Regional innovation governance in the context of European integration and multi-level governance challenges. A Case Study of North-West Region of Romania

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Abstract

In the last 20 years European Union fostered the innovativeness of regions as a mean of growing competitiveness in the context of globalization. In Romania the innovation governance has been implemented and considered only recently, in the context of its imperative request from the European Union accession in January 2007. Up to this stage, there are serious deficiencies in the innovation governance at regional level, especially because of the “lack of regional focus” of the innovation policies in the context of European integration and multi-level governance challenges in Romania as EU New Member State. The present paper presents the case of North-West region of Romania as a leading knowledge region and uses its success story as a model for the other Romanian regions. The experience gained in this region, before EU accession of Romania, through implementation of Regional Innovation Strategies RIS, in the purpose of identifying the regional innovation potential and encourage technological transfer between research and business communities and create a regional innovation strategy and a future action plan, and after Romania’s EU accession - through implementation projects funded by the 2007-2013 National RDI Plan, Regional Operational Programme and Increasing Economic Competitiveness Operational Programme etc., are convincing arguments to empower the role of regional innovation governance. According to the Romanian Innovation barometer, in 2008, the North-West region was the third region regarding innovation, after Bucharest-Ilfov, the region containing the capital city, and South-East region. The present paper identifies the determinants of success and sources of failures and makes policy recommendations for the local, regional and national government as well.

Keywords: regional governance; multi-level governance; innovation policy; regional development policy of EU; innovative regions; regional competitiveness;

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1. The concept of regional innovation governance

Innovation nowadays is at the top of the list of concerns of firms and development authorities for several reasons. Innovation seems to be the solution for some important global challenges as the climate change, the need to limit fossil fuel energy consumption and global economic crisis, Cooke et al., 2011. It is argued that, innovation is the engine of economic growth and, in order to create a proper socio-economic framework for innovation development, regional level has been given great importance. The importance of a medium level of innovation between the national and the local one of clusters and firms has been stressed by Asheim and Gertler, 2005. In the field literature, innovation is produced at regional level through regional networks of innovation, local clusters and the cross-fertilising effects of research institutions, Lundvall and Borras, 1997. Regional innovation systems reveal the significance of the regional level, focusing on localized learning and intra and interregional knowledge flows, Asheim, B., Cooke, P., Martin, R., 2006; M., Perry, 2010.

Regional governance consists in a large view of the rules, actions and institutions meant to coordinate a certain place at regional level, and is determined by the type of regionalization, as a process aimed at developing regions as entities located immediately below the central state, sub-national, and above the local level, supra-local. The regional governance is meant to regional structures, Benz and Furst, 2003. In the European Union EU, the competences of each region vary from country to country, and regions with different level of powers and competences distinguish from each other. In order to reveal the competences and decision powers of regions, Wiehler and Stumm, 1995, 244-245, after Cooke et al., 2011, made a classification of the regions in accordance to their powers: regions with wide-ranging powers, like the German lander; regions with advanced powers, like the Spanish autonomous communities; regions with limited powers, like the Dutch provinces and regions without power, like the case of Romanian development regions. In the EU Member States, the regional governance knows various forms of networking between local actors, resulting from the specificity of the organization of the state’s power in relation to the territory, from the specificity of the decentralization process, and from the European Union’s requirement, Dodescu, 2011. Literature distinguishes five types of regionalization, as follows: administrative regionalization, characterizes, as a rule, the unitary states: Greece, Portugal except islands, the UK except Scotland, Sweden, and – from the New Member States: Bulgaria, Estonia, Latvia, Lithuania, Slovakia and Slovenia, regionalization by cooperation between existing local collectivities, characterizes the unitary states – Denmark, Finland, Ireland and – from the New Member States – Romania and Hungary, regional decentralization characterized France, Sweden and as for the New Member States - Poland, the Czech Republic; political regionalization characteristic to the so-called regional states - Spain, Italy, Scotland and islands of Portugal, regionalization by federal authorities characteristic to the federal states: Germany, Austria and Belgium, Chirleșan, 2007; Diez, 2006; Stânciulescu and Androniceanu, 2006; Androniceanu and Stânciulescu, 2001.

Different regions from EU Member States have different regional approaches towards the governance of innovation, different institutional frameworks and governance systems. Regional innovation governance has grown in importance gradually in the last 20 years in EU. Starting with Regional Innovation Strategies RIS 1990-1993 and Regional Information Society Initiatives RISI 1994-1999 and continuing with the new generation of Regional Innovation Strategies RIS/RIS+ Innovative Actions 2000-2006, the Regional Innovation and Technology Transfer Initiatives RITTS projects, and the Innovating Regions in Europe IRE network etc. European Commission, 2002 - European Commission have attempted at providing a response to the need of regional governance. In current programming period – 2007-2013, we are assisting at the strengthening of the role of EU, through Cohesion Policy, in supporting regions to implement regional innovation governance, Council of the European Union, 2006. Moreover, through Lisbon 2010 Strategy and continuing with Europe 2020 Strategy, the European Commission aimed to enforce the innovation and determine regions invest more in R&D in order to increase their economic development. There is an integrated innovation strategy under the
Europe 2020 strategy - *Innovation Union Flagship Initiative* – focused on the aim to ensure that innovative ideas are translated into new goods and services that create growth and jobs, European Commission 2010a. Because a “*systemic vision of innovation*” at regional level characterizes only few developed regions throughout the European Union, Riche, 2010, and there is a general consensus that innovation is an “emergency” or an “imperative” in EU because is the “best means to help put the European economy back on track”, European Commission 2011a, a shift from actual linear and focused on R&D or science and technology model of innovation policy to an appropriate policy mix for supporting the overall innovation system and all dimensions of innovation and to create an “innovation-friendly” business environment are emerging challenges, European Commission 2011b, 2011c, 2011d, 2010b.

