

Innovativeness as a Determinant of Territorial Development

Andrzej Łuczyszyn

WSB Merito University in Wrocław

e-mail: andrzej.luczyszyn@wroclaw.merito.pl

ORCID: 0000-0003-4212-7686

Patrycja Papież

WSB Merito University in Wrocław

e-mail: patrycja.papiez@wroclaw.merito.pl

ORCID: 0009-0000-6802-8518

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Abstract: Innovativeness is a key determinant in territorial development. Due to the fact that this development is concentrated on a specific geographical area, it refers to the ability to introduce novel, unique solutions, but above all to make use of knowledge and create new value in a given territory. Undeniably, it has an influence not only on the creation of a competitive advantage, economic growth, and the development of strategic sectors, but also, which should be underlined, on cooperation and clustering. The need to implement innovations stems from the competitiveness of enterprises, but above all, from the need to stimulate a territory as a specific social structure. For this reason, in the current socio-economic reality, innovativeness refers to the whole community in a given territory, its history, culture, knowledge and territorial capital skills. The aim of the article was to analyse the opportunities for implementing innovative processes in order to strengthen the territorial development paradigm, which is as yet poorly understood and popularised in the economic sciences, although sometimes correctly associated with the development of socio-economic areas (regions, micro-regions). The article is theoretical in nature. The research method applied is critical analysis of the subject literature.

Keywords: innovativeness, innovations, territory, territorial development

1. Introduction

In contemporary socio-economic reality, the ability to create and absorb innovations has become the greatest challenge for the Polish economy and for Polish society. It can be said that the concept of innovation has changed in recent years – one is no longer observing only single events, but complexes of phenomena and processes that are creating new patterns¹ determining the territorial development paradigm. According to Nowakowska, “the territorial approach displays unique features, its own dynamics, and the autonomy of development processes. It moves away from the interpretation of space as a static place where resources and economic entities are located, towards a dynamic view defined through the lens of the relations and activity of local actors, as well as social and institutional capital” (Nowakowska, 2017, p. 28). It can be said that a condition for participation in contemporary global processes of spatial development is the active creation of innovations, understood as actions that aim above all to achieve a competitive advantage (Parteka, 2003, p. 84). Note that today the term *innovation* takes on a somewhat different meaning, as it is understood to be a change in ways of organising action, as well as of creating new ideas, reactions and products. This means that the concept of innovation has been broadened to include various areas of human activity and its effects, in the form of changes in economic and social structures, as well as in living standards and lifestyle. Additionally, the importance of each innovation is determined by the practical scope of its use, obviously influenced by various types of economic, sociological and psychological factors in terms of answers to the question, for example, of whether a given enterprise as a participant in territorial development wants to implement innovations. Additional technical, production and organisational factors affect whether a given organisation embedded in a territory can and is able to apply new solutions, therefore an effective and successful innovation policy is required.

2. Innovation Policy

In 1995, Kukliński in his article, *Regional innovation systems in Poland – a utopian dream or an achievable reality* (Regionalne systemy innowacji w Polsce – utopijny sen czy osiągalna rzeczywistość), strongly emphasised that “if at the turn of the 20th and 21st centuries Polish society and the Polish economy do not multiply their skills in creating and absorbing innovation, then in the next millennium we will continue to function as a peripheral country” (Kukliński, 1995, pp. 1-6). The author was of the opinion that a decisive long-term state policy is required on a national and local scale, and that one important element of such a policy is promoting processes for the creation of regional innovation systems, as the principal driver of internal and external integration of the Polish economy and Polish science. It would seem that this renowned author’s predictive ability has become the key to further processes taking place in our country, as he emphasised, among others, the importance of the so-called ‘6 roots’² of life-giving substances that induce economic growth.

As it transpired, these systems became an achievable reality, as since the mid 1990’s, the European Union has supported the creation of regional strategies aimed at strengthening the innovative potential of the economies of individual territories based on their particular conditions and advantages. Confirmation that Kukliński was correct in his views is the fact that currently one of the most important aims of innovation policy, also in developed countries, is the development of national and regional innovation systems, namely systems of institutions, skills and incentives that serve to:

¹ In a certain sense, it could be said that the problem of innovative thinking and activity in our country was neglected and could even be called peripheral before Poland’s accession to EU structures. However, after 1 May 2004, the creation of space for Polish innovation took on a new dimension. Innovativeness became a particular determinant of territorial development, especially as an element of competitiveness.

