

Knowledge territories, Open innovation and the Joint assets issue

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Agenda

- 1- Problematizing the issue
- 2- Knowledge territory as a central concept for value creation and action
- 3- Open innovation – and the Joint assets issue
- 4- Governance issues
- 5- Analytical issues
- 6- Implications for reporting and managing intangibles

1- Problematising the issue (1/9)

- The knowledge economy is now recognised as the dominant conceptual perspective for decision making at different socio-organisational levels
- This was the main argument put forward by the Lisbon agenda and its subsequent updating
- Most advanced and emerging nations have now established their knowledge economy (society) agenda, with defined key indicators for follow-up

1- Problematising the issue (2/9)

- At the meso-level (Regions, Cities), the same tendency can be observed (Smart cities, Intelligent Regions)
- European as well as national strategies aim at creating a dynamic for increasing the share & **value** of knowledge in exchanges within and around societies at different levels (outputs, inputs and intermediary resources)
- At the pure economic level, the main objective lies in increasing the share of knowledge per unit of value added, and naturally in increasing the share of value added jobs in the whole work force, as well as in absolute terms

1- Problematising the issue (4/9)

- Companies and their Executives are also aware of the importance of knowledge for the long term performance.

Two arguments :

- 1) **Executives** are more and more keen of the deep shift in the way value is created in the knowledge economy (end-users involvement, networks and communities)
- 2) **Individuals** themselves are more using business spaces, primarily as transaction spaces, rather than as socialising ones for the long term

1- Problematising the issue (5/9)

- These two arguments can be illustrated by the growing popularity of the open innovation strategies
- as well as, by the great attention paid by analysts and Executives to the differentiation in behavior among generations (generation C, Y, X and so on...)
- Dynamic capabilities, collective intelligence, the new “theory” of the firm, open innovation, social media and new technology for ubiquitous society, are new interesting analytical perspectives

1- Problematising the issue (6/9)

- We can then already derive a deep and divergent tendency in the way knowledge is approached for value creation purposes
- At the policy level (Nations, regions, cities), the objective resides in revisiting traditional instruments, by creating new spaces of cohesion, and by leveraging collective intelligence
- This is the main argument developed around the concept of living labs, with the idea of clustering, and prototyping and ensuring knowledge fusion, building, among others, on the high potential of ICT

1- Problematizing the issue (7/9)

- Policy makers target here the creation of the conditions of emergence of new socio-economic models
- At the business level, Executives are searching to leverage their organisational capacities, taking into account the redistribution of knowledge flows among different spaces
- However, it should be taken into account that knowledge does not “flow” like a liquid and is not disseminate like “radio waves”
- It is rather transferred or transacted between a sender and a receiver of information in a relatively complex process of communication (Meusbürger,2008)
- Therefore, in most of the cases, value become less linear and therefore a less easy to seize process

1- Problematising the issue (8/9)

- The issue is here not only a policy one; it is also primarily, a conceptual one
- At least during the last ten years, several concepts and instruments have been developed, and implemented, in different organisational and policy settings, aiming at leveraging knowledge and intellectual capital
- But we need to go further, especially by considering the deep shift in the way value is created, especially due to the deep transformation of socio-economic systems

1- Problematising the issue (9/9)

- This global and still open game is complicated by the tensions and **flows** at the global level
- Knowledge geographers often underline the difficulty of moving tacit and various types of codified knowledge from one setting to another
- Behind this question lies the key issue of mobility / fixity/ renewability of knowledge, and its impact of sustainable development of given ecosystems
- On the same vein, how emerging countries can benefit from such a transfer, why by becoming exporters of other transfers flows to Europe/ OECD countries?).

