

EXAMINATION OF THE RESULTS OF OPERATION AND DEVELOPMENT PLANS OF THE MAŁOPOLSKA BUSINESS ENVIRONMENT INSTITUTIONS

EXECUTIVE SUMMARY



MAŁOPOLSKA
INNOWACYJNA

Chapter 1. Introduction

The project results from the provisions contained in the Regional Innovation Strategy of the Małopolska Voivodeship 2030. According to the assumptions contained therein, business environment institutions are to play an important role in disseminating knowledge and implementing the entrepreneurial discovery process (EDP).

In accordance with the tender documentation and the idea of EDP, the purpose of this study is to analyze the results of activities and development plans of Małopolska BEI, identification of problem areas and limitations in their operation. An important element of the work was to collect preliminary opinions allowing to determine to what extent the institution's offer, e.g. in terms of available financing instruments or the advisory offer, is adjusted to the reported market needs. As a result of the work, recommendations were made for actions that, after checking the detailed conditions related to them, and appropriate deepening and verification, may constitute the basis for defining new pro-development initiatives.

In the discussed expert report, despite the fact that it was created only a few days after the end of research, the essence of smart specializations and context of their functioning were outlined (on a national scale, as well as against the background of European policies, especially in the context of Policy Objective 1 – CP1, which identifies the process of entrepreneurial discovery as a tool for mapping smart specializations). This is a key issue and it is worth verifying how the process of designating smart specializations proceeded in the context of such defined recommendations. Smart specializations, defined as the result of EDP, directly affect the functioning of BEI. Therefore, the mutual connection (from policies through PPO, smart specializations to the functioning of BEI and their offer) is very strong.

The process of entrepreneurial discovery (EDP), as a key element from the point of view of shaping the priorities of regional development, consists in selecting the most promising areas for the development of the region in the future.

Its purpose is to select priorities and allocate resources appropriately with the participation of entrepreneurial stakeholders (including companies, universities, public research institutes, independent innovators) and to demonstrate what a given region or country is doing best in the field of research, development and innovation (R&D&I). EDP assumes that it is the stakeholders dealing with entrepreneurship that have the best knowledge or can most accurately determine what is the strength of their activity. The scope of this process includes the acquisition and sharing of knowledge about innovative activities in the region and innovative cooperation, including the development of network forms and connections between the participants of the regional innovation system. The expected results of PPO are primarily joint ideas for projects, R&D undertakings, new tools, and a revision of the criteria and conditions for supporting innovation.

The process of entrepreneurial discovery is mentioned in the "Guide to Research and Innovation Strategies for Smart Specialization (RIS 3)" as a key element in developing an innovation strategy. As indicated above, its role is defined as an indispensable tool to strengthen the involvement of diverse stakeholder groups in the process of designating smart specializations. Efficient functioning of the EDP requires efficiently functioning mechanisms at the level of institutions moderating the innovation system - including those which are directly supervised by the Marshal's Office of the Małopolska Voivodeship.

There are four basic types of stakeholders in the Małopolska innovation system. The first is the Marshal's Office of the Małopolska Voivodeship, which acts as the managing authority. The second are institutions subordinate to the Marshal's Office or external ones, but also acting as intermediary institutions. Often, from the point of view of other ecosystem participants, they play the role of financing institutions. The third type of stakeholders are all other BEI in the Małopolskie Voivodeship - perceived as service providers for other ecosystem users. The fourth, most numerous group are recipients of pro-innovative activities, i.e. enterprises and other stakeholders. The functioning of all these stakeholders is related to the disposal of regional funds, including funds for activities supporting innovation in the form of returnable and non-returnable instruments.

Chapter 2. Work methodology and key observations

In the course of the design work, research was carried out with the use of a number of qualitative and quantitative methods. The methodology of the research process was based on methodological triangulation and data triangulation. For this purpose, a set of qualitative methods have been used including an analysis of existing data (Desk research), individual in-depth interviews (IDI) with 19 interlocutors having a comprehensive view of the situation of the Małopolska ecosystem of innovation, and focused group interviews (FGI), to which all BEI in the Małopolskie Voivodeship were invited (26 of them participated). On the other hand, the quantitative method used was to conduct an internet survey (CAWI), to which all business support institutions in the Małopolskie Voivodeship were invited (41 of them filled the survey).

The key observations from the results of quantitative research are:

- most BEI do not monitor the activities and changing needs of their clients. As a result, they do not have the necessary information to shape, change and adapt their offer to the current market needs;
- most of the surveyed BEI have been operating for at least 15 years, but despite this, they have not developed the ability to co-finance their activities to a significant degree from sources other than public;
- existing difficulty in indicating by BEI examples of their internal successes. The indicated achievements were highly diversified, with different levels of depth, and often very general, even referring to very everyday activities;
- over the next two years, nearly half of the Małopolska business environment institutions that participated in the CAWI survey plan to expand the catalog of services offered;
- approximately half of the respondents assess the cooperation with the Marshal's Office as positive.

Key observations from qualitative research for specially defined areas are presented in the following paragraphs.

