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Manola Mazzotta – Marco Giannotta
(Eds.)

Smartourism and the Knowledge Era

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Introduction
Why smart specialisation in the Knowledge Economy?

Manola Mazzotta

The present historical moment is strongly affected by a generalized crisis that has involved at different levels of intensity the financial, economic, social and political assets of all countries in the Eurozone. The nature of this crisis and the possible strategies of coming out of it, require answers to questions still remaining open, but they also represent a rich research field, where there is a strong discontinuity compared to the past (Mazzotta 2012a, 16).

The current crisis has frustrated many of the recorded progresses in terms of economic growth and creation of jobs so much as to declare the unsustainability and the unjustifiability of the costs that economy and society are experiencing these years. However, above all, it has underlined fundamental drawbacks, such as the fragility of the financial system and the decline of public finances that need an intervention in order to regain the perspective of a future economic growth. Europe has to face clear but difficult choices. However, it is exactly in this kind of scenario that coming out of the crisis should mark the entrance into a new economy sustained by a strategy able to transform the European Union into an intelligent, sustainable and inclusive economy, characterized by high levels of employment, productivity and social cohesion (Mazzotta 2012b, 48).

The knowledge era works in a systems logic, the creation of value is relative to the interaction of the whole set of actions and players that act in a co-evolution and with the consciousness of being the protagonists of the economic, social, environmental and cultural value chain. This applies to individuals and therefore to society, to businesses and

therefore to the unique market, to countries and therefore to European Union. Today, more than ever, under the weight of the crisis and the deficit of democracy, reinforcing the European Union depends on the ability to represent individual Member States and the European Union as a whole which remains such, even in terms of perception and not only in the form of the public representation.

Rethinking Europe in view of the current crisis, means looking at new development models able to intervene into territorial imbalances, into the depletion of the human capital and the infrastructural heritages, into the downgrading of educational systems and welfare structures, as well as into environmental problems or more generally those which involve common goods. For the growth of the European economies it is fundamental to accelerate the absorption of new knowledge and, therefore, diffusing innovations by supporting the circulation on information and the incentive to investments. All this requires a new agreement between the European institutions and the economic and social players and among the various levels of government: national, regional and local. Knowledge transfers represent the indispensable completion of the traditional globalization engines, but their efficacy is bound to a really coherent and unified vision (Mazzotta 2012b, 53-54).

The economic reform program, a.k.a. Lisbon strategy 2000, declared explicitly that the objective was to make the European Union (EU) the most competitive and dynamic knowledge-based economy. In continuity with the 2000 activities, the European strategy 2020 focused its attention on three priorities which require a greater effort to converge into the national levels: knowledge and innovation; more sustainable economy; high level of employment and social inclusion.

Within this framework of reference it is important to discuss about: the new concept frames; new sustainability-integrated standards capable of embodying/incorporating the value of human, natural and environmental capital; the new policy tools which aim not only at the production and consumption mechanisms, but also at the society and the social goods, the latter intended as an analytic subcategory different from both private goods and public goods (Antonelli and De Liso 2012). The creation of a knowledge-based economy is a very ambitious but necessary EU objective in order to recover economic competitiveness and protect the social European model. In the past twenty years,

there has been a remarkable expansion of knowledge-based industries and services. Knowledge has become the main focus and the economic, social and political drive of the EU, thus promoting innovation, intelligence and creativity as the new parameters to follow.

In the current discourse on the future EU regional policy, smart specialization exhibits a strong focus and plays a strategic role, but what is smart specialization?

The intellectual origins of the concept "smart specialization" were first outlined by Dominique Foray and Bart Van Ark in their studies on the productivity gap between the U.S. and Europe.

They explored why Europe was lagging behind the U.S. in competitiveness with a particular focus on research and development (R&D), intensity and dissemination of new technologies, to explain growth differentials.

If initially the gap between the U.S. and Europe was to be found in the intensity of investment in research and development, the dissemination of research results and applications of new technologies, in light of their research, the dissemination of research results and applications of new technologies play a significant role. They identified that research investment in Europe was overly fragmented, lacking in co-ordination of research and innovation (R&I) of investment between stakeholders, and lacking critical mass.