2. Regional innovation governance in Romania

In Romania, the innovation began to play an important role after the accession to EU became a real issue. The European Union set goals through two Strategies regarding the empowerment of R&D, namely The Lisbon Strategy 2010 and Europe 2020 strategy. EU supported the creation of Regional Innovation Strategies through the cooperation of regional actors and through creating regional partnerships. At national level, Romania is formed of 8 development regions without high decision capacity at territorial level. The Romanian “formula” of regionalization was adopted in 1998 and is a type of regionalization by cooperation between existing local communities and consists of the inclusion of the existing sub-national administrations into the 8 established development regions, by voluntary cooperation of the 41 existing counties, without legal personality at regional level, so Romanian development regions are not administrative-territorial units. In other words, Romania’s type of regionalisation - called administrative decentralization by delegation, does not imply administrative functions for regions, does not involve changing the administrative organization of the territory by the formation of regions as new territorial communities superior to the existing ones, Dodescu and Chirilă, 2011. Although on the political agenda has been recently a debate regarding the possible reorganization of Romania’s regions, nothing has been done so far to enforce the regional level. Yet, Romanian regions have the competence of designing their own Innovation Strategy, but do not have the ability of managing the Operation Programmes, as they are framed by national guidance.

Romania, a new Member State of the European Union, faces the challenges of transformation of the Nation-State under the impact of European integration: transition from traditional government to multi-level system of governance, supranational, transnational, euro-regional, national, regional, local etc., pluralism of the actors involved in the decision-making process and of the shared competences. In Romania, there are only two official levels of government: central and local. The central government in Romania oversees activities of national interest and the local governments conduct matters of local importance within the local administrative territorial units, counties, municipalities, cities and communes. We currently lack a mezzo level or a regional level that could coordinate policies and establish directions of action at regional level. The actors that play an important role at regional level are the Regional Development Agencies, RDAs, who have the responsibility of creating Regional Innovation Strategies for the regions they represent.

Even though Romania faces serious difficulties regarding the regional level of governance, yet regional innovation is one of the most performing from the EU countries with an average growth rate of over 5%, being one of the catching-up leaders of EU according to the Innovation Union Scoreboard 2011, an initiative of the Directorate General for Enterprise and Industry, DG ENTR. At national, level, the National Authority for Scientific Research, NASR, publishes yearly since 2008 a report on innovation in the development regions, called Innobarometer, following the methodology used at EU level. It provides regional innovation indicators and highlights the innovation trends with respect to the evolution of regional economies. According to the NASR report in 2008 Figure 1 the discrepancies between the innovativeness of Romanian regions are high. The first region in terms of innovativeness is Bucharest-IIfov, the region containing the capital city. The second
region is South – East region, the third place is occupied by North-West region, the fourth by North-East region, and the last places are taken, in order, by Centre, South-Muntenia, West and South-West Oltenia.

Fig. 1. Innovation Score of Romanian regions. Source: RO INNO Romania, 2008.

In accordance to the European Union’s Innovation Scoreboard in 2011 Romania was one of the modest innovators of EU, with a below average performance. Relative strengths are in Human resources, Firm investments and Economic effects. Relative weaknesses are in Open, excellent and attractive research systems, Linkages & entrepreneurship, Intellectual assets and Innovators. Romania has serious problems in attractiveness of research systems, aspect revealed by several indicators: negative share of Non-EU doctorate students, firms do not invest in R&D, there are no innovative SMEs collaborating to others, we do not have PCT patents applications and so on. In other words, the interest of firms to invest in innovation is very low and, in the same time our research system lacks a major characteristic: attractiveness.

According to the Country Profile for Romania described in the Innovation Policy Progress Report 2009, published by the European Commission, the organisms implied in the governance of innovation are: The Ministry of Education, Research and Innovation, MERI, represented by the National Authority for Scientific Research, NASR, whose main purpose is to formulate and implement specific RDI policies. It is supported in its work by six advisory boards, The Consultative Board for Research, Development and Innovation, The Commission for Social Dialogue, The National Council for Ethics, The Romanian Committee for Research Infrastructures, The Innovation Council, National Council for University Research. As it regards the bodies manage the implementation of the regional development policies we notice that there are 5 important institutions that are responsible with the implementation. The first one is the Romanian Academy, which is involved in the process with several branches and agencies specialized in different strategic areas, followed by NGO’s, R&D institutes, a network of technology transfer comprising innovation institutions and R&D personnel, researchers including PhDs. At regional level the actors implied in the governance of the regional innovation are Regional Development Agencies, RDAs. Due to Romanian “formula” of regionalization, there are no specifically regional innovation policies in Romania, the innovation policy making bodies have “national focus” and no regional coordination and the role of the Romanian development regions as stimulator and co-ordinator of regional innovation systems is weak, Ranga, 2010.

