

# Regional competitiveness in the Smart economy era

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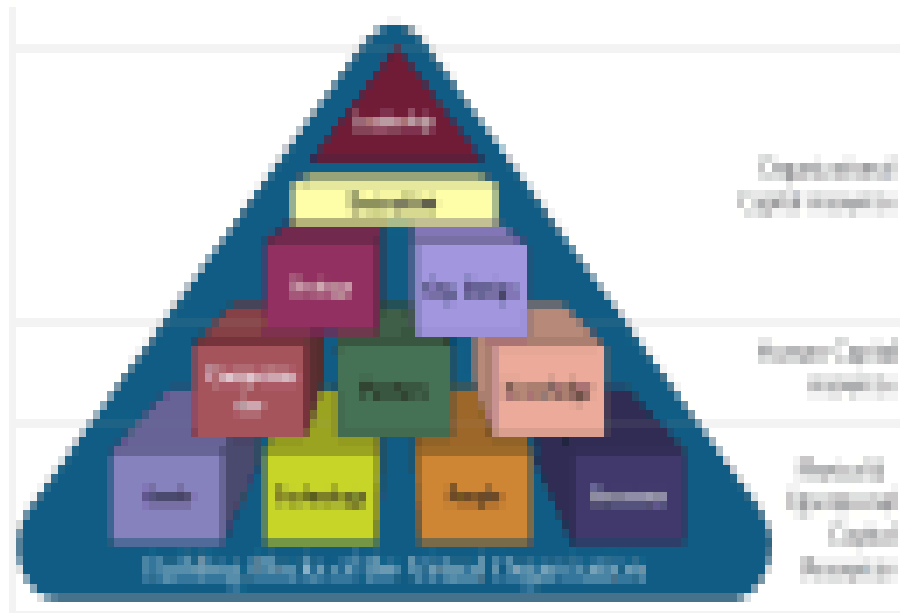
# Competitiveness

- ‘is a comparative concept of the ability and performance of a firm, sub-sector or country to sell and supply goods and/or services in a given market’.
- is dynamic, in constant flux – ‘to be competitive today, does not mean you will be competitive tomorrow’
- => something of a moving target and difficult to quantify.



# Firm Competitiveness

Doesn't stop us!



© Building Blocks of the Symbolic Organization

- **Resource based view**
- Land, labour, capital etc.
- Monotonicity – more you have, the more competitive you become?
- The more of the rarer resources you have, the more competitive you become.



# Firm Competitiveness

## Replicable

- Land
- Physical labour
- Equipment (significant)
- Access to Capital
- Codified knowledge

## Non-replicable

- Tacit Knowledge
- Social relations / ties / capital
- Reputation
- Brand



# Firm Competitiveness

**Warner Bros.**



**MGM Studios**



Miller and Shamsie (1996)



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# Firm Competitiveness

**Warner Bros.**



**MGM Studios**

Victor Fleming  
Sydney Howard



Reputation ←

Shared  
Experience  
→  
Social  
Capital

↓  
Support Structures



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# Firm Competitiveness

**Creative**



**Apple iPod**



# Firm Competitiveness

**Creative**



**Apple iPod**



Platforms (iTunes)  
Support structures

Industry  
Relationships

Media, Branding, Social media, hype, experience, cool



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# Firm Competitiveness

- The tangible is only a starting point –
- Increasingly, competition is taking place over the intangible. That is how firms differentiate themselves and offer unique experiences.

Commodity	Good	Service	Experience
 <p>Prevailing prices for various coffee offerings</p>			
<b>\$0.01–\$0.02</b> Per Cup	<b>\$0.05–\$0.25</b> Per Cup	<b>\$0.75–\$1.50</b> Per Cup	<b>\$2.00–\$5.00</b> Per Cup



# Territorial Competitiveness



- **Resource based view of the region...**
- Stock of assets, topography, stratigraphy, population, urbanisation, etc.
- Economic metrics



