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# Empowering agents to drive change in policy-making – the case of Smart Specialisation implementation in Stockholm

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# Empowering agents to drive change in policy-making – the case of Smart Specialisation implementation in Stockholm

**The EU aims to become a smart, sustainable and inclusive economy which requires transformational change. Some key approaches are highlighted in a study which explores how policy on leadership and governance for regional economic development can be advanced by focusing on public actors' capabilities, network positions and institutional arrangements.**

To date there has been little focus on the role of leadership in policy design and implementation, despite its clear importance. The focus has been primarily placed on creating favourable framework conditions, which alone do not ensure desired results. To enact a transformational change through the RIS3 process it is essential to ensure that the responsible public sector actors are experienced in participatory policy processes, strategically positioned in formal and informal networks and exercise influences, and that they are endowed with the necessary resources and mandates to drive the RIS3 processes.

## THE ROAD FORWARD FOR POLICY

- Policy directed at transformational change needs to reconsider the role of leadership in policy design and implementation.
- Establish clear institutional arrangements and streamline mandates to enable a continuous information flow between different sectors and groups of actors.
- Foster a culture of empowerment for public sector actors tasked with RIS3 responsibilities.
- Promote shared awareness and knowledge through the involvement of various groups of stakeholders.

## A STUDY TO UNDERSTAND THE UNFOLDING CHANGE IN A COMPLEX INSTITUTIONAL AND ECONOMIC CONTEXT

It is commonly assumed that the leading regions are in a better position to implement a policy aimed at transformational change and maximize benefits from smart specialisation strategies (RIS3). However, as practice shows, this is not always the case.

The risk of stumbling into various pitfalls or so-called "policy traps" along the way, makes transition rather challenging even in metropolitan and leading regions. The process

of strategic planning and policymaking is complex and therefore requires building collaborative problem-solving capabilities.

The background study for this policy brief explores how policy on leadership and governance for regional economic development can be advanced by focusing on public actors' capabilities, network positions and institutional arrangements.

### RIS3

RIS3 (Research and Innovation Smart Specialisation Strategy) is a context-sensitive and bottom-up mode of policy, designed to support regions in their efforts to identify priority areas and build competitive advantage.

### POLICY TRAPS

Policy traps are negative situations, which arise when actors act contrary to their intentions/interests.

## Study of RIS3 processes in Stockholm

Over an extended period of time (2018-2021) we have monitored and studied the RIS3 processes in Stockholm, which is the most innovative city/region in Europe (according to Regional Innovation Scoreboard 2021), characterised by a dynamic and well-organized entrepreneurial ecosystem, a strong culture of actor engagement and public-private cooperation necessary for creating synergies and enabling change.

The study shows that to foster the desired change outcome, public sector actors need to be endowed with necessary powers and authority, which are deemed to be instrumental in building networks/partnerships, mobi-

lising interests and pooling resources in order to promote entrepreneurial discovery and strengthen industrial specialisation in the region.

### THE CHALLENGE OF FOSTERING CHANGE THROUGH THE RIS3 PROCESS

The findings indicate that even in Europe's top innovator and good governance region the implementation of RIS3 can be a profound challenge.

The decentralised governance model practiced in Stockholm is obviously not without its faults, especially when it comes to achieving RIS3 policy integration. In the case of Stockholm, the built-up policy design and implementation capabilities have been obstructed by *hierarchical* resource planning and allocation decisions, impeding the RIS3 process.

#### Scepticism in functional system

The strategic nature of the entrepreneurial discovery process (EDP) has been questioned in the context of high economic performance and institutional quality. This is because the innovation system is already considered to be leading. The instinct is thus to continue with the status quo and avoid disruptive policy measures that could restrain the optimal functioning of the innovation system.

Although stakeholders in Stockholm recognise the potential value of embracing certain elements of RIS3, such as the 'green' and social equality dimensions of regional innovation, securing buy-in from the wide range of stakeholders has proved to be problematic. In these contexts, the experimental nature of RIS3 provides thus possibly an opportunity to generate new and alternative kinds of innovation policy, which are more inclusive of all parts of society.

#### Public sector leadership

To ensure such 'policy inclusiveness', the public sector has to take on the role of a leader, capable of mobilising and influencing a wide range of actors in the region, such as firms, clusters, universities and civil society groups.

This mode of effective leadership and network management rests not only on public sector actors' capabilities, networks, and resources but also on the wider institutional and economic context, which is conducive (or non-conductive) to the engagement of various actor groups. This primarily concerns mandate clarity and embeddedness

in institutional arrangements that promote a continuous flow of information between policymakers and different sectors and actor groups, ensuring thereby transparency, accountability and legitimacy.

#### KEY POINTS FOR POLICY

- Integrating and redefining the role of leadership in policy design and implementation adds legitimacy to transformative change making.
- The growing complexity of regional development processes requires systemic leadership that focuses on inspiring and influencing a wide range of actors and networks.
- The public sector actors should be empowered through access to necessary resources/networks as well as be embedded in institutional arrangements enabling them to exercise both power and influence.
- Neither favourable framework conditions nor mere presence of capable and experienced actors suffice to trigger the necessary policy change.

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