

Competition Policy Assessment: Alternatives to Benchmarking

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The aims of the presentation

- Policy Assessment is one of the major tools of evidence based politics
- Scoreboards and benchmarking exercises are seen as the major tools for policy assessment
- These methodologies have, however, quite significant shortcomings
- There are alternative methods that are more comprehensive and participative and might lead to competitive advantages

Benchmarking

- “Benchmarking was originally developed by companies operating in an industrial environment to improve competition and has therefore been applied most widely at the level of the business enterprise. (...)
- In the field of “New Public Management” benchmarking has been applied in the management of public services and municipal administrations.”

European Commission Regional Policy Info Regio „**Evaled**: the resource for the evaluation of socio-economic development“, October 2007

The Context: New Public Management

- “New Public management is (...) based on public choice and managerial schools of thought (that) seeks to enhance the efficiency of the public sector and the control that government has over it. The main hypothesis in the NPM-reform wave is that more market orientation in the public sector will lead to greater cost-efficiency for governments, without having negative side effects on other objectives and considerations.”

Jonathan Boston (1996)

Towards an integrated approach: Regional Policy, Innovation and Democracy

The major differences in Policy Assessment:

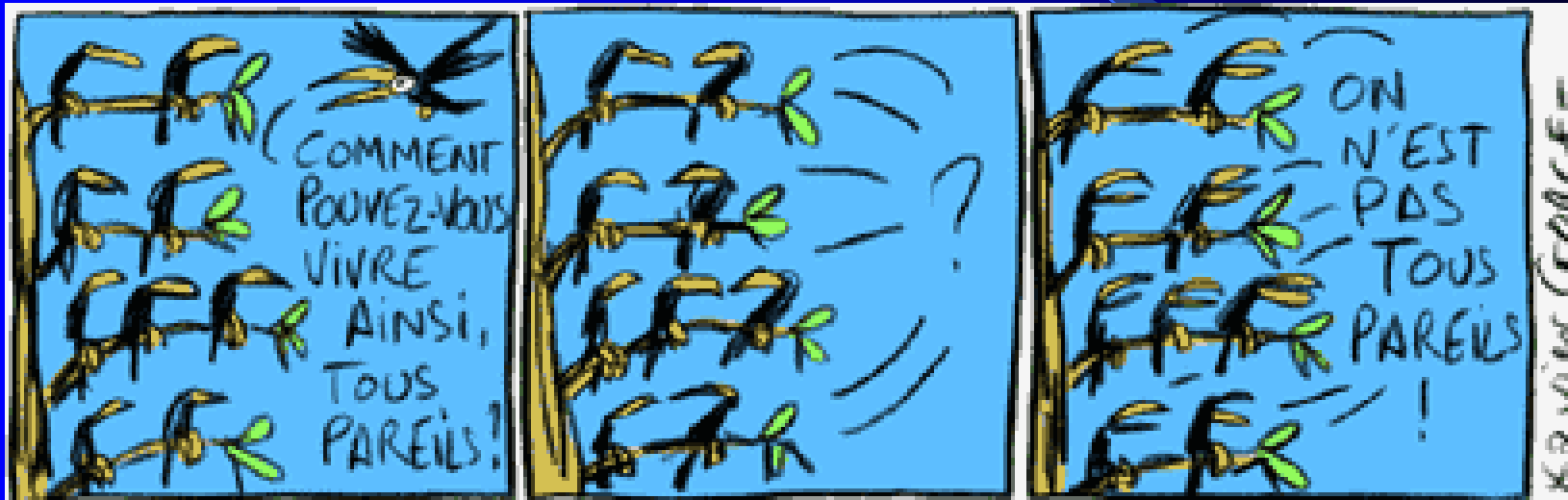
- Sectoral approach, or:
- Comprehensive approach?
- Is innovation an aim in its own?
- And if so: What innovation?

Does benchmarking help?

- Benchmarking provides information, but does not provide knowledge
- Benchmarking is based upon merely quantitative data
- Benchmarking is a sectoral approach
- Quantitative data are very expensive to obtain, hence there are just quite few indicators
- The quality of the indicators can be questioned, and the interpretation of “proxies” is quite arbitrary
- Apart from quality issues, basing policies upon benchmarking bears two major risks

Is Benchmarking an Appropriate Tool for Regional Policies?

- The big risk: One-size-fits-all...



How can you be so similar?

We are not similar!!!

