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Workshop

**Exploring Knowledge Intensive Business Services. Entrepreneurships,
Business Models and Knowledge Management Strategies**

Padua – March 18-19, 2011

Starting point : *Paper “What we should know about knowledge-intensive business services”* surveying some 15 years of research on KIBS

Structure of the presentation :

Part I : Entering the black box of KIBS

Part II : Revisiting links between KIBS and space(s)

Conclusion : KIBS as objects of innovation policies ?

I KIBS AND KNOWLEDGE ANGELS

According to our assumptions, knowledge angels are specific individuals, who:

- typically act as consultants (but not necessarily exclusively);
- may have the talent to “sense” things before they happen, or make them “happen” (from the subjective point of view of an external observer);
- make a difference in the way knowledge is created, organized and flowing within the firm and between the firm and its partners.

Type of angel	Business angels	Knowledge angels
Characteristics		
Core resources	Money and business experience (and to a lesser extent ideas)	Ideas and visions (and to a lesser extent business experience)
Strongest motivation	“Fun factor” and financial interest (and a willingness to support younger entrepreneurs)	Quest for freedom and self- realization (and a willingness to support co-workers)
Knowledge support	Supporting already existing knowledge creation processes and situations	Initiating new knowledge creation processes and situations

Alternative vectors of changes and mutations within KIBS still strongly need to be deeper investigated : KIBS innovation competences = skills X values ?

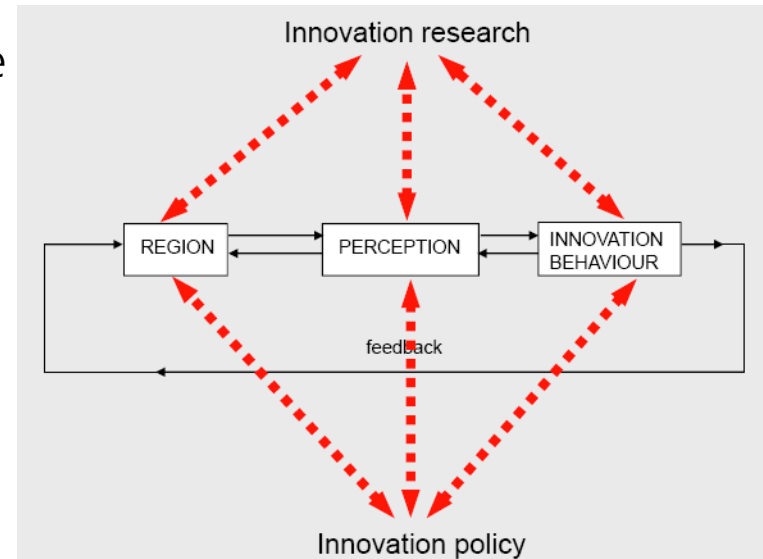
- In analogy to GPTs (i.e. general purpose technologies such as ICT, biotech, nanotech) in the field of manufacturing, is there something emerging to be identified as GPCs (i.e. general purpose competences such as innovativeness or creativity)? Innovation competences of KIBS could be then defined as the result of a combination of specific skills and particular values.
- At individual level : detection of skills. For instance, O*NET provides a set of standardized skills (i.e. complex problem solving skills, resource management skills, social skills, systems skills, technical skills, etc.).
- At company level : detection of values. A good example is given by D. Roy, founder and CEO of *egzakt* (Communication & public relations-oriented KIBS located in Canada) using five key values as a management tool : 1) creativity, 2) audacity, 3) commitment, 4) trust, 5) optimism.

New measures of KIBS innovation activities using IPR

- Formal IPR regime (typically based on patents) is biased towards goods produced by manufacturing industries. Clear measurement deficit in the case of KIBS.
- The registration of trademarks (rather than patents) provides for KIBS at the same time a protection and a distinction for (mostly new) services. Currently at least two on-going PhD research works: M. Gotsch (Karlsruhe Institute of Technology) and V. Millot (University of Strasbourg/OECD).
- First empirical observations tend to demonstrate that in the case of KIBS, trademarks clearly provide better innovation indicators than data related to patents or copyrights. Emergence of a “new metric of KIBS innovation” complementing innovation expenses?

Territory-specific innovation modes?

- Starting-point: Innovation as interactive and social process
- Analysis of perception : How do companies see their environment?
- Actors react to their environments, but also shape their environment with their action
- Central: subjective representation of reality (influenced by individual and socio-cultural factors)
- New insights for innovation policies?