The idea, then, was proposed by Dominique Foray, Paul David and Bronwyn Hall as part of the working group organized by Commissioner Potočnik, to relaunch the Lisbon Strategy in 2005, "Knowledge for Growth" (K4G)[1]. The potential of the concept as a driver of innovation and general economic policy was developed by the European Commission's JRC IPTS (Pontikakis et al. 2009).

The concept is now a key element of the EU 2020 innovation plan as discussed in the communication Europe 2020 Flagship Initiative Innovation Union [COM (2010) 546] and the EU Budget Review

[1] The Knowledge for Growth (K4G) Expert Group operated as an independent advisory body to Commissioner Potočnik. The group met three times a year, under the chairmanship of the Commissioner. The Commissioner appointed Prof. Dominique Foray as Vice-Chairman to lead the work of the group. See The Reports and Policy Briefs http://ec.europa.eu/invest-in-research/monitoring/knowledge_en.htm.

[COM (2010) 700]. The way in which a smart specialization strategy is envisaged to operate as a central theme in a post-2013 reformed EU Cohesion Policy is explained in Regional Policy Contributing to Smart Growth in Europe [COM (2010) 553]. It will be the basis for European Structural and Investment Fund interventions in R&I as part of the future Regional and Cohesion Policy's contribution to the Europe 2020 jobs and growth agenda[2].

As argued by Foray et al. (2009) the recent rapid success of the term smart specialisation is a very gratifying result for the academics at the origin of the concept, but the strong appeal it has in terms of policy, highlights a gap between the policy practice and the theory. It is also a perfect example of "policy running ahead of theory" (Steinmueller 2010). In fact, the formulation and implementation of smart strategies require a serious change of logic with respect to the standard economic growth model (McCann and Ortega-Argilés 2011).

Smart specialisation involves an entrepreneurial discovery process that reveals what a country or region does best in terms of R&D and innovation (Foray et al 2011, 7). The importance of this principle is underlined in the process of competitive evolution.

The entrepreneurial discovery is a learning process that implies a complex combination of public policies, private commitments and context conditions regarding economic, social and environmental dimensions; the process of smart specialisation is not simply the advent of an innovation but the deployment and variation of innovative ideas in a specialised area that generate knowledge about the future economic value of a possible direction of change (Foray and Goenega 2013, 5).

The development of a smart specialisation strategy, at a national and a regional level, implies a policy process that follows a complex and iterative logic that cannot be described neither as essentially "top down"

[2] The European Commission to provide professional advice to EU countries and regions for the design of their research and innovation strategies for smart specialisation (RIS3) established S3P website http://s3platform.jrc.ec.europa.eu. The S3P website is an important new interactive tool on Regional Benchmarking which helps identifying structurally similar regions across Europe. The interactive tool will be progressively integrated with the Eye@RIS3 tool and with the dedicated S3P regional/country pages that have been produced for each of the regions/countries registered in the S3 Platform.

nor essentially "bottom up" (Foray et al 2011, 15). On the other hand, smart specialisation implies a strategic vision and a choice which is not neutral with respect to the various economic sectors.

As stated by Foray and Goenega (2013, 1) the smart specialisation is not a planning doctrine that would require a region to specialize in a particular set of industries. Thus, rather than offering a method for determining if a hypothetical region has a "strength" in a particular set of activities, e.g., tourism and fisheries, the crucial question is whether that region would benefit from and should specialise in certain R&D and innovation projects, in some lead activities such as tourism or fishery.

Tourism has been one of those sectors which could benefit from recent innovations resulting from Information and Communication Technology, with major transformations, both in terms of supply and demand.

According to the OECD, tourism is a big business worldwide. It is a key services export for many economies around the world and contributes to job creation and regional economic development. The latest available data shows that in OECD member countries, tourism directly contributes, on average, around 4.7% of GDP and 6% of employment and 21% of exports of services. If we consider the total impact of tourism including direct, indirect and induced impacts, tourism represents around 9% of GDP and employment (OECD 2014, 18).