Xavier Gorce, La lettre du Monde, 20/9/2004

Cooperation in a competitive environment

- ...or, the fore-runner's risk:



The first flying penguin!

I'll be remembered as a pioneer!

Xavier Gorce, La lettre du Monde, 9/11/2004

Innovation Policies and Cluster Strategies

- *A possible coping strategy:*
Are different clusters the answer?
- Cluster strategies have to be understood in the framework of regional innovation strategies
- *DG Enterprise and Industry Report on Innovation Clusters in Europe (2007)*
- There is a variety of clusters in Europe, but several regions do not fit the cluster profile

The Conventional Wisdom

- *The policy recommendation seems to be simple, but...:*

Is the answer correct?

- The policy recommendation frequently drawn is that those regions not displaying the typical cluster characteristics should be supported towards developing these, hence catching up with the lead regions and lead markets

The Scientific Answer is Inconclusive

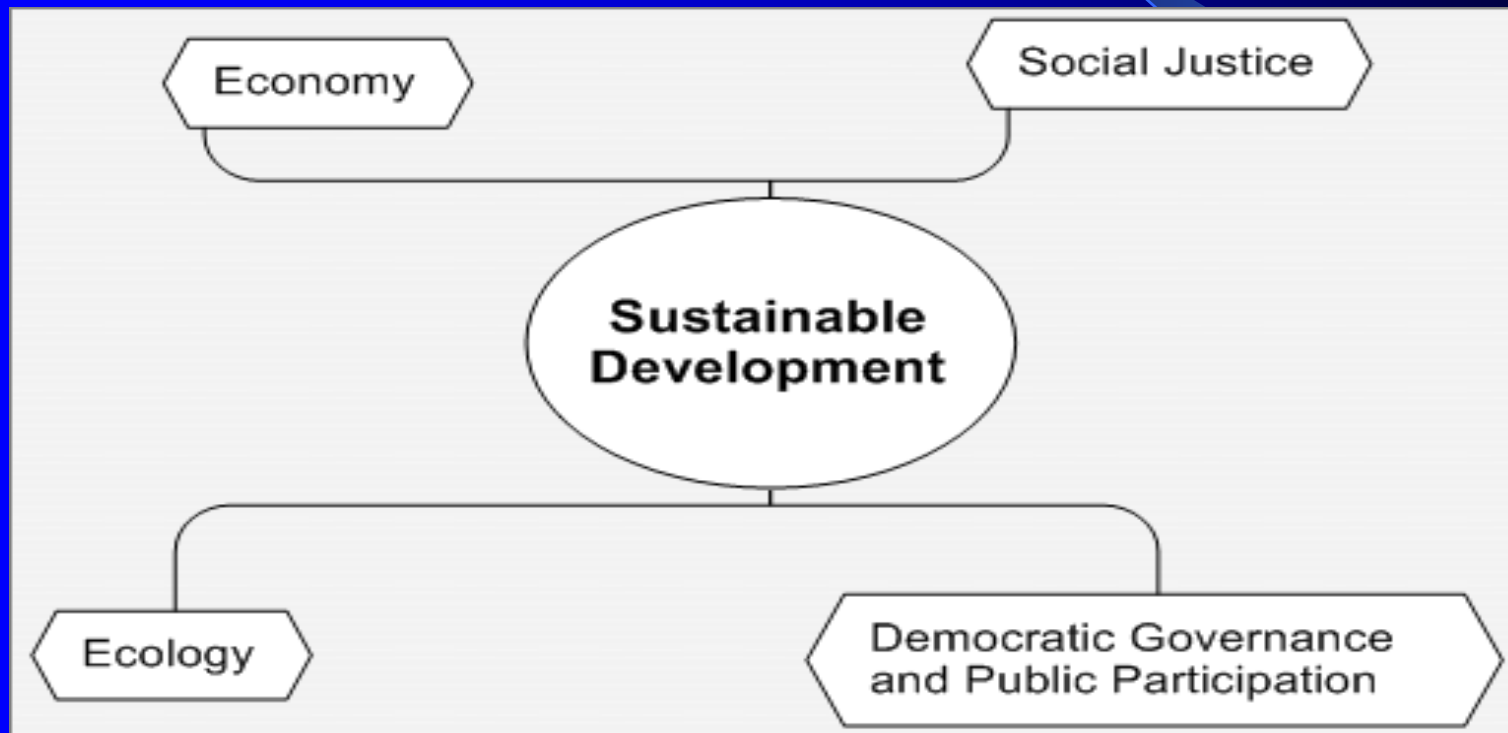
- *A closer look proves that life is more complicated:*
There is no simple answer
- There is variation both with respect to economic growth models and knowledge bases
- It follows that when transposing innovation policy at the regional level, it is important to specify first, the type of economy of the region in question and second, its knowledge base