2- Knowledge territory as a central concept for value creation and action

(1/2)

Knowledge territories as an analytical perspective

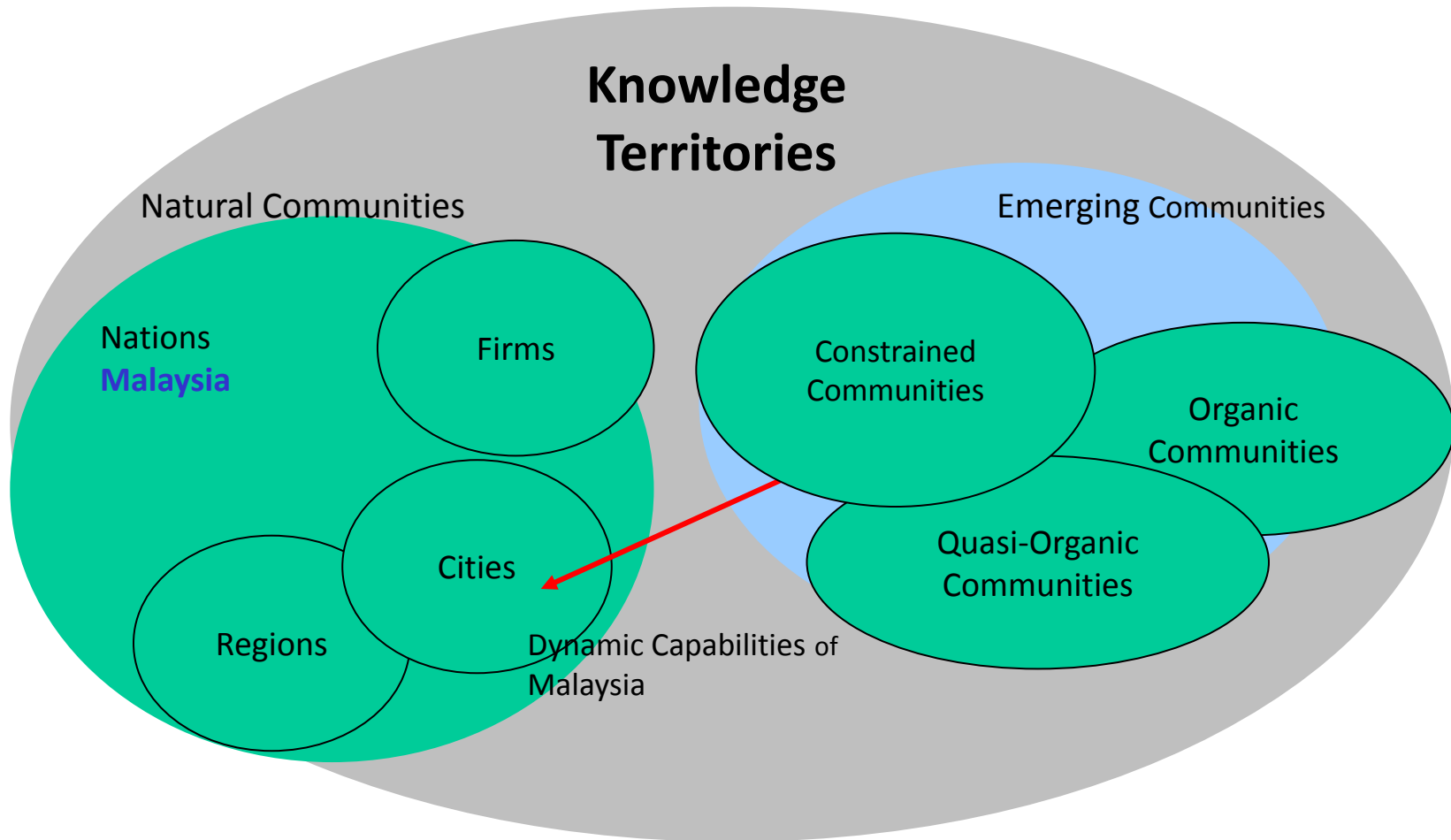
- The knowledge territory concept is referred to here to delineate the ***geographical dimension of knowledge*** flow among different players. It is an umbrella concept designed towards integrating different geographical concepts used at different layers, but not often with great clarity:
 - knowledge cities and knowledge regions, primarily.
- But the knowledge territory concept goes beyond these, since it aims at articulating **other territories** to these:
 - traditional firms, knowledge Diasporas, creative milieus, knowledge markets and networks (KMN), and the virtual world, e.g. Social media.
- It is designed towards seizing conditions for knowledge flow creation and dissemination among different spaces, being physical or virtual or both.