# Territorial Competitiveness

## Replicable

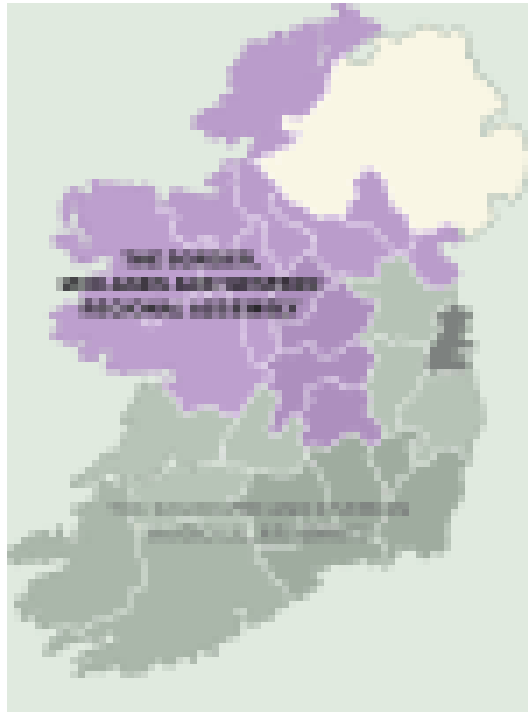
- Labour laws
- Industrial standards
- Education systems
- Taxes, tariffs, monetary and fiscal policies
- Innovation policies
- Smart economy policies

## Non replicable

- Physical proximity
- Social environment
- Cultural environment
- Business environment
- Support systems
- Reputation / History
- Brand



# Territorial Competitiveness

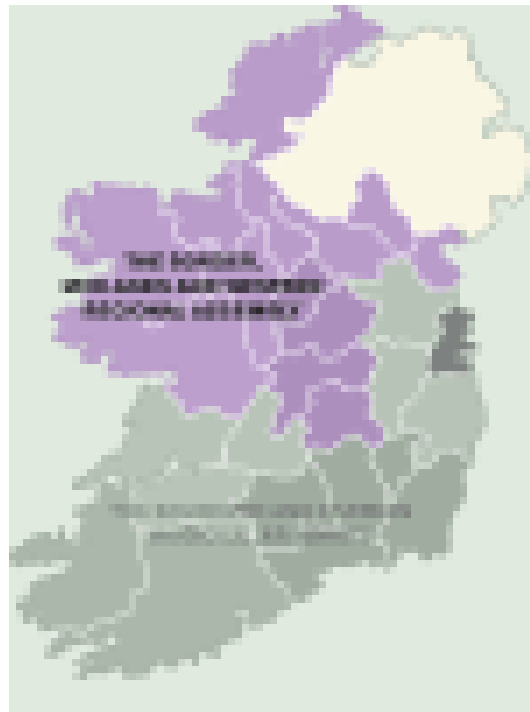


- A Rural Economy (manufacturing)
- Infrastructure and access
- Output, employment, FDI attraction (vis a vis S&E)
- KIS sector €1billion
- Medical Device Cluster (other tech clusters including software / gaming)
- Strong potential for the creative economy (Doubling of the workforce)

Innovation Audit May 2011



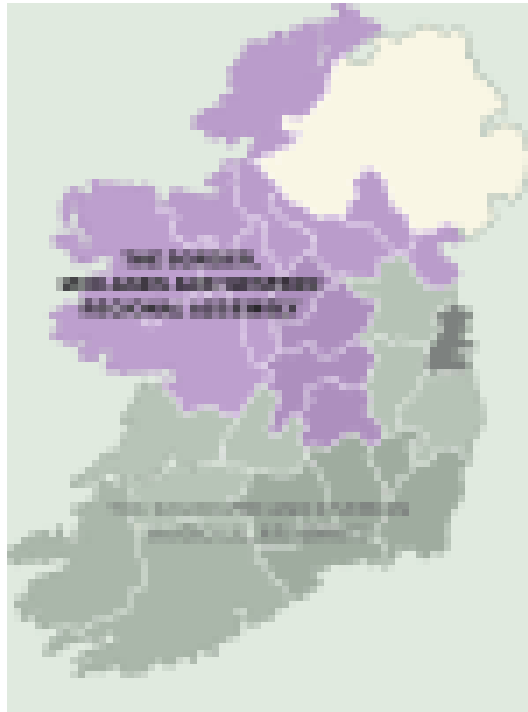
# Territorial Competitiveness



- Results from the Fifth Report on Economic, Social and Territorial Cohesion
- = Average