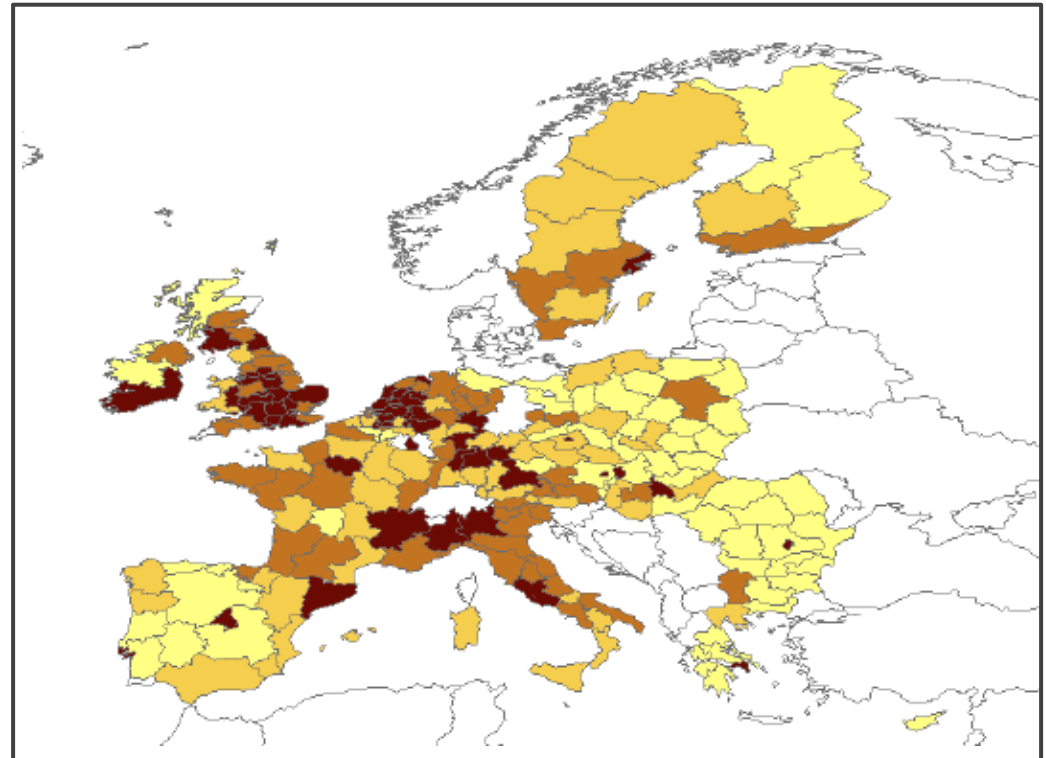


Based on Gold 1980: 38 (modified and supplemented)

Concentration of KIBS activities?

- On the European scale: highest KIBS employment shares in capital and metropolitan regions
- Relationship between knowledge, creativity, innovation and urban spaces
- Different functions of cities: gateway and bridge functions; hubs and incubators; “trendsetting”; location of important clients, consumers, research and decision units

Employment share in KIBS 2007 (% of all NACE classes, quartiles)