Innovation Policies “benchmarked”

- *A problem, far from being trivial:*
What is innovation?
- Technological innovation, benchmarking & scoreboards: the quantitative approach
- *Benchmarking risks to compare incomparable structures*
- Qualitative indicators: a simple add-on, or towards a new strategy?
- The sustainability issue

Sustainable Innovation Strategies:

Competition Policy is Understanding Diversity



Policy Assessment beyond Benchmarking

In this perspective the following questions are relevant:

- Where do we want to go?
- How do we want to come there?
- What infrastructures do we need?
- What innovation do we need to achieve the development we aim at?

Beyond Benchmarking

Issue 1: Innovation and policy-making

- Definition of „innovation“ specific to the region, related to regional development goals/vision of the region
- What are thus the innovation needs/ideologies?
- Indigenous vs. imported innovation

Innovation Policy as Innovation Network

Issue 2: Democratic Governance

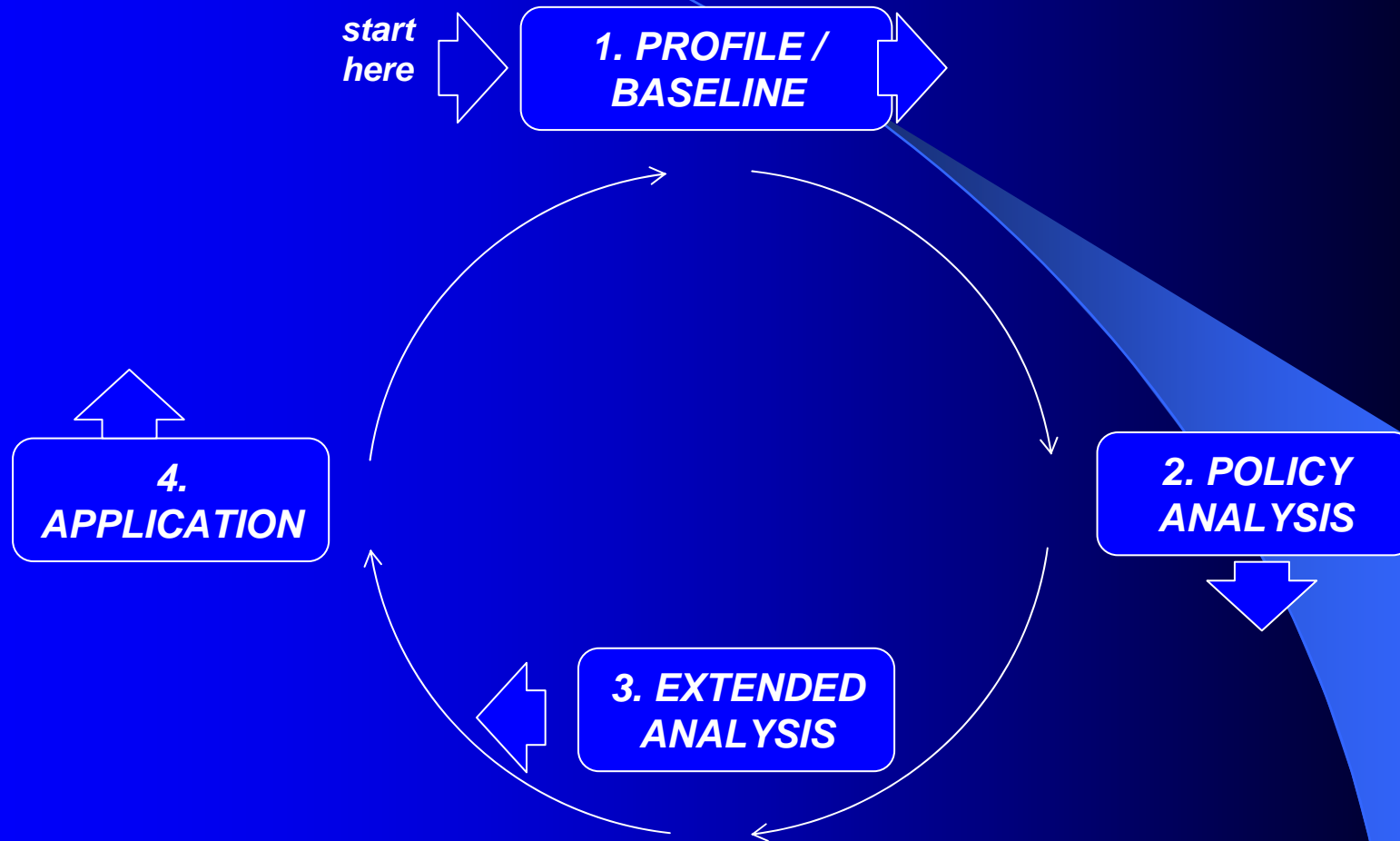
- Who “owns” the policy, who pays for it?
- Who are the stakeholders?
- How is the interaction between different levels of governance?
- What network between the what actors?
- What role the public, what role the SMEs, what power the major enterprises?