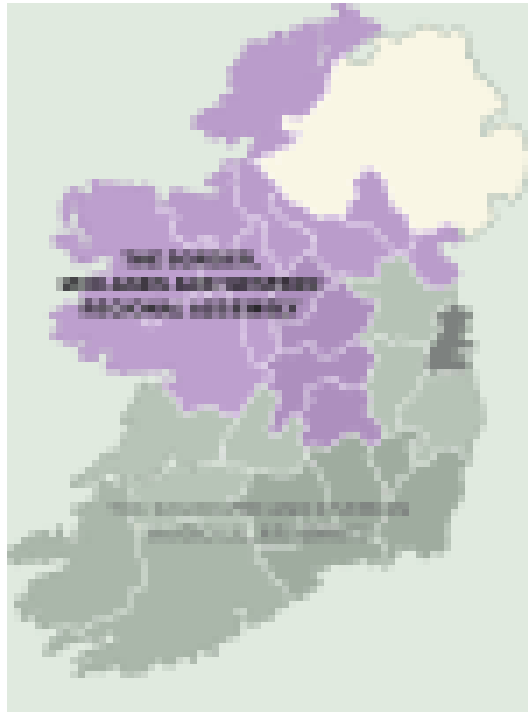
# Territorial Competitiveness



- Total Expenditure on R&D 98<sup>th</sup>
- Patent applications to the EPO 98<sup>th</sup>
- Regional Innovation Performance Index = 'Average'
- Labour Productivity 120<sup>th</sup>
- Broadband 146<sup>th</sup>



# Territorial Competitiveness



- Population with tertiary Education 76<sup>th</sup>
- Employment in high tech sectors 42<sup>nd</sup>
- Regional Competitiveness ranking 130<sup>th</sup> (59.3 out of 100)



# Sum of the parts?

- Renowned regionalist Micheal Storper defines Territorial Competitiveness as ‘the ability of an economy to attract and maintain firms with stable or rising market shares in an activity while maintaining standards of living for those who participate in it’ (1997: 20).



# Past 18 months

- Testing period for the nation and the region.
- Replete with ebbing fortunes in the jobs market.
- European Restructuring Monitor and Media Searches...
- Over 80 cases of restructuring in Ireland – 6,810 jobs lost, 12,212 jobs gained

See Collins and Grimes (2011)

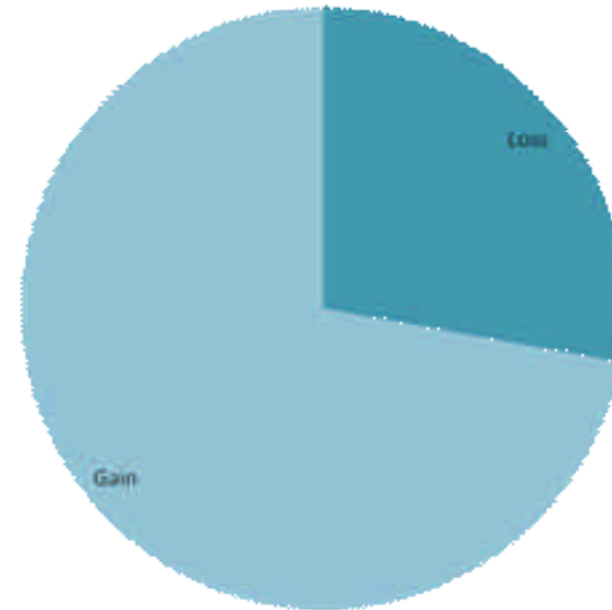


# 18 months restructuring

National



BMW region



BMW figures exclude national restructurings  
i.e. AIB, Aviva, Iceland (gains and losses roughly equal)



# Types of jobs being lost (value)

- Quick categorisation of Jobs along a hierarchy.

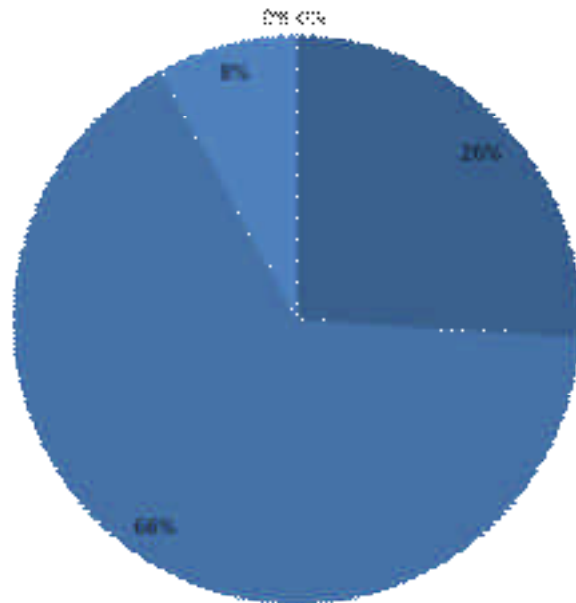
Category	Examples
Low value manufacturing	Assembly line production
Low value Services	Back office support, call centre, retail,
High value manufacturing	High end production, trained personnel, high value product
High value services	Customer support, HR, marketing, financial services
High-end R&D and supra national remits	Research and development, highly trained, EU HQ functions



