



# 5th newsletter

November 2018

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Dear reader,

Welcome to the fifth edition of Newsletter series of the INNOGROW project that promotes the adoption of innovation by rural economy SMEs, through sharing practices and experiences between regions and actors relevant to rural economy SMEs competitiveness, and integrating lessons learnt into regional policies and action plans.

During the last period of implementation all activities contributing to the exchange of experience and the communication of project results are progressing significantly. Partners have advanced with the development of an innovative online benchmarking tool to support INNOGROW regions in assessing their performance on improving rural economy SMEs competitiveness. Two main exchange of experience activities took place in 5<sup>th</sup> semester, the third workshop organised by PP9 in Gyor, Hungary on new business models and the second study visit to transfer experiences on innovative production policies in Thessaly, Greece organised by the LP. All partners participated in both activities. Moreover, partners of the INNOGROW project are planning the European regions summit in Ljubljana, Slovenia which is going to be organised on 12<sup>th</sup> and 13<sup>th</sup> February 2019..

In this newsletter, you will find information about past, current and future project activities, key project results and upcoming events, as well as interesting conclusions drawn from the study visit in Thessaly region and from Gyor workshop. Through our project website and this periodic newsletter, we will keep you informed about our progress and key outcomes.

The INNOGROW project team!

- Benchmarking regions' performance on supporting innovation for rural economy SMEs
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## PROJECT AT A GLANCE

INNOGROW is a European project funded by INTERREG Europe Programme that aims to support the modernisation of existing rural economy SMEs and the proliferation of innovative start-ups through policies that promote the adoption of technology and business model innovation by SMEs in rural areas

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or contact the Project Coordinator: [s.papadimopoulou@thessaly.gov.gr](mailto:s.papadimopoulou@thessaly.gov.gr)



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## Benchmarking regions' performance on supporting innovation for rural economy SMEs

Newcastle University has developed, in the context of the INNOGROW project, an innovative online benchmarking tool to support INNOGROW regions in assessing their performance on improving rural economy SMEs competitiveness. The benchmarking tool <https://www.staff.ncl.ac.uk/steven.hall/innogrow/> will help policy makers and stakeholders to identify the most suitable practices to improve rural SMEs competitiveness.

To create the tool, Newcastle University has prepared suitable indicators and defined areas to benchmark, to evaluate the existing policy approaches of regions. The key indicators were defined using two main data resources: the entrepreneurial performance measures of the Eurostat-OECD entrepreneurship programme (EIP) and the global competitiveness index from the World Economic Forum (WEF). The online benchmarking tool created is a web-based interface, utilising the existing datasets



from these main two sources, designed as a user-driven data tool so that users can select specific indicators, areas or countries that they would like to compare.

The tool, which is still an experimental prototype, will consequently allow users to enter data online with a simple and friendly template. Currently the data used only provide information at the national level. Next, users are encouraged to upload regional data or case studies. This will be useful for policy makers and stakeholders to identify the suitable

practices and policies to support rural SMEs at both national and regional level.

The final output will be used by policy makers and stakeholders to identify what solutions work best in improving rural economy SMEs competitiveness, study how they work and adopt the most suitable best practices to their own regions.

## Third Workshop in Győr

The interregional workshop on innovation support centres for rural economy SMEs was hosted by the "Pannon Novum WestTransdanubian Regional Innovation NonProfit Ltd" in the city of Győr, Hungary. The interregional thematic workshop has been organized for two days (from the 2nd until the 4th of July) and all project partners were participated in, with members of their stakeholder groups and external experts. During the workshop, regional authorities' representatives have had the opportunities to exchange views and ideas with their peers, familiarize themselves with policy measures and strategies implemented in other regions and co-shape a common approach for promoting business model innovation and forwarding rural SMEs involvement in new coalitions.

The mission of the workshop was to facilitate the exchange of ideas and experiences,

acquisition of knowledge and inspiration on how to steer policy implementation in developing innovation support centers for rural economy SMEs. The interregional workshop was pursue the following four objectives:

- Highlight the most relevant needs and challenges (associated with the adoption of innovation by rural economy SMEs) to be addressed through regional policies.
- Inform regional authorities about the impact of innovation technologies on SMEs' competitiveness and productivity.
- Gather experience form different regions and countries towards coordinated strategies in developing and running innovation support centres.
- Bring together elected representatives of regional public administrations and members of stakeholders' groups, to enable them benefit from a structured

interaction, revolving around a specific thematic area.