Shaping priorities and decision-making independence of the institution

Decisions on the directions of strategic development are mainly based on ownership decisions - factors influencing them include priorities, financial situation and propensity to risk. They are superior to the priorities of the authorities and managers of individual BEI and do not have to address the priorities set by the innovation ecosystem and EDP. Development priorities are adjusted and based on the short-term possibility of obtaining financial resources by BEI (also as a result of activity on the BEI - final beneficiary line). The selection of priorities is often the result of only the efficient fulfillment of criteria, e.g. competition criteria, compliance with broadly defined smart specializations, or the creation of the required partnerships, and not the market viability or innovation of the project itself. There is a noticeable subregionalization and high differentiation of the specificity of BEI operations within the region. It is the result of BEI adapting to the needs of potential customers and significant differences in the expectations of end recipients of the intervention. BEI focus on efficient spending and accounting for projects and operate mainly in terms of projects - reactively adjusting the areas of activity to the sources of support (mainly public). It is disturbing that this also applies to business environment institutions that have been operating on the market for many years, and which have not built the commercial side of their activities to a sufficient degree.

Networking and collaboration

Networking, cooperation and BEI relations are limited to the immediate environment, based on interpersonal relations, subordinated to the current project priorities. Moreover, according to part of the opinion, cooperation in the expert dimension is fictitious (cooperation only "on paper") in order to meet, for example, competition criteria. The aim of such action is therefore to build a structure that will receive financing for its activities. The implementation and settlement of the project itself is also often much worse. It also points to the problem of specialization as a factor of the institution's success. BEI are either too specialized (minority) or too universal, which means that there are challenges in the context of e.g. coordination of the implementation of complex R&D projects.

BEI offer

There is a better perception of the quality of the offer among recipients who have been operating on the market for a relatively short time, or people who are outside the business sphere. Mature entities have a worse perception of the quality of the offer. Along with gaining experience, the recipients of BEI offer lose interest in it. The observation also shows the need to train BEI employees - the rotation of employees resulting mainly from the project operating system causes the emergence of substantively prepared employees on the market, as a result of which a competency gap appears.

Prospects for the development of Małopolska BEI

The dominant factor indicated by BEI as the basis for shaping future activity is the availability of funds as well as ownership conditions and limitations. It is not the assessment of market needs, as well as the result of own experience, qualifications of staff or submitted projects.

Model of implementing innovation in the region (including EDP)

The mutual relationship between the Regional Operational Program (ROP) and Regional Innovation Strategy (RIS) is not recognized - the commonly known context of the primacy of documents, their interrelationships, the way of co-creation and coexistence, as well as the real impact of the opinions collected on, for example, the system of designed rules and intervention implementation. There are dysfunctions in the process of shaping development priorities, often as a result of their mismatch with the needs, failure to apply EDP in practice, or misunderstanding how Smart Specializations were defined (on the basis of which input parameters). This fact, at least partially, may influence the opinion that the IS is not adjusted to sub-regional needs.

According to the information obtained, projects (applications) are prepared in such a way as to obtain financing, and not defined in terms of content in the best possible way. The selection criteria for projects discourage from applying, e.g. due to high expectations regarding securing the contribution from own resources or complicated procedures.

There is a "creative modification of project results" as a result of the risk of losing funding. Concerns about the return of funds, apart from the need to apply additional procedures, influencing, for example, a wider scope of investments than the one covered by the co-financing, are a factor discouraging applicants who cope with the market and have good ideas.

Other comments and opinions

BEI are characterized by a differentiation in the quality of their activities and are based on public funds. Their commercial activities exist to a very limited extent, except for activities based on real estate resources. There were opinions pointing the existence of poor vertical communication in the field of data collection i.e. BEI support reviews and their use. Information on the available offer both for BEI end recipients and BEI itself is dispersed. It is also indicated that, at least in some cases, spending on promotion by BEI is a waste of resources by producing unnecessary materials, brochures, etc.

Chapter 3. Key Recommendations

To carry out the process of changes in the Małopolska innovation ecosystem it is necessary to clarify and implement on many levels a number of more and less general initiatives.

Strategy and method of operation of the Małopolska BEI

- Rewarding and promoting the increasing level of decision-making autonomy of institutions of daughter companies, e.g. in the area of CTT, in the context of increasing their involvement in the processes of regional development. This will be done by mitigating the negative impact of the parameters described in the "observations" section.
- Analyzing the possibility of implementing the principle: there is a project - there is money, instead of matching projects with financing.
- Considering the possibility of increasing the emphasis on "subregionalisation" of the intervention of the Marshal's Office - due to the diversity of the specificity and needs of subregions.
- Taking into account the assessment of BEI by beneficiaries in the process of allocating public funds.
- Introduction of solutions supporting the acquisition and use of reliable information on the quality of BEI functioning and the needs in terms of their service offer.
- Review and optimization of the roles of individual BEI in the system and revision of the change management process in this regard (potential mergers). The current state of affairs negatively affects the level of complexity of the system through mutual uncertainty and lack of financial stability.
- Increasing the scale of using feedback instruments as they require a more business approach in the assessment of projects.