2- Knowledge territory as a central concept for value creation and action

(2/2)

- This presupposes a critical review of what has been conceptually proposed so far: starting with the concept of knowledge economy, and then going further towards sub-layers concepts such: the knowledge city and the knowledge regions and their associated instruments (the living labs, among others).
- Based on the critique of these analytical instruments, it will be possible to give substance to an integrative concept – the knowledge territory- and therefore to design the policy instruments the most adapted to the necessity of integrating different layers of decision making

2- Knowledge territory as a central concept for value creation and action (2/2)



3- Open innovation – and the Joint assets issue

- Open innovation emerged as a perspective based on the long process of disintegration of the vertical enterprise
- Open innovation is already implemented within manufacturing and services companies
- With naturally a high intangible dimension
- Open innovation language is easy to understand by CEOs and Executives

3- Open innovation – and the Joint assets issue

KMN are new levers/mechanisms for knowledge flow and creation :

- Transaction mechanisms
- Bundling mechanisms
- Cross institutional and partnership mechanisms public/private mechanisms)
- Mechanisms governed by the open access principles
- They have to be considered from the open innovation agenda
- They will play a strong role in innovation's modalities and outcomes

3- Open innovation – and the Joint assets issue

ICT use and the individual-centrism of societies

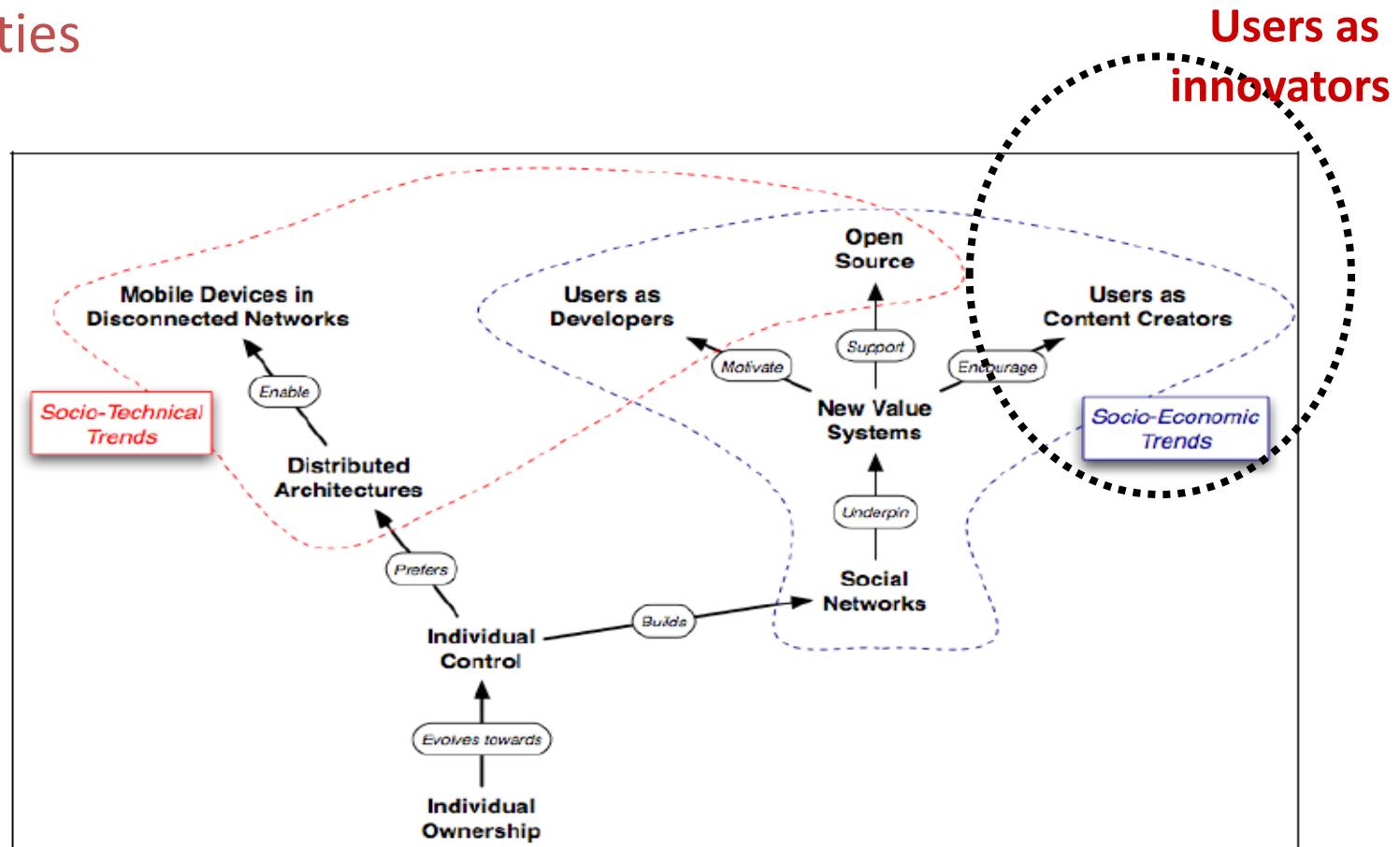


Figure 1.1: Characterisation of current trends in new media from an individualist viewpoint