A total of 27 participants from all the partnership countries attended the workshop.



## Study visit in Thessaly:

### Supporting SMEs in rural areas by innovative production policies

Region of Thessaly organised the 2nd study visit of the INNOGROW project, on September 4-5, 2018. Rural economy SMEs need to remain globally competitive by adopting innovative solutions, new business models and modernisation approaches that will lead to increases in productivity and access to new markets. Territorial capacity building and policy innovation involving all regional actors are critical factors for promoting the diffusion of innovations, to maintain and strengthen SMEs' competitiveness and consequently regions' growth. Regions in rural areas can play an important role in the modernisation of existing SMEs and the proliferation of innovative startups, providing incentives to promote the adoption of technological innovations, such as organic farming, functional food, crop resistance systems, selective breeding and feeding processes to boost livestock resistance to local conditions. At the management level, incentives need to be provided for mixed production of crops and livestock products, and new business models and coalitions that lead to innovative business ideas. INNOGROW gives 9 policy influencing regional bodies from 8 EU countries the opportunity to exchange experiences so as to optimise their policies that promote the adoption of technology and business model innovations by rural economy firms & cooperatives. The second study visit was dedicated to showcasing specific Thessalian enterprises and cooperatives that successfully invested in new technologies through the support of the policies of the Region.

To this end the following companies were included in the study visit:

- Staff Colour Energy (<http://www.staffcolour-energy.gr/>)
- Tirnavos Cooperative (<https://www.tirnavoswinery.gr/>)
- Thesgala (<https://www.thesgala.gr/>)
- Olympos (<https://www.olympos.gr/>)
- Papayiannis Bros (<http://www.papayiannibros.gr/>)
- Epilektos Biogas Farsala S.A. (<http://selectedbiogas.gr/>)
- EPSA (<https://epsa.gr/>)





# Rural economies and the UK Industrial Strategy

## Policy and Practice Notes

The Rural Economy and Land Use series of Policy and Practice Notes is published by Newcastle University's Centre for Rural Economy and aims to communicate the latest research on rural and land use challenges to a wide audience

How can we ensure the implementation of the Industrial Strategy is fit for purpose in serving all communities? What future delivery processes, guidance or activities are needed in addressing the needs and prospects of rural economies? These questions are vital to its success. In England alone, rural areas contribute at least over a million enterprises, 3.5 m employees and £250b GVA, matching the value of output from the country's ten leading cities outside London.

## Will the Industrial Strategy work for rural places?

Rural stakeholders express a need for improved applicability and communication of the Industrial Strategy to deliver:

- Better physical and digital connectivity.
- Planning that retains commercial buildings in rural settlements, rather than allowing conversion to housing.
- Capacity building and investment in skills and delivery of training/ apprenticeships.
- More variety in rural labour pools, especially for young people and skilled employees.
- Post-Brexit certainty and support for land industries.
- Greater awareness and equitable access for rural firms to resources and support.

## Are rural areas dependent upon urban neighbours?

Outmoded perceptions of rural economies can lead to the targeting of investments and enterprise support on cities and urban areas. However while many rural places are shaped by their relationships with urban centres, the opposite is also true, with many rural economies underpinning and shaping urban growth. We know from evidence that:

- Globalisation and technological change mean that people can live, work and run businesses from all places, as many rural areas already show.
- Some rural areas face long standing structural challenges, but 'rural' is no longer synonymous with decline, and rural areas often outperform urban on indicators such as employment growth and rates,

businesses per head, levels of self-employment, and innovation.

- Rural firms, after controlling for sector, age and other profile variables, achieve similar turnover performance to their urban counterparts (excluding London), are more likely to report a profit, and similar numbers plan to grow their sales and employees.
- Natural capital, farming and land-based sectors are vital in underpinning wider economic development and sustainability.
- Rural economies are nurtured by diverse sources of dynamism, contribute to all business sectors and are affected by all of the challenges that feature in the Industrial Strategy.

## Will rural areas benefit from, and be a site for generating and testing, innovations?

Rural areas could help to drive the socio-technical changes set to transform the way we live and work if attention is paid to:

- Place-based innovation and knowledge exchange.
- Innovations in marketing, business models and processes, rather than simply concentrating on technological solutions, and encouraging these across a wider range of business sectors.
- The role of rural areas in several socio-economic trends and as an important locus of innovation linked to the Industrial Strategy's Grand Challenges, including:
  - Pioneering community enterprise and society's response to an ageing population and challenges of mobility of goods, services and people.
  - Generation of low carbon energy and realising the value of natural capital to clean growth.
  - Application of big data and AI solutions in environmental and agricultural systems.
- The delivery of the Industrial Strategy Challenge Fund, innovation clusters and other investments to address the role and potential of rural economies as sites and test beds for innovation.