- Counteracting the exclusion from intervention activities of entities which, despite having good projects, have a problem with meeting the financial deposit conditions, etc. Otherwise, it will result in the process of "pushing" better projects out by worse ones.
- Introducing project results assessment mechanisms at the expense of reducing the emphasis on declarations submitted in the application process, e.g. in terms of team composition, BEI cooperation, etc.

Offer of the Małopolska BEI

- Mapping and monitoring the needs of the recipients of the BEI offer. Possible directions for modification: support in the field of financial assembly, comprehensive development of business plans, networking, internationalization, creating a system of incentives to experiment with new solutions, creating specialized institutions with the ability to coordinate and implement complex projects ("one stop shop"), etc.
- Conducting the process of "forecasting" needs in the future (foresight).
- Implementation of recommendations from the processes of mutual evaluation of all stakeholders by each entity participating in the process by using the 360-degree evaluation method, the assumptions, scale and frequency of which must be defined. Participants should be all key entities for innovative processes in the voivodeship, including Marshal's Office, all business environment institutions and real beneficiaries.
- Analyzing and identifying the possibilities of providing support for entities with a defined project (activities based on the availability of data sources). Striving to make the application system more flexible.
- Counteracting the dominant parameter shaping the future of BEI, i.e. the availability of public funds, in particular non-returnable funds.
- Strengthening the skills and inclination of BEI to engage in projects related to acquiring funds, e.g. for R&D activities from centralized sources, including European ones.

- Organizing training for BEI employees. High employee turnover, also due to the work in BEI being based on the project system (a significant degree), results in the emergence of substantively prepared employees on the market at the same time creating a kind of competency gap that needs to be filled in the mentioned institutions.
- Analyzing the systemic supply of BEI with human resources, e.g. apprentices, who may become a full-time team member in the future. This can be done by co-financing the implementation of tasks, or by implementing other solutions promoting or networking institutions, e.g. with universities, etc.

Scenario (perspectives) for the development of Małopolska BEI

- Arranging the roles of BEI in Małopolska innovation ecosystem in terms of appropriate classification, competence and specialization, e.g. through a simple cooperation platforms. It is possible to conduct activities of this process with BEI certification - including subject-related certificates by type of activity.
- Introducing monitoring of market needs and trends as well as implementing a reliable and transparent system for monitoring the effects along with a system of financial incentives.
- Commercialization of BEI activity.
- Monitoring of national and international smart specializations as an element of EDP monitoring, and as a result, modification of BEI activity.
- Revision / creation (including promotion) of the need to create a BEI strategy. Ultimately, striving for BEI specialization.
- Review of the possibility / legitimacy of introducing accreditation activities for BEI.
- Gradual reduction of the scale of expenditure on supporting (operational) tasks in BEI.
- Financing for BEI modernization / pro-development projects.

Model of implementing innovation in the region (including EDP)

- Conducting educational activities in the field of ROP and RIS relations, the basics and methods of defining IS, and the operationalization system of activities in the field of regional intervention.
- Revision of the roles and geographic ranges and substantive impact of BEI.
- IS revision, including their clarification and narrowing;
- Counteracting the exclusion of entities with good projects due to security problems, ownership conditions or too high level of bureaucracy in the processes.
- Promoting the implementation of projects supporting the development of entire sectors, not only individual industries.
- Promoting solutions based on the principle of project co-financing, including financing by private and foreign entities.
- Implementation of image-building activities aimed at improving the perception of BEI activity as important for the private sector, including for a number of entities that have so far been "outside the system".
- Making the approach to working with projects more flexible, including introducing the priority of project quality to counteract the activity in which projects (applications) are prepared in such a way as to obtain financing, leaving the added value in the background.
- Analyzing the possibilities of counteracting clients' concerns regarding the risks related to failure to meet the design criteria, even as a result of external and objective conditions.
- Counteracting the creation of fictitious assumptions regarding the R&D factor for projects, even when it is not justified - e.g. also as a result of subregionalization.
- Extending the database of entities - EDP participants by going beyond the regular group of intervention recipients. Analyzing the disincentives to act and create remedial mechanisms.

- Ensuring financing stability for selected key projects, aimed at the development of BEI towards more commercial activity.
- Communication and dissemination of areas, principles and time assumptions related to building the perception of the real impact of BEI on shaping the priorities of regional development (dissemination of the unknown idea of EDP).
- Counteracting the competition of Małopolskie Voivodeship "own" institutions, also of units jointly with external entities.
- Promoting flexibility and partnership in the functioning of the system, including application of more flexible procedures in line with the Public Procurement Office.

Other comments / opinions

- Analyzing the possibility of a systemic improvement of the minimum expected quality of activities carried out by BEI, including the implementation of recommendations resulting, for example, from the BEI assessment system.
- Revision of the procedures and guidelines for the availability of experts involved in the project work process, in order to ensure the required number of specialists in the full amount of previously declared time.
- Review of vertical communication rules between Małopolskie Voivodeship and other participants of the system.
- Review communication tools and communicated content to integrate and simplify them.
- Counteracting the financing of expenses for activities that are not of high importance, and at the same time have a negative impact on the environment, e.g. some promotional expenses, especially for the so-called gadgets.