Opinion of the European Economic and Social Committee on The territorial governance of industrial change: the role of the social partners and the contribution of the Competitiveness and Innovation Programme

(2006/C 318/02)

At its plenary session of 19 January 2006, the European Economic and Social Committee decided, under Rule 29(2) of its Rules of Procedure, to draw up an opinion on The territorial governance of industrial change: the role of the social partners and the contribution of the Competitiveness and Innovation Programme.

The Consultative Commission on Industrial Change, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 31 August 2006. The rapporteur was Mr Pezzini and the co-rapporteur was Mr Gibellieri.

At its 429th plenary session, held on 13 and 14 September 2006 (meeting of 13 September), the European Economic and Social Committee adopted the following opinion by 181 votes to two with eight abstentions.

1. Conclusions and recommendations

1.1 The March 2006 European Council centred on the relaunch of the Lisbon strategy for growth and employment and on an integrated, governance-based approach to the new challenges of globalisation.

1.2 The EU must be committed to securing innovative, competitive and sustainable development for its people, in order to secure greater economic and social cohesion and spark the generation and development of new businesses, new professional profiles and more and better jobs, while preserving the European social model and focusing on a knowledge-based economy.

1.2.1 The Committee is strongly convinced that without 'a new governance cycle based on partnership and ownership' (1), all Europe's efforts at boosting competitiveness and employment will be in vain, and that new models for governance must be adopted and implemented rapidly and widely.

1.2.2 The Committee feels that both the seventh RTD Framework programme (FP7) and the new CIP are still excessively top-down in their outlook and do not yet allow for the appropriate level of integration and responsible participation of public and private development players at local and regional level, optimising the essential role of the social partners to promote sustainable and lasting growth.

1.3 The European Union ought to encourage this type of partnership at local level with authorities and economic players and especially with the social partners, not least through the two instruments mentioned above, in order to nurture a new generation of territorial pacts for development within the context of globalisation (2).

1.4 The EESC is convinced that there is no one form of governance to suit all. Each regional/local tier must seek the formula that best services the requirements of local or regional governance, while remaining compatible with the national, European or international frame of reference.

1.5 There are however certain common features:

— structured civil and social dialogue;
— regular public assessment of the quality and impact of the actions taken;
— the training of development agents and integrators;
— structured bridges between academia, industry and government;
— high-quality education and training structures;
— connection with networks of centres of technological and scientific excellence;
— the creation/strengthening of advanced groupings (districts, high-tech parks, production and financial conglomerates, etc.);


(2) See: Pacte Industrial de la Regio Metropolitana de Barcelona (http://www.pacteind.org/eng/activities/) which states that 'The territory’s competitiveness lies in the quality of the companies and their workers, …'.
— an equipped, sustainable, attractive and IT-friendly region;
— effective and accepted structures for reaching consensus and decision-making, based on public involvement.

1.5.1 Lastly, it is absolutely essential that this integrated regional policy include a structured social dialogue, not least by making more of existing local/regional economic and social councils with the social partners and representatives of organised civil society and by establishing effective forms of economic and social partnership (3).

1.5.2 In this respect, the route indicated by the EESC should be followed, involving the ESCs and similar bodies of individual European countries in a structured dialogue with the EESC.

1.6 The success of this new form of governance depends increasingly on the capacity to pinpoint the most effective degree of proximity for managing problems and finding solutions, in accordance with the principle of subsidiarity, while also maintaining a coherent framework and shared vision with other levels of intervention (4).

1.7 The Committee is convinced that the practice of exploring possible routes, actions and measures with a medium-to long-term view, shared by means of foresight exercises, can make a real bottom-up contribution to the cultural growth of society and can help to enrich the choices of politicians and administrators. Most importantly, it can also nurture and strengthen the local interaction between technological, economic, social, political and cultural sectors necessary for ensuring sustainable and competitive development.