# Types of jobs being lost (value)

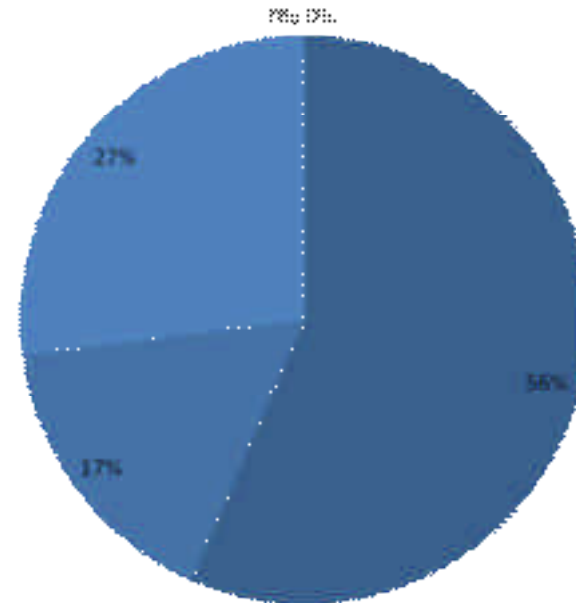
## National

Manufacturing    Retail Services    Non-Manufacturing    Other    R&D Investment



## BMW Region

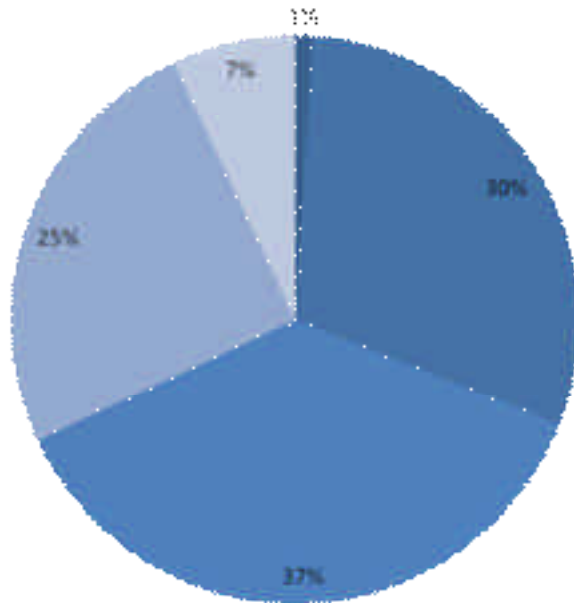
Manufacturing    Retail Services    Non-Manufacturing    Other    R&D Investment