² 1) The creation of a new model of science policy; 2) The creation of a new model of regional policy; 3) The creation of a new model of industrial policy; 4) Transformation of the entire national education system; 5) The development of a scientific and technological culture in units and in society; 6) The promotion of Marshallian industrial districts.

- introduce innovations increasing the competitiveness of the economy and improving the quality of life for society,
- enable the concurrent transformation of the research and development system from one looking inwards to one oriented towards the needs of the country, and the transformation of the economy from one based on work, capital and raw materials to one based on knowledge,
- increase the interlinks between science, technology, the market, state and territorial administration, non-governmental organisations and education.

Based on the above, it can be said that the importance of innovation policy stems from two factors (Pysiak, 2006, pp. 186-187):

- the role that innovation (technological and organisational) plays in economic growth (in contemporary economies, the importance of innovation is growing in comparison to traditional economic growth factors),
- the so-called phenomenon of the imperfect functioning of market self-regulation, which on its own, without government support, is unable to ensure an optimal level of economic innovativeness.

In Polish economic conditions, improving the level of innovativeness is one of the crucial conditions for achieving a beneficial position for the country in the process of integration with the European Union economy, as innovation policy is currently one of the most important government policies of European Union member states, and occurs in three dimensions. The first dimension relates to government policy and determines the influence of policy on the innovative ability of enterprises at various levels (from EU to local level). The second dimension (sectoral) makes conducting innovation policy dependent on the specific features of individual sectors of industry. The third dimension, meanwhile, is responsible for the interaction between innovation policy and other policies.

Table 1 provides a comprehensive overview of innovation policy from both a traditional and contemporary perspective.

Table 1. Types of innovation policy

Innovation policy	Traditional	Contemporary
Subject	Development of technological innovations	Additional organisational, institutional and cultural aspects of innovation
Aim	Economic growth	Additional social and ecological problems
Phases in the process of technological innovations	Initial, far from the market (mainly basic research)	Phases close to the market (transfer of technologies)
Political integration	An element of economic policy (mainly a hidden innovation policy)	An independent field of policy strictly related to other fields (to an increasing degree an open and visible technology policy)
Role of the state	Main participant in the process of technological innovations	Facilitating factors and coordinator of self-regulation of the innovation process
Instruments	Support, regulation	Building of infrastructure
Type	Direct control	Control of the context

Source: (Przybył, 2006, p. 104).

In the context of this article, it can be said that in the 21st century there is a close linkage between the aims of innovation policy and social needs and aims. Innovation processes are interactive and systemic in nature, and the basic criterion for the selection of projects is their contribution to solving social and economic problems (Janasz & Koziół, 2007, p. 99). In this sense, innovation can refer to changes in sales and services, to the structures of broadly understood consumption, the migration path of clients moving from one computer system to another, and/or also to the skill of diversification (Makarewicz-Marcinkiewicz, 2013, pp. 109-110).

3. Innovativeness in Territorial Development

The concept of territorial development highlights the reciprocity and coherence of the activities of entities in a given territory. From a territorial perspective, economic development is no longer understood as the result of a market exchange, but as the result of a complex set of relations existing between entities functioning in an area with its own culture, institutions and history (Jewtuchowicz, 2001, p. 38). Economic entities are localised and engaged actors, situated both in geographical and economic space, as well as in a cluster of reciprocal relations that condition their economic activity (Rallet, 1999, p. 80). These relations are the basis for coordinating economic entities and create a cumulative effect that is not simply the sum of individual behaviour. Within a territory there occurs a meeting between market and social relations, and institutional and cultural conditions, together creating a unique trajectory for the development of the space.