Assessment Strategies

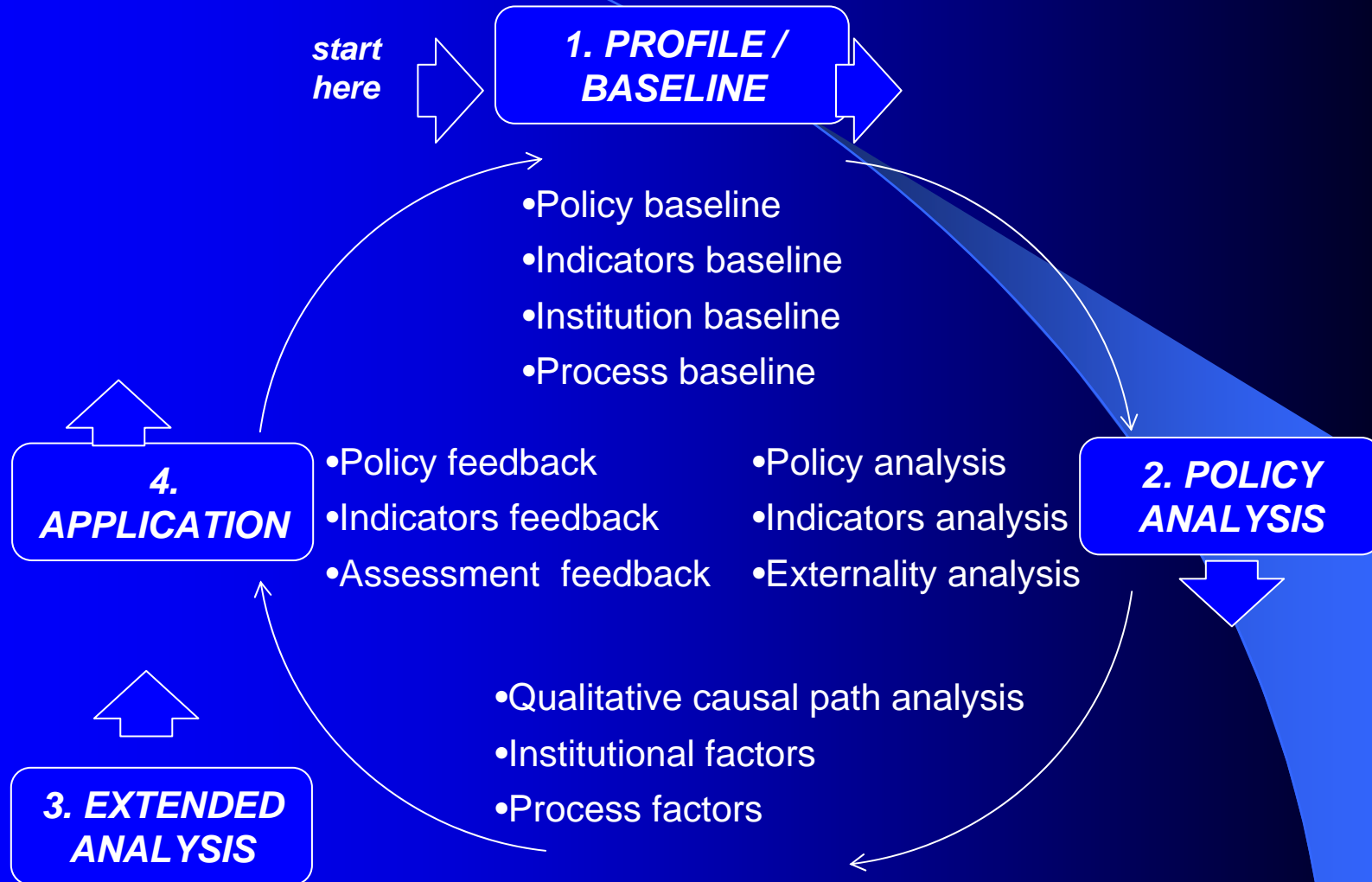
Issue 3: Assessment and evaluation of innovation policy

- What is the objective of evaluation – to assess against local policy strategies and/or assess against other regions?
- Which are the indicators used for evaluation?
- How does evaluation foster change in the region?
- What are the steps being undertaken to include regular assessment practices in the future?

