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Industrial policy under decentralization of public administration: strategy of smart specialisation

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Abstract: In the paper the necessity of transferring of authority related to the development of industrial potential and innovation activity in the economy to regional and local self-governments is substantiated. Taking into account the commitment of Ukraine on the Association Agreement between Ukraine and the European Union to develop cooperation on policies in the field of industry and business on the basis of internationally recognized principles and practices in these areas it is proposed to introduce the concept of regional strategy of smart specialisation to the practice of elaboration and implementation of industrial policy in the regions of Ukraine. This concept is actively promoted for modern industrial and regional policies by the European Commission and used by many OECD countries. A key element of such strategies is an “entrepreneurial process of discovery” in the definition of strategic priorities and therefore essential to successful design of policy of regional industry innovation based development. This process utilizes entrepreneurial knowledge existing in a region or country and takes an entrepreneurial approach in the sense of focusing on market opportunities, differentiates from others, takes (and manages) risks and seeks for alliances to optimise the access to and use of resources (physical, financial, intellectual, market knowledge, etc.). This means that policy makers should involve all types of innovation actors (e.g. businesses, technology and competence centres, universities and public agencies, science and business parks, business associations and venture capitalists, NGOs, etc.) in an entrepreneurial process for the design of smart specialization strategies and assess their proposals for future development and investment. There is brief description of six steps of a smart specialization strategy elaborating in the paper. In conjunction with the application of the concept of smart specialisation in Ukraine it is also proposed to actively develop the clustering policy including such measures as promoting the formation and functioning of innovative industrial clusters. It is concluded that such industrial policy would mainly have horizontal nature with elements of sectoral interventions in cases of policy measures aimed at promoting innovation activities in specific clusters and sectors of the regional economy.

Keywords: industrial policy; decentralization of public administration; regional and local governments; strategy of smart specialisation; clusters

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