

**REPORT ON THE FIRST SEMINAR OF THE RSA RESEARCH NETWORK
SEMINAR SERIES ON POLICY FOR KNOWLEDGE INTENSIVE BUSINESS
SERVICES (KIBS) AND INNOVATION IN REGIONS IN A GLOBALISED
ECONOMY**

**'Regional Geographies of KIBS' Friedrich-Schiller University, Jena, Germany
27th and 28th October 2010**

The aim of the seminar series as a whole is to contribute to further understanding of the role of KIBS in regional economic development in rural and peripheral regions in Europe and beyond. Since KIBS play important roles in systems of innovation, internationally, nationally and regionally, the overall aim is to contribute to theoretical explanations for KIBS activity, provide a review of methodological approaches, gather new evidence and thus to inform policy making.

The first seminar focused on regional and urban trends in the distribution of KIBS, especially in Europe. The purpose was to assess the state of knowledge on the geographies of KIBS activity, including patterns of change and methodologies for assessing locational developments in urban and rural areas.

The seminar welcomed nine presentations and around 20 participants from Germany, Belgium, France, The Netherlands and the UK. The seminar had a strong European focus, supporting a lively debate on issues surrounding the role of KIBS in different European and North American contexts.

After the introduction and welcome from **Professor Ulrich Hilpert (Friedrich-Schiller University, Jena)**, **Professor Helen Lawton Smith (Birkbeck)** introduced the Regional Studies Association to the participants, provided general information about RSA Research Networks and chaired the first session of four papers. These papers covered a diverse set of units of analysis and contexts from the activities of multinational companies through to the contribution of key individuals to innovation in KIBS firms.



Professor Peter Wood (UCL) set the general direction for the workshop with his presentation “KIBS and Regional Development: Lessons and Prospects”, reminding the meeting of the four research questions identified by the Network proposal: How does KIBS influence vary at and below the “second tier” of urban systems, between the dominant global cities where they tend to concentrate, including in rural and smaller town environments? Second, how can regional policy debate on KIBS be advanced in the light of modern research evidence?; Third, what have been the impacts of the global recession on KIBS? Finally, how far has new interdisciplinary thinking about KIBS improved understanding of their significance? Focusing on the first two, he examined the role of KIBS in supporting the evolution of modern regional information networks. They essentially complement client resources by augmenting locally available skills with specialist outside expertise. Policy issues include the reduction of unequal regional KIBS development through the promotion of regional information resources, and encouragement of KIBS entrepreneurship.

Next, **Anneelen de Vos (Ghent University, Belgium)** presented findings from her PhD research which used spatial analysis of the global co-location of multinationals and advanced producer services firms (APS) to determine demand influences on APS provision. She found that APS services in North America are dominated by New York, Chicago and Los Angeles, and that other cities tend to be underserved in

relation to their populations. Questions were raised about the possible reasons for such under-representation, and the comparative overrepresentation of APS in European and Asian cities. Anneelen stressed that in further research she aims to investigate the impact of other factors e.g. presence of skilled labour, the location of universities, the position in airline networks etc on service provision in North America and elsewhere.

Emmanuel Müller (Université de Strasbourg/ Fraunhofer ISI, Karlsruhe) opened his presentation by emphasising the need to direct future KIBS research into new avenues. He presented preliminary findings from a recent study identifying “knowledge angels” - creative people who drive new ideas in KIBS. He pointed at some distinctive features of creative people’s behaviour in different national contexts including China and Canada, as well as various European countries, and indicated that cultural variables may play important roles in shaping the behaviour of “knowledge angels”. The discussion centred on issues around possible problems of identifying “knowledge angels” and the need to explore further the cultural contexts under which creative individuals in KIBS operate.

Wouter Jacobs (Utrecht, Netherlands) endeavoured to explain the survival and growth of regional start-ups of KIBS by exploring the co-evolution between KIBS and MNEs in the Randstad Northwing region. He examined the positive relationship between the local presence of KIBS and MNEs and foreign direct investment. Discussion emphasised that the evolutionary perspective and role of institutions in shaping the KIBS landscape, still underexplored in the debate on KIBS, may bring some important insights.

Next day, **Peter Wood**, as Chair, declared the need to explore new directions in KIBS research as the focus for a special issue of *Regional Studies*. Helen Lawton Smith explained that a dedicated web site was to be set up at Birkbeck College, University of London to encourage continuing exchanges of ideas between Workshops. The five papers in this session had a common theme of dynamics of change in activities in KIBS.

Heidi Hanssens (Ghent, Belgium) presented her PhD work on the geography of advanced producer services transaction links in Belgium. Rather than assuming that cities are connected globally by establishing the mere co-presence of APS, her study focused on actual transaction links between APS firms and their clients. The main findings point to the dominance of Brussels as the most globally connected city in Belgium, and differences between domestic and foreign owned APS firms, with the foreign owned more likely to have their most important business partners abroad.