# Types of jobs gained (value)

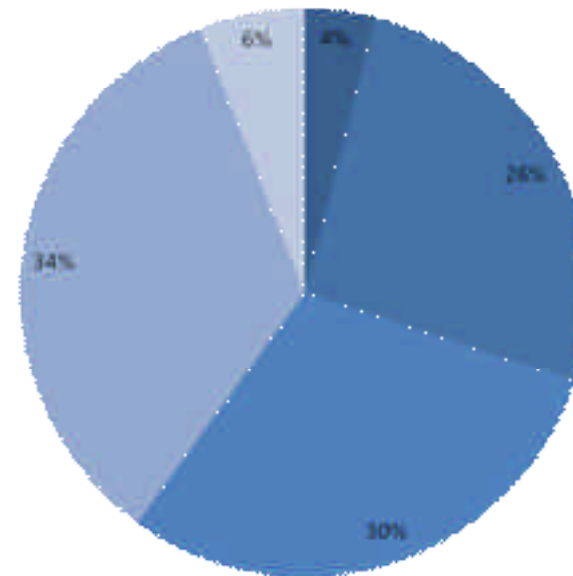
National

■ Unfilled ■ Ex-Services ■ Full-time ■ Part-time ■ R&D investment



BMW Region

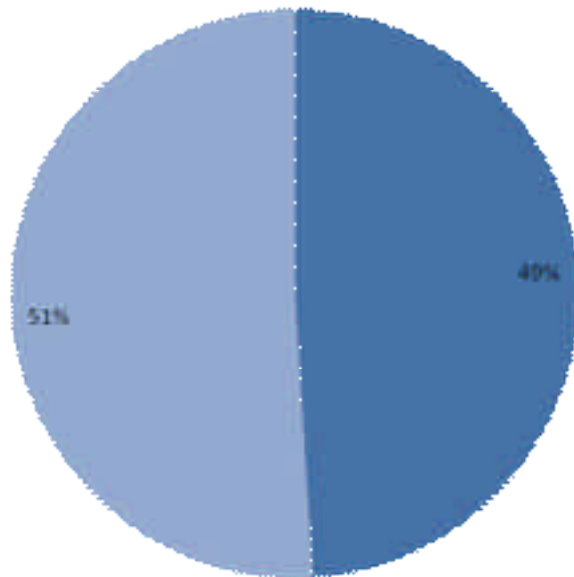
■ Unfilled ■ Ex-Services ■ Full-time ■ Part-time ■ R&D investment