3. Case study: North-West region of Romania

We chose to study the North-West region of Romania because it is the first region who had a Regional Innovation Strategy elaborated by the RDA North-West. The North-West region is one of the 8 regions of Romania and includes six counties: Bihor, Bistrita-Nasaud, Cluj, Maramures, Satu Mare and Salaj. Surface
area of the region is of 34,159 square kilometres and represents 14.32% of the country, with a total population of 2,744,914 inhabitants. The region is formed of 421 administrative-territorial units: 6 counties, 42 cities including 15 municipalities and 398 communes and 1,823 villages.

The region has a strategic geographical position, having borders with Hungary and Ukraine and with the Central, West and North-East Development regions of Romania, according to RDA North-West website The strategy was published in June 2008 and was elaborated within the REGIS – NW project financed by the European Union.

What we notice from the very beginning is the lack of involvement of other local actors in the elaboration of the NW RIS, a strategy that stands at the basis of the directions of action regarding innovation. According to RIS NW, in 2008, in Northern Transylvania region the number of enterprises with innovative activities was 440, 11.04% of the 3983 companies with innovative activities at national level. In Romania, the share of innovative enterprises represented 17% of the active enterprises in the economy with cca.16% of total employees. At European level, 51% of the productive enterprises are technologically innovative.

The prevailing characteristics of the innovation system in Romania are: increasing participation in training programs, increase public spending for R & D, patents increasing the number of, moderate increase in the number of graduates in science and engineering, low private R & D spending, low potential of innovation of companies and low demand for services RD strong tendency to import technology and equipment. The Innovation Barometre at national level made a hierarchy of the Romanian regions in accordance to their innovation score Fig. 1. The North-West region was on the third place in 2008, which reveals a high potential for innovation and therefore great chances for increasing the competitiveness of the region.

Table 1. The score of innovative factors of North-West region

| Region      | The score on innovation factors |
|-------------|---------------------------------|
|             | Potential of driving innovation | The potential of Knowledge creation | Innovation capability | The performance of innovation activities | Intellectual property |
| North-West  | 43,35                           | 10,06                                | 36,90                  | 31,54                                  | 10,81                  |
| Bucharest-Iffov | 76,70                           | 87,50                                | 75,01                  | 51,88                                  | 64,36                  |

Source: RO INNO Romania, http://www.roinno.ro/index.php?module=info&id=4&sid=11, accessed on 15.05.2012.

As we notice in Fig. 2, the fields in which the performance of North-West region is good are: the potential of driving innovation, the performance of innovation activities and the innovation capability. In turn, the weaknesses of the factors of influence upon innovation are the potential of knowledge creation and intellectual property. Within the RIS NW has been made a SWOT analysis of the innovation region of North-West. The main aspects identified highlighted the potential of the North West region, coming from the traditional universities in the field of sciences and technology, which offers a high potential in preparing future specialists in the field.

The main weaknesses identified reflect the fact that Northern Transylvania region benefited from few finance from public funds for research while the services offered to the private sector are few and have a slight applicability.

One of the major threats regarding innovation is the lack of a regional policy in the field of R&D and a lack of information on the European funding opportunities for research programs as well as the lack of a well-defined system of R&D at regional and national level.
The opportunities identified regard mainly the establishment of a regional center for technology transfer as intermediate structure between supply and demand of CDI; the development of some centers of excellence, the stimulation / promotion of participation in national and European funding programs for the actual and future programming period and, not in the last place, the improvement of the legislative framework and institutions responsible with R & D and capitalization of research & development. Even though in 2008 North-West region was one of the best Romanian region performers in terms of R&D and innovation, and even if Romania is one of the catching-up leaders with an innovation growth rate of approximately 5%, as it is stated in the Innovation Union Scoreboard for 2011, the process is slowing down, and, if we want to keep this trend at the same parameters we have to take action and enforce innovation.

4. Conclusions

Regional innovation governance is a concept that comprises the legal and institutional framework in charge with the innovation of regions. Unfortunately, in Romania, even if at national level there are several institutions implied in the process of national forming of Strategies regarding future actions for enforcing innovation, and even if are included public institutions, private agents and other parts interested in innovation, at regional level we identify the lack of a partnership between public and private sector. The only organism involved in the creation of the first RIS was North-West Regional Development Agency, a public institution in charge with the implementation of structural funds at regional level. We argue that the lack of a mezzo level of governance, the lack of the regional level affects negatively the improvement of regional performances in terms of innovation. It is the case of North-West region as well, were, because of the lack of a regional innovation policy and governance, the changes of increasing the performance are slight. It lacks the coordination and the initiative of implication of all the actors interested in innovation into a common strategy that would offer a global view over the innovation development necessities of the region.
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