

PASCAL Report to the Varmland Region

PURE Work in 2009-2010

A. The profile and context of the region – its distinctive and unique features

The Swedish region Värmland is three hours by road or rail to the west of Stockholm and to the east of Oslo. The region has a population of 273,000 and the capital city Karlstad a population of 85,000. The region is undergoing long term structural change from an old economy based on timber, steel and paper manufacturing and engineering workshops to an economy based on innovation, IT, knowledge and services. Nevertheless, the importance of manufacturing industry to the region is still significant. Promoting innovation in both manufacturing and service sectors is a pertinent agenda.

The Swedish innovation system has been internationalising with many of the big companies being part of multinational companies. This is the case for Värmland, too (eg Stora, Böhler-Uddeholm, Metso, Volvo, Roll-Royce, Barilla, GE , Tieto, Sogeti etc). This provides a challenge for the development of the regional economy by engaging different interests and nature of 'local' companies, including both multinationals and local small and medium enterprises (SMEs).

Like many other non-metropolitan regions around the world, Värmland has an ageing population, rural-urban drift, declining overall population, constant gender imbalance, and relatively low higher education participation. The Karlstad University is a relatively new university of around 10,000 students with a large distance learning component.

The global economic downturn since late 2008 has been affecting the region, especially, in terms of employment and industrial competitiveness. In addition there is confusion and uncertainty in the future of jurisdictional agency roles.

B. Formal and informal means of engagement

PURE (2009-2010) is part of the longer-term transformation of the region. The Region Värmland, in collaboration with Karlstad University, participated in the PURE project as a follow up to the previous OECD project (2005-6). The PURE project was seen as an opportunity for the Värmland Region to take the next step for regional development. In effect the PURE project has sought to go beyond strategic planning by assisting Värmland with particular initiatives that operationalise its planning from the ground up.

Region Värmland's strategy has effectively been to strengthen collaboration within and between key regional actor organisations and the University in the context of the region's competitive strengths. This has been achieved by establishing the appropriate and agreed regional and university infrastructure.

Through strong community and university engagement the region has embarked on a strategy of revitalisation through regional collaboration, innovation, human capability¹ enhancement and internationalisation based on knowledge acquisition.

Triple helix clusters involving the region, business and the university as partners have been formed in paper, IT, packaging and steel and engineering (more recently smaller initiatives have been taken in areas as tourism, local food and wellness and care) with links forming between clusters.

The University has strong connections in its research and teaching with regional innovation business clusters. This is reflected in many dual professorial appointments funded jointly by the region and the University, research funding partnerships, professional up-skilling programmes, degree programmes including work-based learning, and close matching of university courses with regional needs. The University, in collaboration with the business clusters, has a range of initiatives to foster human capability throughout the region, including a Children's University, young entrepreneurs' programmes, an innovation incubator for young people, the Drivhuset (Greenhouse) at Karlstad University, and regular open days for primary aged students.

C. Benefits and prospective future gains from international networking via PURE, including benchmarking to monitor and enhance progress

The PURE benchmarking tools were employed in the region. Both the regional tool and the HE tool were found to be helpful in facilitating dialogues, although some cultural biases in the tools were noticed. One of the useful findings from the regional benchmarking tool is that 'the business sector regards the regional leadership as indistinct especially when it comes to the roles and responsibilities between Region Värmland and the County Administrative Board'. This raises an issue of the perception of the business sector concerning the roles and functions of public sector organisations, and how this could be improved by better communication.

In terms of statistical data, international comparison seems to be difficult and contested due to the availability of comparable indicators and data sets. Värmland region made some comparative analysis with Jämtland, another PURE region, and the neighbouring region of Dalarna, which helped to highlight a number of regional characteristics.

A Regional Observatory which provides a wide range of statistics and a multi-level intelligence system, including national/regional labour market analysis and global sector-based market analysis, would be a way forward. This could be developed in collaboration with Karlstad University. Action-oriented research as well as quantitative research conducted at the University would feed into such mechanisms.