# Ownership of Jobs lost

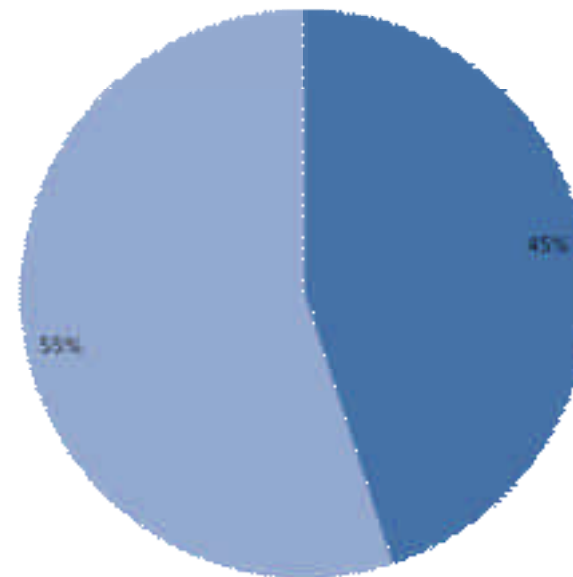
National

■ Irish ■ Foreign



BMW Region

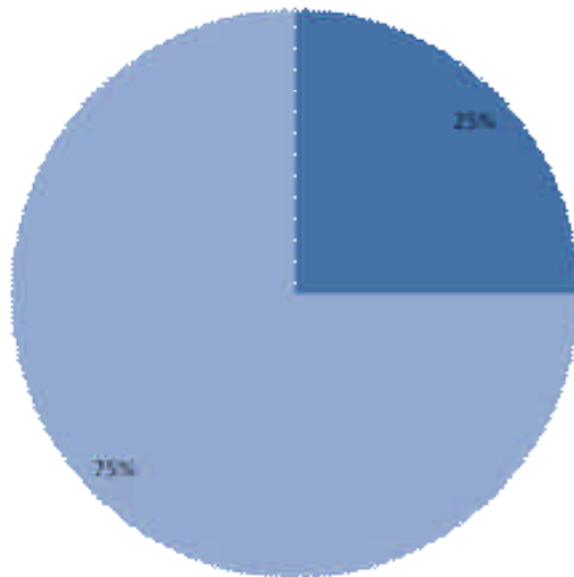
■ Irish ■ Foreign



# Ownership of jobs gained

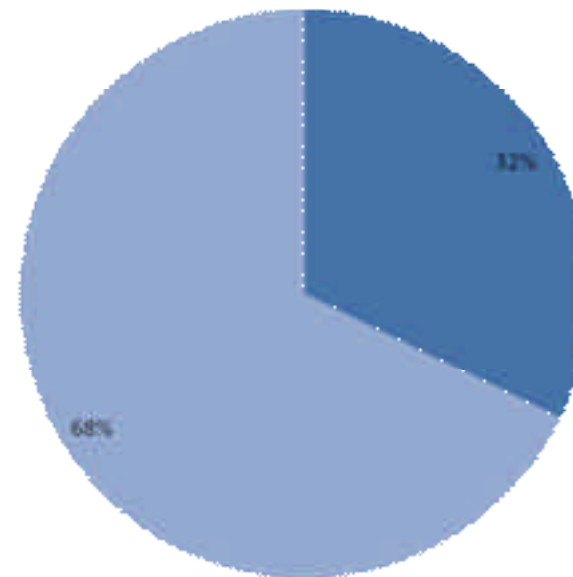
National

■ Irish ■ Foreign



BMW Region

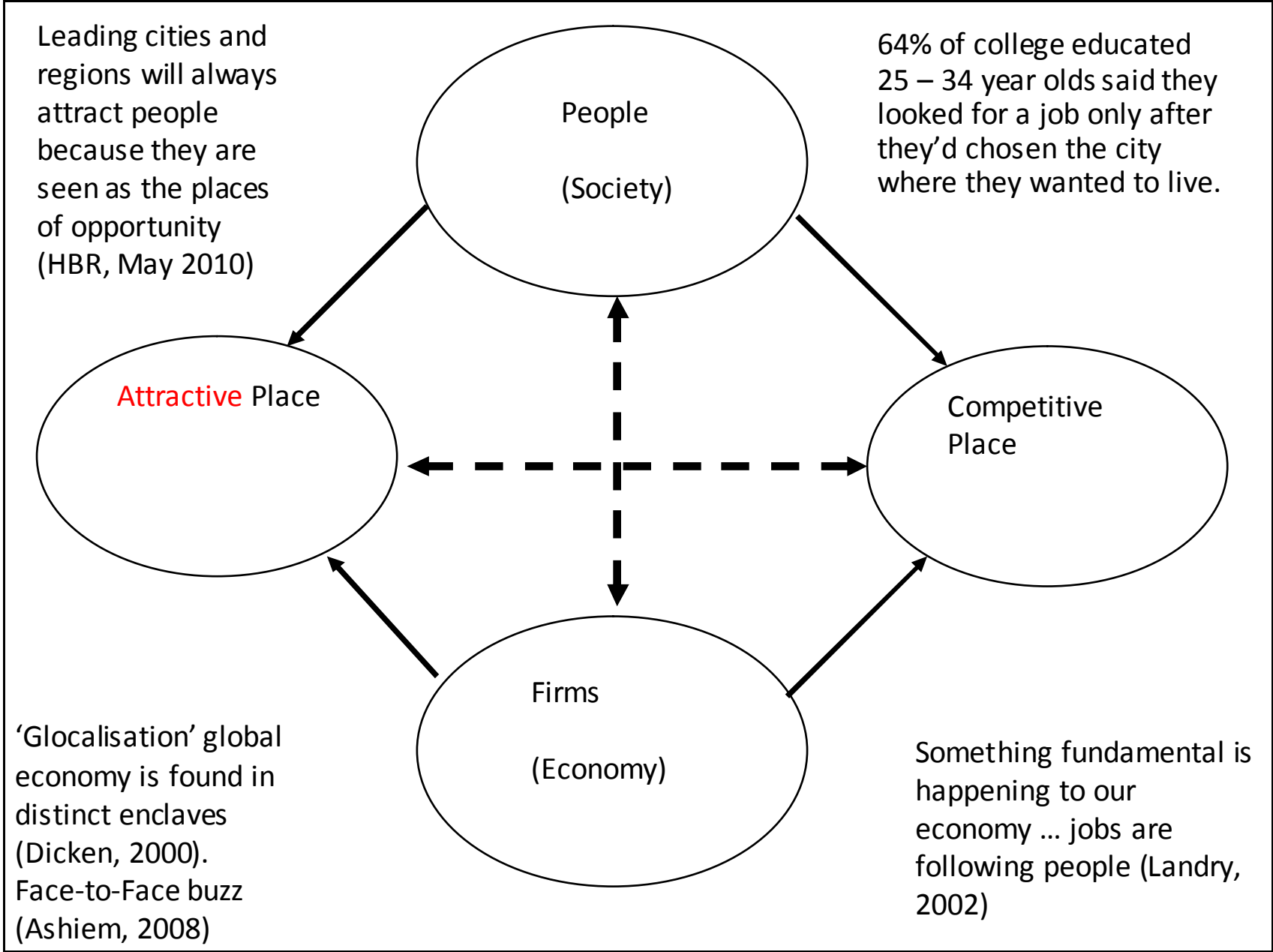
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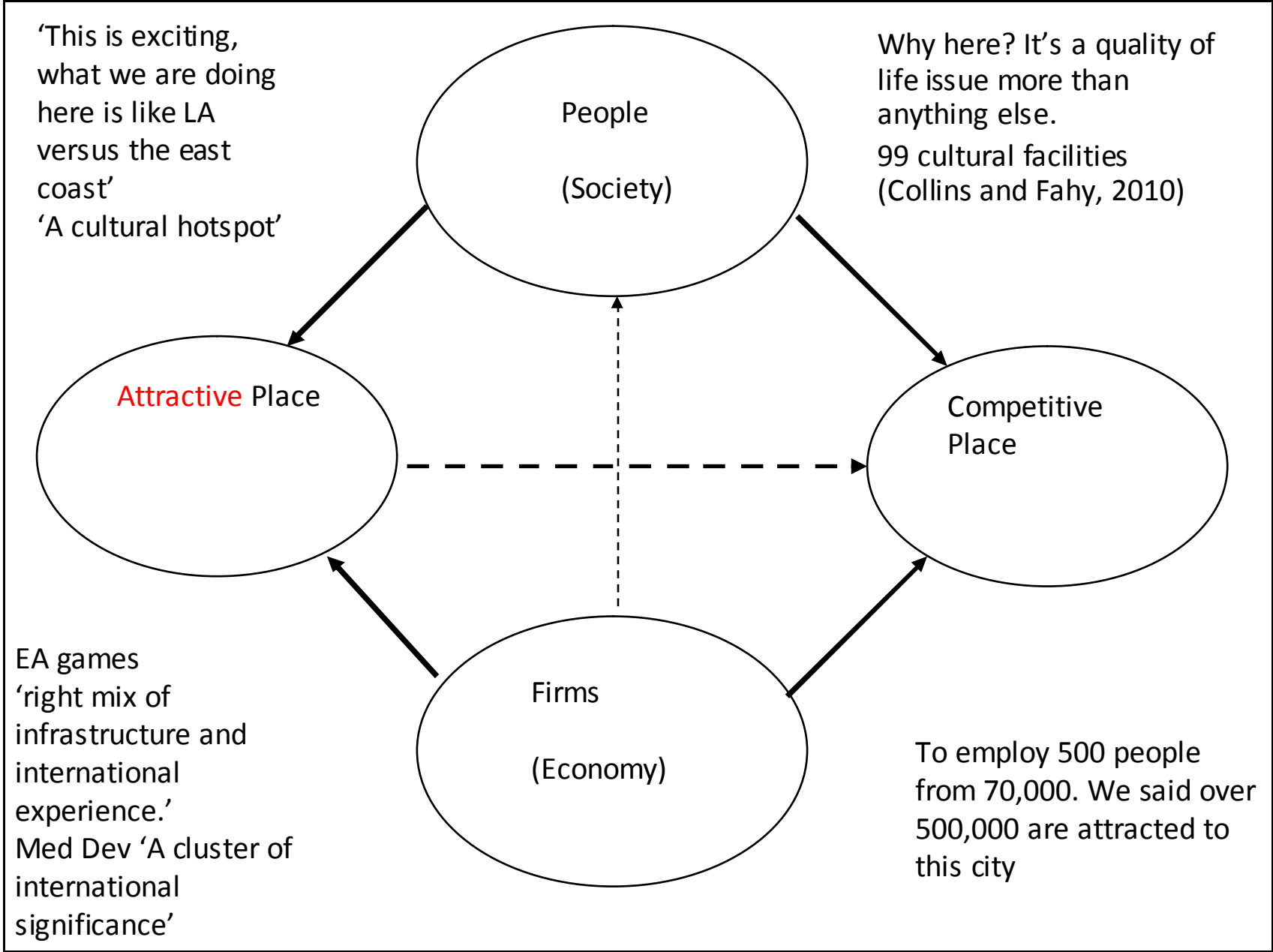


# Competitiveness

- ‘the ability of an economy to attract and maintain firms with stable or rising market shares’







# Competitiveness

- The economy is evolving – there is an obvious move towards the experiential and the non-tangible.
- Applying old metrics of competitiveness (the tangible) will never let us know how to compete.
- This is as true for regions as it is for firms



# Conclusion

- Replicable policies attract replicable firms –
- This is where competition actually exists as a zero sum game. (BMW can't compete here)
- The BMW region needs to focus on what it can offer that is unique. Boosting the systems of support (innovation) and cultivating / promoting its rich environment will act as a the key attraction for business growth and development.



# Thank you!

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