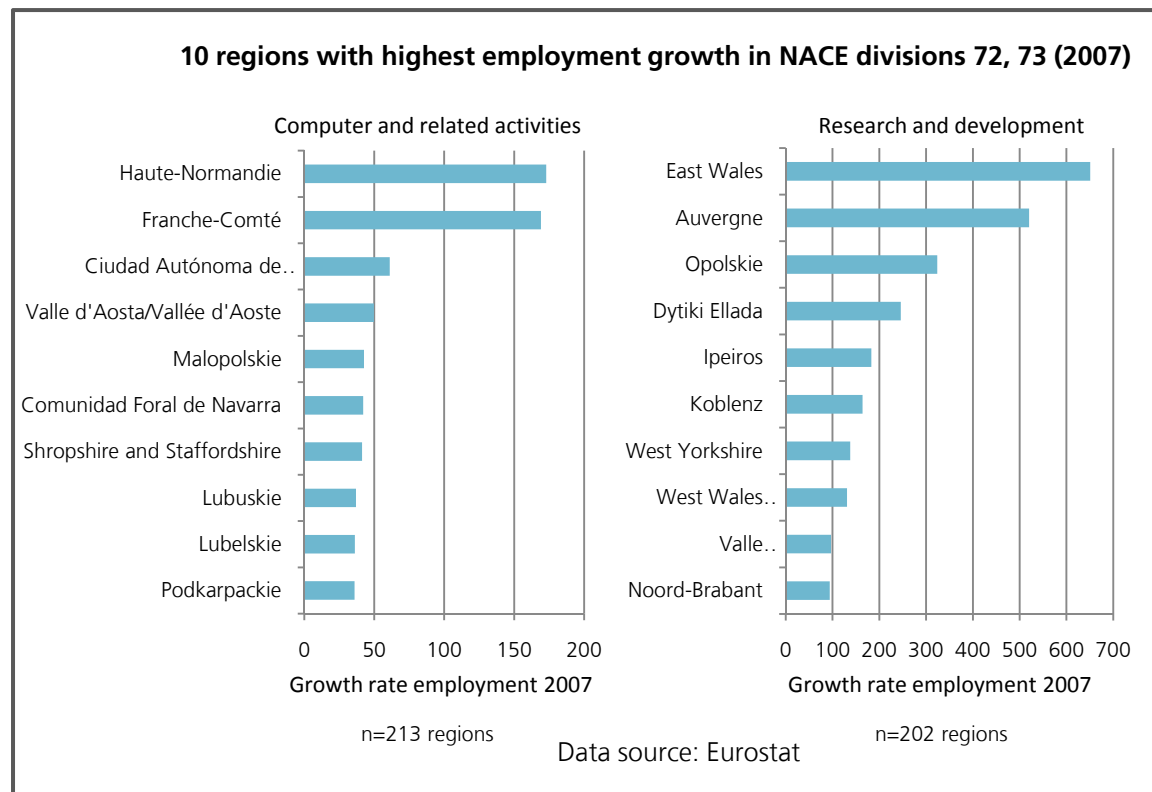


Data Source: Eurostat, Software: ArcGIS
© EuroGeographics for the administrative boundaries



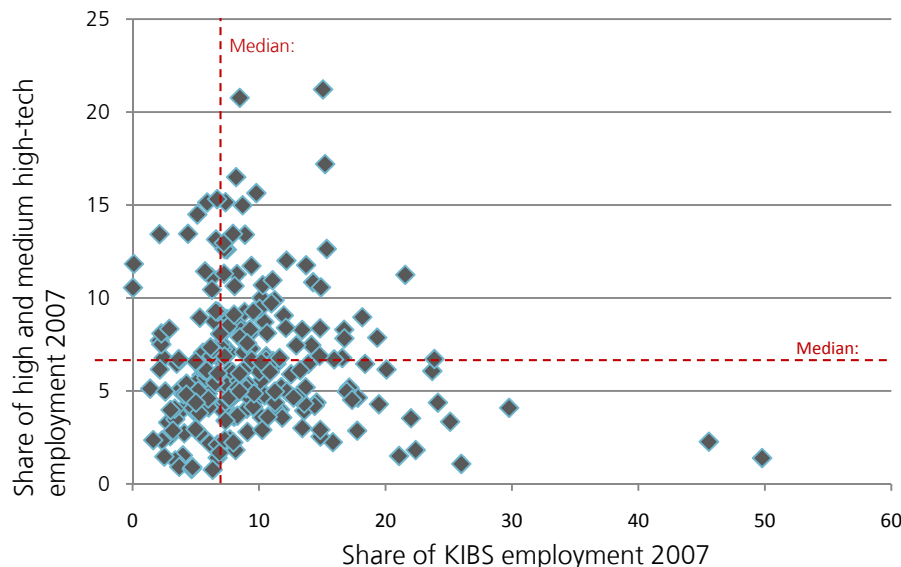
Dynamic development of KIBS

- Between 1999 and 2007: Employment growth in business services in EU-27 by 50% (Eurostat)
- Knowledge-intensive business service sectors show high dynamics
- High start-up rates in metropolitan areas (ex. Germany, cf. ZEW / Microsoft)



Specialisation vs. co-location

- Generally high KIBS specialisation in European metropolitan and capital regions (employment shares 2007)
 - Different patterns of specialisation in KIBS, high and medium high-tech manufacturing and co-location of both sectors
- > different specialisation patterns and trajectories



Data source: Eurostat
Data available for 231 NUTS II regions

Three (good) reasons for targeting innovation policies towards KIBS

1. Since the KIBS sector shows strong growth potentials, supporting policies can contribute to enhance employment, income and wealth (and a real leverage effect can be expected).
2. Since KIBS have a strong propensity for internal innovation and can also boost innovation of their clients, KIBS supporting policies may (indirectly) also foster innovation of KIBS' clients.
3. Since regions show specific patterns of KIBS locations, specialisations and foundation, tailored policies can contribute to the evolution of regional trajectories.

Three (bad) reasons for not targeting innovation policies towards KIBS

1. Since the KIBS sector is highly dynamic in terms of birth and death rates, policies devoted to KIBS may prove to be without large (visible) impact.
2. Since KIBS' innovations are intangible and difficult to measure - and often less spectacular than high-tech (manufacturing) activities, it is much more difficult to design efficient policies that appear as easy to legitimate.
3. Since KIBS tend to strongly locate in agglomerations, there is a risk of second-best choice effect in promoting KIBS development in somehow peripheral regions.