1.8 First and foremost, the social partners and representatives of organised civil society must be involved in forming a clear understanding of strengths and weaknesses with a view to finding new niches on the internal and international market.

1.9 Globalisation generates competitive pressure to modernise, innovate and move up the value chain, and enables goods and services to be produced and distributed more efficiently and cheaply. However, there is a danger that if nothing is done in time, it will generate new divisions and fragmentation in the economic and social fabric, particularly at local and regional level.

1.9.1 This, in the Committee’s view, necessitates the formation of new areas of responsibility as soon as possible in order to guide the public through the changes. Joint training measures should be set up for district managers, business leaders and financial and credit system managers, to be implemented in conjunction with politicians, public sector officials and local and regional authority managers.

1.10 Only an integrated and jointly-framed territorial approach will ensure that knowledge accumulated through investment in research and development, innovation and education can generate the capacity for innovation, giving the European industrial base a competitive edge and enabling it to attract human and financial resources.

1.10.1 In that context, it is of the utmost importance to examine new ways of attracting human resources to a region, not least by improving work-life balance and introducing incentives, especially for white collar and highly qualified workers, such as managers, researchers and industry experts, securing for them sufficiently attractive benefits in their working life.

1.11 The new CIP programme (2007-2013) cannot be looked at in isolation from the Community’s other regional policies and programmes. It aims to address the issues by means of a three-pronged approach: the Entrepreneurship and Innovation Programme; the ICT Policy Support Programme; and the Intelligent Energy Programme.

1.12 In that light, the Committee is in favour of strong coordination of the CIP with regional and cohesion policy and cross-border, transnational and interregional cooperation measures as well as with the VIIth RTD framework programme (FP7). A significant part of the latter’s ‘Capacities’ programme is also devoted to developing R&D in SMEs, the Regions of Knowledge, support for innovation and innovative services for companies and the necessary links between the world of training and that of enterprise.

1.13 The Committee believes it is essential that these initiatives be carefully coordinated to secure synergy and avoid overlaps or inconsistencies. They should be restyled and taken on board by each region, giving priority to partnership for jointly-framed local development.

(4) See ‘Grassroots democracy’.
1.14 The Committee would reiterate, lastly, the views it has already expressed in a recent opinion on the subject of modern industrial policy: ‘What is missing is a clear link between the efforts at EU level, and the necessary involvement of governments, industry and stakeholders at national and regional level.’

2. Definitions

The opinion refers to a number of concepts whose definitions are provided below.

2.1 Governance: anthropological literature draws a distinction between three types of Governance (5). Grassroots governance involves the local coordination of all players, and is characterised by a marked orientation towards all kinds of technology-related activities. Network governance shows a high level of coordination between networked players, in particular firms, research organisations and funding organisations. Dirigiste governance is based on a high level of coordination and central management of key aspects such as funding and research competence.

2.2 Socially responsible area (6)

An area can be defined as being socially responsible when it gears its development towards sustainability, thus tying in the economic, social and environmental dimensions. An area can define itself as socially responsible if it succeeds in:

— building social and environmental considerations into economic decisions;

— using a shared system of values and a participatory methodology in decision-making processes;

— encouraging good practice and continuous pooling of ideas among stakeholders, in order to boost innovation and competitiveness.

In order to plan for a socially responsible area, it is necessary to:

— identify the community living there;

— identify its guiding values.

2.3 The social capital of an area

Social capital can take many forms: cooperative or competitive cultures; a shared sense of community, or polarised interest groups; differing modes of learning. Cultural traditions and types of organisation can have a considerable impact on the obstacles that might obstruct the creation of a socially responsible area. A more in-depth study of the social resources available in an area (social capital) calls for a distinction to be drawn between: institutional capital, cultural capital, symbolic capital, psychosocial capital and cognitive capital.

— Institutional capital: the capacity of the formal institutions in an area to concentrate on problem-solving, their capacity to act, their speed in decision-making, the quality of information available to organisations, their flexibility, and lastly existing inter-organisational relations.