D. How the region can get more value from engagement with its higher education institutions; and how the higher education institutions can get more value from engagement with the region

The Region Värmland and Karlstad University have developed a number of collaborative working relationships at strategic level. The region and the University are now focussing on two further strategies. The first is more explicitly to connect the regional innovation system through the business clusters to the strategies for human capital and eventually human capability enhancement. The second is to internationalise the regional system through connections with other regions and universities around the world with like interests and concerns.

The challenge is how to implement new innovative partnerships between the two sectors – the higher education and the regional government. Strategies are in place, and now many mechanisms are already working. A pragmatic approach is needed to ensure that stronger ties and working relationships are forged and maintained between the two sectors.

E. Evidence that the work of PURE will be sustained in the future

The Region Värmland has made a number of impressive achievements over the last five years, in constructing a robust but flexible regional innovation system. The appropriate institutional ingredients are already in place. In order to meet the new challenges, a nurturing culture and practices of innovation and entrepreneurship are more than ever needed.

Throughout the PURE project, the following key challenges were identified:

- Implementing innovation and entrepreneurship
- Changing academic culture
- Integrated human resource development strategy
- Building regional intelligence
- Joined up implementation and place marketing
- Consistency between National policy in regional development and higher education and Region Värmland's approach based on innovation, human capability, dialogue and collaboration, internationalisation and university/region engagement.

Based on the work of PURE, the CDG recommended Region Värmland the following next steps toward an integrated knowledge-based region:

Internationalise the Regional Innovations System and Implement Innovation and Entrepreneurship

- Learn how innovation happens within firms, especially in small and medium enterprises (SMEs) in order to form a more effective support
- Facilitate internationalization of SMEs and start-up firms
- Support ways of connecting the university research in an appropriate way with SMEs
- Connect foreign investment to local networks of firms
- Involvement in the PURE thematic clusters and involve the University and Varmland's business clusters in ways that: (a) connect university research in an appropriate way to SMEs ; and (b) connect foreign investment to local networks of firms

Development of a human capability plan to strengthen the connection between education and the clusters, especially through an entrepreneurship agenda

- The Plan should embrace the whole education sector (primary, secondary, tertiary and adult education) and be connected to regional priorities and groups.
- Address the skills agenda to meet demographic concerns (eg aging)
- Further promote entrepreneurial skills and cultural change in the region by providing enterprise education through school, university and beyond
- Enhance continuing professional development, especially utilising links with cluster initiatives

Integration of cultural issues and the fostering of creative entrepreneurs

(fashion, film, art, drama, music, museums)

- Build a dialogue between creative sectors and the existing clusters.
- Support SMEs and entrepreneurial start-ups in creative sectors through developing local and international contacts
- Broader innovation – creativity, design, services and values
- Continue to learn from other places – locally, nationally and internationally

Market Region Värmland to make the region visible internationally and attract people, finance and industry

- Market Region Värmland internationally – the quality of life, high skills of people, transparent governance
- Karlstad University as international interface for the mobility of students; attract young people from other areas
- Create and market entrepreneurial culture in the region to attract investment

Build regional intelligence and proactively influence national and European Union policy agendas

- Challenging times in terms of policy uncertainties - create strong evidence-based strategies at regional level – **Create strategic 'regional – national dialogue'**
- Further develop research projects through Karlstad University to engage with EU research agenda
- Joined up thinking - **Industrial and innovation policy, Regional growth policy and Research policy – Synergies at regional, national and European level**
- Collaborate with other local authorities and influence national and EU policy agendas pro-actively
- Strategic alignment with EU policy instruments – Cohesion policy, 'smart specialisation'

¹ In this report, the term 'human capabilities' is used in the broadest sense, including human capacity and competence. Competence includes both individual skills and collective capacities.

competency with the latter two, generally, being tied to curricula and skill in carrying out specified task requirements (or 'what is') that have been pre-determined by the institution or company; whereas in the former cogitative and non-cogitative ability is connected to possibility (or 'what could be') and discovery by the individual in their regional context