## What barriers prevent rural firms recruiting a skilled workforce and how can these be overcome?



In rural areas firms that create highly skilled employment opportunities can have difficulty recruiting or retaining skilled staff. At the same time:

- Employees typically experience less on-the-job training than in urban firms.
- Significantly fewer rural employers are planning to improve their leadership capabilities or to introduce new working practices over the coming years.
- Approaches are needed within skills strategies to support rural firms to recruit, retain and develop skilled staff and apprentices, such as skill share schemes and collaboration among firms in meeting their recruitment gaps.

## How can rural infrastructure needs be met?

Future infrastructure provision is pivotal to enabling businesses to innovate, expand their markets and to recruit, train and retain skilled staff or apprentices. Rural communities need:

- To be well connected, to enable beneficial flows of people, goods and services in and out of rural places, to improve connections between firms and their support, and enable residents' access to services and jobs.
- A universal commitment to improved broadband speeds and infrastructure so rural firms and their customers can make the most of new smart technologies and overcome limitations of remoteness.
- A locally responsive mix of business premises and shared facilities, including grow-on premises for home-based firms, coupled with improved knowledge exchange, networking and business support.

- Improved social infrastructure through community-led local development. The Industrial Strategy's focus on improving business productivity or growth underplays vital community or service values that owners of many small rural businesses seek to provide.

### **Will the Industrial Strategy's measures to support the business environment be fair to rural firms?**

Rural firms show commitment to introducing new or improved goods in their businesses, are more likely than urban enterprises to be exporters, and demonstrate untapped export potential which needs to be carefully nurtured. In order to achieve this, implementation of the Industrial Strategy needs to:

- Consider in its review of SMEs the tailoring of measures to address differences between rural and urban small and micro-businesses in terms of their plans, obstacles and use of support.
- Pay careful attention to the dynamics of rural economies at national and regional levels and, in future export strategies, aim to maintain their export orientation and release the untapped export potential reported in the UK Longitudinal Small Business Survey.
- Acknowledge, beyond land and food and drink sectors, the rural footprint in the full suite of plans and Sector deals for industries that are prominent or showing significant growth in rural areas, such as construction, manufacturing, business, scientific and professional services, transport and distribution, education and health, and creative industries.
- Consider and address locally-defined sector priorities arising from evidence of the profiles or compositions of local economies, or through partnerships between localities with common sectoral interests.

### **What do rural enterprises need from Local Industrial Strategies, Devolution and Growth Deals?**

Evaluation of the pilot Rural Growth Networks highlighted the need for a flexible approach in overcoming local constraints and mainstreaming rural needs and opportunities within local growth strategies. Working with partners, Government should:

- Initiate and learn from oversight of Local Enterprise Partnerships' engagement with rural stakeholders and issues, and address the LEPs' perceived variations in rural

performance, investment, evidence and expertise.

- Draw insights from regional initiatives, including the South West Rural Productivity Commission, and mechanisms identified to generate and share rural exemplars that could be scaled up, such as the approach being planned for the North of Tyne Devolution Deal.
- Strengthen the rural evidence base and external networks of local stakeholders so they are better able to identify and tackle local rural priorities.
- Ensure that organisations and agencies developing Local Industrial Strategies (LISs), Devolution or area Growth Deals involve rural stakeholders in their development and implementation, including NGOs and those from 'hard to reach' communities.
- Encourage LISs to be flexible to the spatial and temporal scales required to address needs and to identify and acknowledge linkages with other LISs and Sector or Growth deals, recognising that administrative boundaries do not define how businesses, supply chains and services operate.
- Ensure regional development initiatives, such as Northern Powerhouse and Midlands Engine, are made rurally inclusive, given that their rural firms are as strong, and on some indicators stronger, than their urban counterparts.