— Cultural capital: the heritage of a region’s traditions, values and beliefs, the richness of its language, and lastly social relations and behavioural patterns (7).

— Symbolic capital: the potential of a region to mobilise the energy necessary to secure its own development and its potential to provide an emblem for local companies.

— Psychosocial capital: this is based largely on trust, on the conviction that there is a community and that it has the potential to develop and, lastly, on an awareness of the possibility of cooperation with groups and associations.

— Cognitive capital is represented by collective know-how, not to be confused with the human capital of individuals. Cognitive capital resides in the knowledge infrastructure of organisations such as universities, research centres, cultural and professional organisations, companies and bodies responsible for social dialogue (8).

2.4 Foresight (9): the future as a social construct

The future has to be built. It is people who build it, through their actions and the sometimes unexpected consequences of them. It is not simply a matter of telling the future but of building it socially. The systematic consideration of probable or possible events can contribute to this process. The systematic study of the future is an area of research that seeks to shape a future that reflects our hopes more closely. The aim of foresight is not therefore to tell the future, but to imagine a future that is different from the present, made possible by factors such as changes in technology, lifestyle, working habits, regulations, world geopolitics, etc.

(1) In anthropological terms, culture consists of forms of behaviour that are acquired and transferred through symbols, actions, signs and the fruit of intellect (Alberoni, Consumi e società).

(2) This concept underpins the new JESSICA programme, launched by DG Regio, financed by the EIB and aimed at particularly run-down city areas.

(3) F.Alberquerque et al, Learning to innovate, OECD seminar 30.9 — 1.10.1999 Malaga, Spain.

(4) F. Alberquerque et al, Learning to innovate, OECD seminar 30.9 — 1.10.1999 Malaga, Spain.

2.4.1 With a view to underscoring the guidelines established by the Lisbon European Council, the Commission laid the foundations for the European Research Area (ERA) (10), the financing for which was built into the VIth Framework Programme, with particular attention to territorial foresight (11). Later, in 2001, the Commission launched its 'Science and technology foresight: links with the IPTS (12)' unit, designed to promote foresight as a model for innovation.

2.5 Grassroots democracy

2.5.1 The idea of grassroots has gained importance in recent years along with other concepts such as subsidiarity. A grassroots culture enables members of the public to show they want to play a part in decisions relating to the social sphere. Thanks to new technologies, knowledge is spreading at a speed and on a scale that were previously unthinkable.

3. Reasons

3.1 As the third millennium begins, the EU is facing profound structural changes that in the space of just a few years have revolutionised the world environment in which the European economy works and competes. These include the following in particular:

— the workforce present on the open market has doubled with the entry of more than two billion people into the market economy area governed by the WTO;

— the economic revolution brought about by globalisation has altered firmly-established economic models, tilting the balance between supply and demand;

— new economic competitors have emerged, some in groupings, and have joined the traditional market players;

— companies are seen increasingly as integral parts of a system, providing integrated knowledge networks;

— company success is increasingly dependent on the new form of public territorial governance that must operate within a shared strategic vision;

— new forms of public and private governance at local and regional level coexist within a world context that shows strong demographic and economic imbalances;

— on the new global liberalised market, new aggressive strategies for economic and commercial penetration have taken hold, targeting largely the weak points in foreign markets in order to gain a competitive advantage.

3.2 The Aho (13) report reiterated the need for new models of governance, in order to make Europe competitive and aware of the challenges to the system brought by structural change.