Looking at the issues above, one can see that territoriality³ is a new paradigm that is linked to traditional (classical) concepts of regional development. The concepts in which territorial development is linked belong to the neo-Keynesian school of thought, which assumes that interventionism is a necessary mechanism that acts to minimise the disproportion in the level of development between different regions and states. "It should be additionally underlined that the paradigm of territorial development was shaped by complementing the findings of the new growth theory and new economic geography, as well as the theory of post-Fordism" (Szafranek, 2019, p. 272). In these conditions, it is open to new concepts (innovations), thanks to which it can become an ever-richer source of knowledge supported by a greater amount of evidence. Thus, in territorial development, innovativeness becomes a condition for the success of all spatial units, including small ones, e.g. on the peripheries of modern metropolises. Despite the fact that these spaces function in different systems and civilisational realities, they cannot simply realise their accommodation and recreational function for the inhabitants of metropolises. A specific innovation policy is therefore necessary in these territories that will be determined not only by economic growth, but also by identity and specific features that will allow enterprises to become embedded. Although the economies of some territories develop faster than others, and that the development of the centre usually precedes the development of the peripheries, an effective local development policy should support every dimension of innovation in these territories. It is evident that this must first be an action directed towards increasing the attractiveness of the location and attracting investors, however in principle every type of innovation is desirable in these conditions. One particular element in stimulating economic activity in conditions of territorial development is the process of innovation diffusion. According to Korenik, two types of transfer can be distinguished as being part of this process (Korenik, 2003, p. 9):

- vertical transfer, which is the flow of innovations in the scientific and implementation process, i.e. from basic research through developmental work to economic activity,
- horizontal transfer, which is either spatial or situational in nature; the former refers to moving innovations from one economic system to another, while the latter is related to assigning innovations a different role in economic processes than previously.

On the basis of the above, the innovativeness of a territory (region, micro-region) can be defined as the ability to conduct innovations in all sectors of the economy of a territorial unit, which is a condition of its competitiveness and thus a condition of socio-economic development, while competition itself can be considered according to various criteria (Stankiewicz, 2002, p. 18).

³ The spatial behaviour of the individual, related to their territory and to the relation between the material surroundings and behaviour.

4. The Necessity for Territorial Innovativeness – Practical Recommendations

In the contemporary socio-economic reality, moving innovativeness from global to local level can concern various areas of the local economy, beginning with resources and ending with economic units. However, at this level, innovativeness should above all be assessed by the degree of activity of local authorities in forming a community development policy, most importantly one that takes innovation into consideration. Through their identity and in a certain sense culture, such territories support all and any bottom-up community initiatives, while they also display a certain conventional conservatism that is the consequence of creating a different development policy (negative associations). It is worth underlining that there is a negative relation of the surroundings towards such territories (socio-economic spaces) characterised by a conventional development policy, conservatism together with a deficit of innovation. This strong attachment to certain cultural norms based on 'industrial' values demonstrates a certain ideology that inhibits the processes of territorialisation.

Today's economy, based on the intellectualisation of professional activity, forces every territory into a necessary innovativeness. The forms of and approaches to activities that are undertaken, and above all to coping in extreme situations (e.g. during the Covid-19 pandemic), actually also result in the induction of pro-innovativeness in a given territory. Such a situation releases internal motivation that brings a certain effectiveness to a given space in the form of new knowledge, including above all relational knowledge, which in a given territory results in the creation of human relationships, which in turn induces the creation of skills based on knowledge. The successes of such a territory release the internal motivation not only of employees in the enterprise sector, but also in the majority of the local community, in particular if work and problems have a high degree of difficulty, and if additionally, crisis situations necessitate the search for new solutions. Although it is difficult to release such motivation, a typical example on a local scale may be activities that aim, for example, to ensure a feeling of security. New trends in crime in a given territory, such as intellectual theft, as well as crises (catastrophes, epidemics, family pathologies, financial organisations and terrorism), trigger this process among public and private entities (above all in the police, local authorities, security agencies etc.) that aims at the permanent search for new innovative solutions in various forms, ways and procedures. Whilst these must ensure a high degree of effectiveness, they also have to trigger efficiency among employees. In this dimension, the possibility appears, among others, to create new knowledge thanks to combining individualism with the team nature of acquiring information. The consequence of this is the creation in a given territory of both representative knowledge, which provides the basis for acquiring the competencies necessary for controlling selected realities, as well as reflexive knowledge, whose task is to understand what is happening in a given territory in order to effect changes within it.