### **How will stakeholders contribute to ensuring the Industrial Strategy is implemented effectively in rural areas?**

Working in partnership, local authorities, business groups, enterprise partnerships, researchers and communities all have a vital role to play in implementation:

- Government should oversee a comprehensive review of rural localities, sector and functional priorities, and rural footprints in the Strategy's Grand Challenges and themes.
- There is a need for non-government rural stakeholders to engage at national (eg with Sector strategies), regional (eg with LEPs and regional support programmes) and local (eg at local government) levels to co-develop strategies and deals to ensure their rural delivery.
- Government and rural stakeholders should explore how the voice and expertise of rural stakeholders can be harnessed to strengthen sharing of learning and good practice, and to provide a forum (e.g. a Rural Business Taskforce or Rural Solutions Group) to aid the future communication, development, delivery and evaluation of

the Industrial Strategy in relation to rural prospects.

### **How should delivery be evaluated?**

It will be necessary to transparently review the delivery of the Industrial Strategy in rural areas at a national and local levels. This will involve:

- Ensuring approaches that revolve around changes in output, productivity and its drivers are appropriate in reflecting the smaller scale or longer time frames at which rural improvements can be achieved.
- Metrics and investment criteria that are designed so as not discriminate by default against rural businesses, communities and places, for example in the planning and delivery of the UK Shared Prosperity Fund.
- Devising appropriate metrics to evaluate the success of the Industrial Strategy and its related measures.

### **Project information**

This Briefing Note was written by Jeremy Phillipson, Roger Turner, Pattanapong Tiwasing, Matthew Gorton, Sara Maioli and Robert Newbery. It draws on a rural-urban analysis of the UK Longitudinal Small Business Survey 2015-17, conducted by the Rural Enterprise UK team at Newcastle University, together with insights from a workshop involving organisations and agencies active in rural England on The UK Industrial Strategy: Rural Opportunities and Challenges, held in London, March 2018. Rural Enterprise UK is funded by Newcastle University, the Economic and Social Research Council (ES/M500513/1) and Interreg Europe.

### **Further information**

Rural Enterprise UK website. <http://research.ncl.ac.uk/ruralenterpriseuk/>  
 Rural enterprise UK (2018) workshop report, UK Industrial Strategy: Rural Opportunities & Challenges, Newcastle University London.  
 Statistical Digest of Rural England, 2018 – April 2018. Defra.  
 Phillipson J, Turner R, Tiwasing P, Gorton M, Maioli S, Newbery R (2017) What's holding rural businesses back? Rural Economy and Land Use Policy and Practice Note No 2, Centre for Rural Economy.  
 Phillipson J, Gorton M, Maioli S, Newbery R, Tiwasing P, Turner R (2017) Small Rural Firms in English Regions: Analysis and Key findings from UK Longitudinal Small Business Survey 2015, Centre for Rural Economy.  
 Phillipson J and Turner R (2013) Rural Areas as Engines of Economic Growth. Relu Policy and Practice Note No 41, Centre for Rural Econom

# Upcoming events – European Regions summit

During the next semester BSC will organise the European regions summit in Ljubljana, inviting public authorities from EU countries, especially from North West EU regions which are more experienced in innovative rural development. The event's aim is to allow exchange of experience and policy learning beyond the participating regions. To achieve this, the delivery format of the event will include involvement of participants in round tables discussing about former experiences on policy support measures to improve rural economy SMEs competitiveness through innovation adoption, as well as on their future plans in the field, analysing inhibitors and problems encountered and enabling factors exploited. All partners will promote the event to their contacts and participate with representatives of stakeholder groups.

For more information about the forthcoming European Regions summit, please visit our website: [www.interregeurope.eu/innogrow](http://www.interregeurope.eu/innogrow) or contact our project partner BSC

## European Regions summit details

Host organisation	BSC (Slovenia)
Date	12-13 February 2019
Location	Ljubljana, Slovenia
No of participants	80– 100 participants
Type of participants	Stakeholders, external experts
Format	Summit
Contact details	



## PROJECT PARTNERS



Region of Thessaly (GR)



Lombardy Foundation for the Environment  
FLA (IT)



Zemgale Planning Region (LV)



The University of Newcastle upon Tyne (UK)



Stara Zagora Regional Economic Development  
Agency (BG)



Regional Development Agency of the Pardubice  
Region (CZ)



Chamber of Commerce of Molise (IT)



Regional Development Agency of Gorenjska, BSC  
Business Support Centre Ltd., Kranj (SI)



Pannon Novum West-Transdanubian Regional  
Innovation Non-Profit Ltd (BG)



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The project will be implemented in two stages. From 2016 until 2019, the implementation of the project plan will take place, aiming at achieving improvements in the tackled area. In the second phase of the project from 2019 to 2021, these improvements will be tested within participating target