?

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1. Aggregate analysis of local entrepreneurship performance and ecosystems
2. Case study investigations – data analysis, stakeholder interviews in localities
  - enablers and bottlenecks for diversification
  - the policy process used
3. Collect case studies – prepare synthesis

Differences across local contexts (policy capacities, innovation level, density, sector bases etc.)

# Assessment Framework



Industrial structure of locality (specialisations – related variety)

## Possible local ecosystem bottlenecks

Finance

Connectivity  
infrastructure

Business  
regulation

Skills and  
labour  
mobility

Entrepreneurial  
culture

Knowledge  
generation

Knowledge  
exchange and  
absorption

## Policy capacity

Data and  
evaluation

Collaboration

Co-ordination

## Local entrepreneurship and innovation outcomes

Innovative  
start-ups

Scale-ups

SME innovation

Large firm  
innovation

Possible impact on local industrial diversification



## 4. EARLY FINDINGS FROM ONE CASE STUDY



# Pomorskie, Poland – Enablers and Bottlenecks

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- Large business support infrastructure – incubators, accelerators, science parks, start-up finance
- Good start-up rate – scale-up is the main challenge
- Leadership of biotechnology entrepreneurs has created an early-stage cluster
- Administrative barriers to the entrepreneurial university
- Scale-up finance lacking
- Non-selective strategy towards inward investment
- Links between large firms and certain universities but few interactions with SMEs
- SMEs lack skills and management practices for innovation
- Small scale of potential future specialisation areas (IT, biotechnology) – too early to narrow down?



# Pomorskie, Poland – Policy Process

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## Satisfactory formulation

- Private sector formed partnerships (with HEI, business support organisations, NGOs ) – for potential R&D funds
- Workshop to discuss and adjust proposals
- Expert commission of national and international academics
- 28 partnership proposals; 7 agreed for full assessment
- Narrowed to four by selection board

## Weak implementation

- No strategic goals or plan for how to develop each smart specialisation sector
- EU ROP R&D funds allocated with additional points for priority sectors
- Limited local actions beyond EU fund distribution



# 5. CONCLUSIONS



## Conclusions

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- OECD is developing case studies and analysis on the local dimension of industrial strategy
- Challenges going forward include :
  - identifying the appropriate regional entrepreneurial ecosystem influences
  - extending the entrepreneurial ecosystem concept from start-up/scale-up rates to include large and existing players and to diversification
- This is still early stage in government thinking and experimentation on local industrial strategy – hence the value of the project