Source: FiNeS research roadmap 9 November 2009 with adaptation

3- Open innovation – and the Joint assets issue: an illustration of a research for Executives - The ISD Programme

WP1 Business Models	WP 2 Societal & Ethical Values	WP 3 Outdoor & Open Innovation	WP 4 Ubiquitous Networks
WP 5 Space & Knowledge Flows	WP 6 HR, Work Organisation and collective intelligence	WP 7 IT and Technological convergence	WP 8 The Microeconomics of IT/IS
WP 9 Emerging Practices	WP 10 Regulation	WP 11 Performance rules and standards	WP 12 Managing IS function by 2020

Synthesis

IS Futures: Scenarios for 2020

3- Open innovation – and the Joint assets issue

ISD programme - WP 3: Outdoor & Open Innovation

- To what extent do open innovation models lead to specific types of organisational innovation?
- What is the relative importance of users in innovation processes?
- How significant will new organisational forms (communities) be in IS innovation?
- To what extent will IT/IS systems play a critical role?

3- Open innovation – and the Joint assets issue

ISD programme - WP 5 : Space and Knowledge Flows

(1/2)

- What will be the impact of IT be on the location of jobs for high and low-skilled employees in different economic branches of IT?
- What should the relationship be between knowledge and power in IT?
- To what extent will the relationship between power and knowledge be influenced by new information technologies?
- What role will proximity and distance play in the generation, diffusion and application of knowledge?

4- Governance issues (1/4)

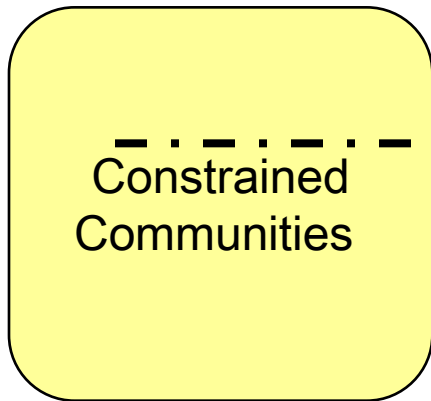
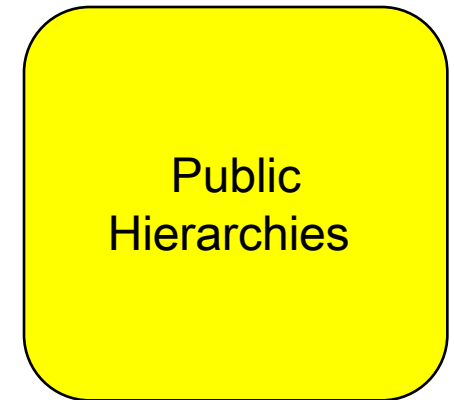
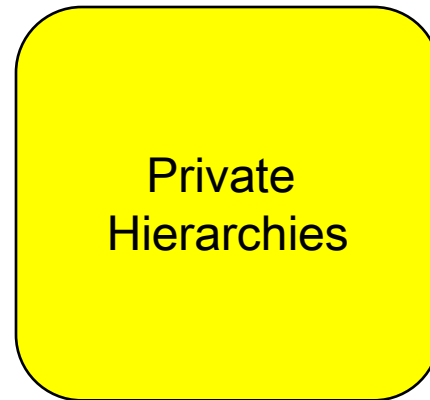
The rules of governance : Community regime versus Transaction regime