In economic practice in the processes of territorialisation, regardless of the various existing divisions, certain systems can be observed that create a certain innovation capital. Taking security as an example, there are new coalition solutions that within the scope of the implemented strategies are themselves innovative and create a certain territorial capital. One instance is the socially oriented participation in these systems of the local authorities, police, churches, parishes, district welfare institutions, universities of the third age, associations, foundations, cultural centres, primary schools, secondary schools etc. It is in this very area of life that a certain trust is built, which in turn improves the effectiveness of the whole system. Confirmation of this can be found in research into the feeling of security, which generally confirms the effectiveness of such relations that exist in the local space, therefore one cannot afford to lose this trust. In the area of security, this is of particular importance, as the majority of society are observers of events and not participants. Undoubtedly, such actions have an influence on territorial development on various scales, as on the one hand this presents the effectiveness and efficiency of public administration, above all in abiding by the law, while on the other, the number of both tangible and intangible transactions increases.

The above example confirms that territories (local spatial systems) can be innovation oriented, namely they possess specific institutional, organisational and informational ties, also in a certain sense

economic and financial, which affect the role of their individual components and the dependencies between them. The main entity that manages a territory (local development), i.e. the local authorities, here fulfils the role of a catalyst for innovation processes. Thus, territorial policy (regional, local innovation policy) is realised there mainly by public entities, in particular through the implementation of a local development strategy or local innovation strategy.

Thus, there are no barriers to broadening the directions of innovative activity in territories which should participate in their own innovation policy adapted to both local and global conditions, and this depends on the possibility to make full use of the knowledge, creativity and skills resources of entrepreneurs. What is more, a cohesion policy requires local authorities to construct direct, flexible and efficient connections between key partners. Hence, it is worth having, using and implementing local innovation strategies incorporated into regional strategies based on specific conditions. Frequently, these highlight the specificity of territories' resources, which can be used successfully to obtain a competitive advantage.

In addition to the cited example of security, for a given territory, other possible directions and innovative solutions can also be indicated that have a considerable influence on the level of local development, and its success and effectiveness in managing the local economy. One such example can be the good condition and state of the natural environment, as well as reserves of land suitable for locating investments. In order for the level of competitiveness to be as high as possible, the territory must have the greatest number of innovative industrial enterprises, which in the system of reciprocal interdependencies with local development organisations help in the process of innovation diffusion on a local scale. It is obvious that such cooperation is a derivative of the resources owned, yet in this way it can be shown that every territory can be innovative as long as it skilfully uses its own resources and creates beneficial conditions in developing a suitable climate for economic activity. Due to the deficiencies in the majority of typical local technical innovation spaces, this direction would seem to be the most suitable, and shows that in a given territory (on a local scale), cultural and marketing innovations should be used to an increasingly wider extent. In this case, local action groups, such as associations, foundations and association unions, play an irreplaceable and unique role. This is important as along with others, these groups usually complement the local authorities as the main public entity in a given territory managing the local economy, whilst they may include local authority employees. Such a solution strengthens the economic function of the local authority, as well as its image, while also making the process of financing both the activity of the groups themselves as well as the local authorities more flexible (both from their own funds and those not included in the budget, including also from enterprises). In such activity, it can be indicated through marketing means what in a given territory is innovative and irreplaceable (local products, manual skills, specific natural resources e.g. nature reserves or landscape parks). This is of particular importance from the point of view of a given territory that local action groups very often look out for certain novelties stimulating local development and implement action in their territory. In some sense, they are a certain 'catalyst for change', as people who belong to such groups are continually looking for new ideas and adding specific solutions to local strategies.

The essence of investment attractiveness is investment ability, in other words the combination of the location benefits that can be obtained while conducting economic activity, and which result from the specific features of the territory where such activity takes place (territorialisation). Those territories that offer an optimal combination of location factors, which allow for a reduction in investment expenses and operating costs, are able to facilitate the maximising of profit while minimising the risk of investment failure. It can therefore be said that so-called soft and hard factors both affect growth in innovation and socio-economic development in a given territory. Although the first group of factors was already mentioned, it is worth adding one more – entrepreneurship – understood as commencing economic activity and conducting it effectively in conditions of risk and competition. The principal features of entrepreneurship are innovativeness, creativity and uniqueness.