Andrew Johnston and Andrew Jones (Sheffield Hallam University, UK) studied the evolution of KIBS employment in Britain from 1991-2005. They illustrated their analysis with colourful maps and identified some peripheral regions with higher than expected growth in KIBS employment. Their research raised a number of important issues such as the pronounced city bias of the majority of KIBS research as well as the need to employ methodological tools from other disciplines (outside geography) to study the link between KIBS and regional development.

Simone Strambach (Phillips University, Germany) presented her work on knowledge dynamics and KIBS. This looked into the role of KIBS in generating cumulative and combinatorial knowledge dynamics and stressed that fostering knowledge dynamics should be promoted even if this does not lead to immediate value added. The paper prompted debate into the nature of innovation in KIBS, and the problems of quantifying innovation and knowledge generation in KIBS.

Johannes Glückler (University of Heidelberg) offered a new, pragmatic typology of services, showing that knowledge intensive services employment in Germany exhibits very different sectoral and spatial dynamics to operational and consumer services. He showed that KIBS in particular are more spatially concentrated and characterised by high growth but do not follow the same pattern of geographic expansion as operational and consumer services. It was acknowledged that consumer and operational services, which have been somewhat neglected in past research, may provide engines for future regional development, although further research should aim to identify their role.

Finally, **Ulrich Hilpert (Friedrich-Schiller University Jena)** presented work on the co-location of High Tech Industries and High Tech Services in the metropolitan regions in the USA, showing that metropolitan regions characterised by high employment in the financial sector were more hard hit by the recent economic crisis. He raised the question of whether service change can be treated as an independent phenomenon. His presentation spurred a lively debate on the different role of services in European compared with the Anglo-American economies, and its implications for recession.

A number of issues and future directions arose as a result of the debate during the workshop. These included problems of measuring innovation and productivity, and identifying knowledge flows. The different roles of KIBS were emphasised in different advanced economies e.g. Germany versus the UK, raising the controversial question of how KIBS may operate independently of a strong manufacturing base. The role of KIBS in the variety of regional economies is far from consistent, and future research should examine the influence of institutions, entrepreneurship and culture. More key issues will be addressed in the next seminar in London on the 28th March 2011, hosted by the National Endowment for Science Technology and Arts (NESTA). The topic is Innovation in KIBS and Knowledge Flows in Globalised Economy. We look forward to continuing collaboration with Jena participants and meeting London participants in March next year.

Maja Savic 30th November 2010



The official programme of the Jena workshop:

Regional Studies Association Research Network Seminar Series

**Policy for Knowledge Intensive Business Services (KIBS) and Innovation in Regions in a
Globalised Economy**

First Research Seminar

Regional Geographies of KIBS

27th and 28th October 2010 Jena, Germany

Senatssaal, University main building, University of Jena, Fürstengraben 1, Jena

All presentations are expected to last for thirty minutes, followed by ten minutes for specific discussions

Wednesday 27th October

15.-15.15 Introduction and welcome by Professor Ulrich Hilpert (University of Jena)

SESSION I:

Chair: Helen Lawton-Smith (Birkbeck College)

15.15- 15.55 Peter Wood (UCL)

KIBS and Regional Development: Lessons and Prospects

15.55-16.35 Aneleen De Vos (Ghent), Arthur S. Alderson (Indiana), David Bassens (Ghent), Ben Derudder (Ghent) and Frank Witlox (Ghent)

Co-location of Multinationals and Advanced Producer Service Firms in World Cities: A Spatial Analysis

16.35-17.15 Emmanuel Muller (Université de Strasbourg / Fraunhofer ISI, Karlsruhe)

Knowledge angels - seeking creative people in KIBS

17.15-17.55 Wouter Jacobs (Utrecht), Oedzge Atzema (Utrecht) and Frank Van Oort (Utrecht)

Explaining the survival and Growth of Regional Startups of Knowledge Intensive Business Services (KIBS): An Exploration of the Regional Co-evolution Between KIBS and MNEs in the Randstad Northwing Region

17.55-18.25 *Concluding discussion*

Thursday 28th October

SESSION II:

Chair: Peter Wood (UCL)

- 9.00-9.40 Heidi Hanssens (Ghent) and Ben Derudder (Ghent)
The Geography of Advanced Producer Services Transaction Links in Belgium
- 9.40-10.20 Andrew Johnston (Sheffield Hallam University) and Andrew Jones (Sheffield Hallam University)
The Evolution of Employment in KIBS Sectors: A Regional Analysis of Britain 1991-2005
- 10.20-10.35 Coffee break
- 10.35-11.15 Simone Strambach (Philipps University)
Micro-Dynamics of Knowledge - Firms, Organisations and Their Territorial Shaping (title to be confirmed)
- 11.15-11.55 Johannes Gluckler (University of Heidelberg) and Ingmar Hammer (University of Heidelberg)
A Pragmatic Service Typology: Capturing the Distinctive Dynamics of Services in Time and Space
- 11.55-12.35 Ulrich Hilpert (Jena)
High Tech Industries and High Tech Services in Metropolitan Regions
- 12.35-13.00 Concluding discussion
- 13.00 Lunch