But what is "smart" tourism and why is it important? According to the World Tourism Organization definition of Tourism is: "*tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive years for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited*". This definition highlights that tourism is not identified as an industry, but comprises businesses which undertake many different activities.

Tourism itself is inherently a complex and multidimensional field. It embraces social, cultural, and environmental characteristics, includes the buying, selling, and management of services and products, policy initiatives, economic development, environmental goals, and sustainable planning (David et al. 2013, 2). Therefore, smart tourism is a process; that is to say a process of identification and selection of de-

sirable areas for intervention, implying choices of technologies, fields, sub-systems that could be favoured within the framework of the regional policy (Foray and Goenaga 2013, 2).

According to Foray (2013, 57) it is also clear that focusing and concentrating resources in a limited number of activities (scale, scope and spillovers rationale) is probably not enough and will not create any efficiency if the choices of the activities are rather conservative and imitative.

There are many emergent transformations in the space of global competition, but an essential condition of regional development in a smart specialisation policy aims at pursuing a goal-setting process, in certain domains. Under these conditions, the local level turns out to be a micro environment that needs to particularize itself via a self-selecting process which emphasises endogenous resources and presupposes a self-reflexive relationship with the context.

What is crucial in the smart specialisation concept is that attention is "not on policy outcomes (which are inherently unknowable ex ante), but on getting the policy process right" (Rodrik 2004, 3). Consequently, the smart specialisation concept puts a lot of emphasis on the nature of the policy process, and how to make that work better (Boschma 2014).

A regional strategy for innovation traditionally consists mainly of horizontal measures and neutral policy aimed at improving general framework conditions and capabilities (good universities, human capital, intellectual property rights, research and ICT infrastructure, competition and openness, etc.)[3]. Conversely, there would be smart specialisation centres on a more vertical and non-neutral logic of intervention. Hence, vertical prioritisation is extremely difficult and entails a great risk, this is why smart specialisation is about defining a method to help policy-makers identify desirable areas for innovation policy intervention (Foray et al. 2009).

[3] A neutral policy is a policy that does not select projects according to preferred fields or any such criteria, but responds to demands that arise spontaneously from industry (definition taken from Trajtenberg, 2002). Trajtenberg, M. (2002), Government support for commercial R&D: lessons from the Israeli experience, in A. Jaffe and J. Lerner and S. Stern (Eds.), Innovation Policy and the Economy, Volume 2, NBER Books, National Bureau of Economic Research.

The weak point is that, smart policies can be acknowledged as such only after their success becomes visible, while ex-ante it is very difficult to define success criteria and to assess the combined outcome of market and policy processes (Giannitsis 2009, 21).

Research and innovation strategies for smart specialisation can be defined as a planning process guided by an economic transformation agenda based on 4Cs (Landabaso 2014, 132-133):

- Choices: limited number of priorities on the basis of own strengths and international specialization avoiding duplication and fragmentation.
- Competitive Advantage: mobilise talent by matching R&I capacities and business needs through an entrepreneurial discovery process.
- (Critical Mass) Clusters and Connectivity (McCann and Ortega-Argilés 2014): aim at developing world-class clusters and provide arenas for related variety and cross-sectorial links, which can drive specialised technological diversification.
- Collaborative Leadership: efficient innovation systems as a collective endeavor based on public-private partnerships allowing for experimentation and giving voice to un-usual suspects (with good ideas).

These four 'Cs' are the leading elements of a national/regional research and innovation strategy for smart specialisation (RIS3) process that incorporate its main novelties when compared to past experiences and inspire the strategy design.

In a short term, a smart strategy, such as a smart tourism strategy is an effort that aims at providing extension to management and implementation of strategic planning efforts and boosting the cooperation between public and private sector with reference to the principle of governance.

The specialisation is played on the microeconomic strong level, identifying the place-based areas of greatest strategic potential, developing multi-stakeholder governance mechanisms, and setting strategic priorities that are potentially competitive and generators of new market opportunities.

Consequently, also smart tourism needs to be backed by a partnership-building process, which has the qualities for flexibility, transpar-