Innovativeness in a given territory can also be viewed through the lens of financial forms of cooperation between the public and private sectors. A typical example is public-private partnership, which although it has so far been an underappreciated form of conducting economic activity in Poland, is an invaluable solution that is exceptionally positive from the point of view of combining the developmental interests of public and private sector entities. Hence it is important that the public-private partnership model is increasingly used in the process of providing municipal services. The essence of the various solutions involving the participation of the public and private sectors related to the choice of service provision model, within which there is a clear definition of the role of the local authorities.

In concluding the above considerations, it should be noted that innovation in its broadest sense has become the basis for the functioning of contemporary economies. To operate on the market and be competitive, it is also necessary to be innovative. An increasingly larger role is also played by innovativeness in individual territories (local and regional). Currently, all levels (local, regional and national) must be innovative in order to provide their inhabitants (residents) with an ever-higher standard of living. It is expected that the pressure on innovation as the basis for the development of various systems, including spatial systems, will increase, and in such conditions, it can be said that there is a need for change in certain relations in individual territories. These changes must be innovative in nature. Meanwhile, innovative activity, as mentioned earlier, can involve creating, for example, a high level of security, but this requires a well thought-out and consistent policy with the aim of a clearly defined factor. Innovation policy cannot only be a reflection of current needs and problems, and the existing predominance of urban areas to the detriment of smaller centres can be reduced through the use of new innovative spatial solutions.

To operate in a competitive environment, every territory must initiate a process of social innovative cooperation.

5. Conclusion

In the socio-economic development of a country, regional (territorial, spatial) innovations play a particular role, namely of an economic system in which cooperation between various groups creating innovations can be organised, and innovation emission and implementation is verifiable on a scale provided by a region with defined location and structural concepts, as well as broad cooperation with the business environment. In every territory, the creation of an awareness of innovation and the acceptance of various sources and forms of innovation (concurrently) constitutes the developmental power of the territory and the maintenance of useful trends of change. In practice, this means that maintaining the innovative attitude in a given territory requires the continuity and effectiveness of innovation policy, including above all instruments for generating and transferring knowledge about innovations to the whole territory.

Attempts to achieve assumed development goals result in the search for new concepts and mechanisms (examples, case studies, recommendations). This process takes place systematically as part of a territorial (regional) development policy, and today is expressed in the acceptance of the paradigm of territorial development. The need for a new perspective on reality has not only been accepted in research in economics and a broadly understood spatial economy, but also in the fields of law, sociology, organisation and management, and additionally, as has recently been fully justified, in security. This is due to the fact that the introduction of the concept of the territorialisation of development through innovativeness is the effect of negating the possibility of using universal methods and tools for regional development.

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Innowacyjność jako determinanta rozwoju ukierunkowanego terytorialnie

Streszczenie: Innowacyjność jest kluczową determinantą rozwoju ukierunkowanego terytorialnie. Ze względu na to, że rozwój ten jest skoncentrowany na konkretnym obszarze geograficznym, odnosi się ona do zdolności wprowadzania nowości, unikatowych rozwiązań, a przede wszystkim do wykorzystania wiedzy i tworzenia nowych wartości na danym terytorium. Bezsprzecznie wpływa na tworzenie przewagi konkurencyjnej, wzrost gospodarczy, rozwój sektorów strategicznych, ale też, co należy podkreślić, na współpracę i klasteryzację. Potrzeba wdrażania innowacji wynika nie tylko z konkurencyjności przedsiębiorstw, ale przede wszystkim z konieczności pobudzania specyficznej konstrukcji społecznej, jaką jest terytorium. Stąd innowacyjność we współczesnych realiach społeczno-gospodarczych odnosi się do całej społeczności danego terytorium, jego historii, kultury, wiedzy i umiejętności kapitału terytorialnego. Celem artykułu jest analiza możliwości wdrażania innowacyjnych procesów dla wzmocnienia terytorialnego paradygmatu rozwoju, słabo jeszcze rozpoznanego i spopularyzowanego w naukach ekonomicznych, choć słusznie niejednokrotnie utożsamianego z rozwojem przestrzeni społeczno-ekonomicznej (region, mikroregion). Artykuł ma charakter teoretyczny. Zastosowana metoda badawcza to krytyczna analiza literatury przedmiotu.

Słowa kluczowe: innowacyjność, innowacje, terytorium, rozwój terytorialny