- Conceptually, different forms of emerging regimes have been coined in the literature (Bounfour 2005,2009),
- Two types of regimes are already underway in the global socio-economy systems:
- the *community regime* (mainly governed by recognition) and the *transaction regime* (mainly governed by (short) term return on investment principles).
- They coexist in every socioeconomic system and they should dominate the emerging spaces of value creation, especially those related to knowledge creation, transfer and dissemination: knowledge territories and spaces

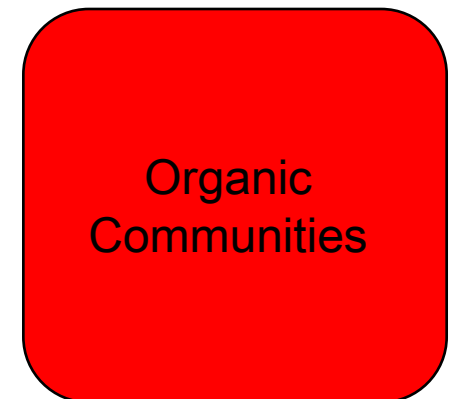
Intangibles and the socio-economic systems dynamics

The Transaction Order

Exclusive Intangibles & IPRs



Joint [Recognition] Intangibles & IPRs



The Recognition Order

4- Governance issues (3/4)

- We need in particular to understand how these regimes interact, including with regards to the so called natural communities (nations, regions and cities). For each of these forms of socialising, we need to redesign, and possibly, prototype new policy instruments.

4- Governance issues (4/4)

- *Intangibles as the main driving forces for value creation and acceleration in the knowledge territories/spaces*
- Knowledge and intellectual capital (intangibles) are closely related concepts. Intangible resources are the main ingredients for value creation in digital territories. They are the levers for exchange, socio-economising and wealth creation
- But beyond the traditional taxonomy now largely used, we need to go further, by modeling how knowledge milieus territories are conditioned by their way of articulating these resources at different layers (cities, regions, knowledge markets and networks, other communities), and more importantly, how what type of configurations can be elicited for the future.

5-Analytical issues

The questions posed

- How these territories & **value spaces** emerge, including by considering their historical dimension: what are the driving forces, what are the main players (companies, citizens, NGOs, other stakeholders) how they work in concrete settings?
- What type of modeling can be proposed between different layers (Cities, regions, knowledge markets and networks ...) what are the contingent factors?
- ***A focus will specifically be put here on intangibles, knowledge spaces/ assets and their conditions of creation, renewability, and transfer/mobility/fixity?***

A research project on « Knowledge territories and creativity »

- Research projects :
 - « Knowledge territoires »,
 - « Creative cities » (European Commission Note, New Club of Paris research programme)

5-Analytical issues

- To what extent do existing managerial /policy instruments (benchmarking, rating ...) fit to the fundamental **knowledge and IC ecology** rules of functioning of knowledge (smart) territories ?
- How to articulate these modeling to Knowledge policy instruments, including their design?

6- Implications for reporting and managing intangibles (1/4)

- Knowledge territories bring to the fore the complexity of value creation in the knowledge economy
- At microeconomic level, two main extensions :
 - An extension of the scope of resources
 - A more focus on **joint assets** creation and valuation

Thank you for your attention