Comprehensive Policy Analysis: Science-Policy Interaction and Public Participation is necessary...



... which in more detail looks as follows:



Conclusions (1): Understanding Governance

- Governance concepts promote the inclusion of knowledge as much as of stakeholders into decision making processes
- Not all levels of the decision takers are prepared to base their decisions on scientific results
- This is due to the democratic order as much as to different levels of qualification
- Scientific knowledge is, however, far from conclusive. Democratic choices play a role.
- There is always a danger of abuse of scientific knowledge in policy processes

Conclusion (2): When it comes to elections, different choices are possible

Policy matters:

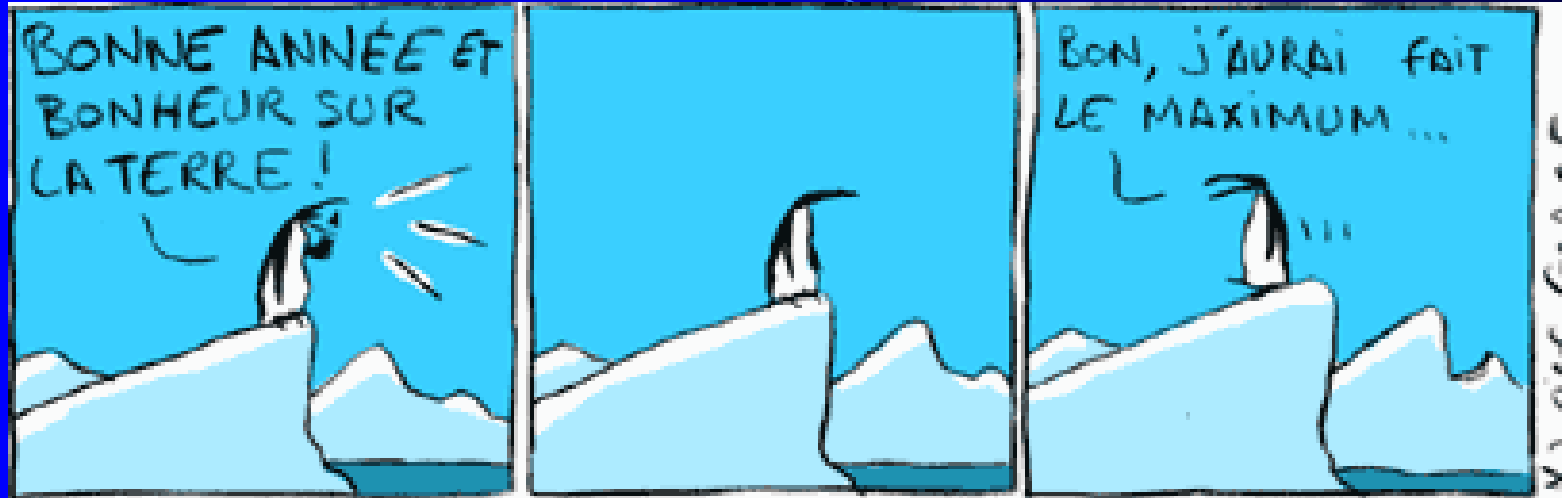
- There are different political approaches to regional development, and they vary according to goals and policy instruments
- Evaluation criteria depend on political goals; innovation means different things to different people
- As a result, the readiness of the regional authorities to collaborate with consultants and research institutions may change after regional elections

Conclusions (3): Public authorities can contribute knowledge, but are not necessarily knowledge producers

Politics matter: Don't overload public administrations!

- Regional administrations are not researchers!
- Regional administrations work under heavy pressures in their day-to-day tasks
- Additional employment is often hindered by legal provisions
- Appropriate involvement is necessary
- Research and even accompanying measures have to take this into consideration

Thank you for your patience!



All the best for the planet!

I did my best...

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