3.2.1 The adoption of this new model for governance requires:

— a clear change to achieve a genuinely unified European market, in order to promote innovation and market new products and services, and countering the fragmentation that is the main barrier to investment, business and employment;

— a review of EU worker mobility schemes: this should include channels for exchange and mobility between science, industry and government and between countries; new instruments for dialogue are also needed, to make more of the European knowledge-based social model and to sow the seeds for new generations of knowledge-based districts, new technology and industrial parks, poles of excellence, technological platforms and clusters;

— a new common strategic vision, using participatory foresight instruments, to address internal social challenges and external economic challenges and to bridge the gap between political ideas and the practical need to involve all those regions wishing to be part of the knowledge-based economy;

— the development in the regions of highly professional ‘development integrators’ (14);

— support for the creation of the European Institute for Technology (15) in order to stave off a brain drain and attract professionals from other parts of the world so as to develop and boost research and innovation within the EU;

(12) Institute for Prospective Technological Studies. This is one of the seven institutes that fall under the JRC (Joint Research Centre).
(14) People with social and technological experience who, with the help of technological poles, are able to help micro and small companies with innovation processes.
— bold European measures to support vocational retraining and the preparation of relevant multidisciplinary profiles.

3.3 Research and development, design, manufacturing systems, logistics systems (16), marketing and client services are increasingly integrated as functions, acting together as a single entity that links clients with the inventors of new products.

3.4 Modern company structure has ever less to do with the availability of physical infrastructure and ever more to do with the ownership of intangible assets. It requires an equipped region, with structures for territorial governance, able to sustain the capacity to produce and distribute goods and services and to provide the best possible after-sales service.

3.5 Developing a clear regional or local identity, reflected in the social capital, is proving to be fundamental, both to prevent the risk of relocation, and because new business developments demand specific characteristics and a high quality of locally available services. These standards can be obtained only with well-trained staff with a high level of awareness.

3.6 Awareness of regional/local identity among the public, political decision-makers and social partners allows an integrated approach to environmental and social sustainability, which brings added value when it comes to attracting new investment.

3.7 Regional/local identity as a quality is based on a combination of belonging, recognition and empathy regarding a set of shared values and a shared vision of the future. Promoting regional/local identity involves:

— transparent, participatory models of governance, made possible through: the distribution of powers among the various players and public and private decision-making centres, capacity building activities designed to secure an optimal organisational, management and operations structure, and the sustainable use of local resources, including transport, health services, physical resources, infrastructure and ITC services;

— the development of a 'pleasing' image for the area;

— SWOT analyses (17);

— participatory foresight exercises, to foster awareness of a shared vision/path;

— networking and the exchange of best practice between regions;

— benchmarking exercises to secure comparative territorial advantages.

4. The integrated territorial approach (ITA) and foresight systems for local and regional research and innovation

4.1 ITA and local human resources

4.1.1 There are various priority areas for actions when it comes to making the most of local human resources:

— a shared common strategic vision (foresight) of medium- and long-term prospects for local and regional technological and innovative development;

— structured social dialogue at local and regional level; in this respect it is essential that existing legal requirements regarding information and consultation are fully upheld (18);

— training through high-quality structures designed to keep workers permanently skilled for the professional profiles necessary for future regional development, in a context of global competition;

— the use of the many social tools available to assist workers hit both by unexpected market changes that exclude them from development possibilities and by local and regional decline in crisis areas;

— policy geared towards social inclusion and respect for ethnic minorities;

— intelligent and responsible management of flexibility to broaden opportunities for professional achievement ('flexicurity' (19));

— full public involvement.

4.2 ITA and the development of a new, stronger form of entrepreneurship

4.2.1 An integrated territorial approach can encourage and promote the creation and development of businesses, SMEs in particular, by establishing a favourable environment. This involves:

— cutting red tape and removing bureaucratic obstacles to the setting-up and development (in size, for instance) of companies;

(16) See 'European logistics policy'.
(17) SWOT: Strengths and Weaknesses, Opportunities and Threats Analysis.
— providing structures for vocational and other training, apprenticeships and lifelong learning, managed by the social partners by means of bilateral bodies working on the basis of forward-looking projects;

— establishing integrated networks between universities, companies and research centres with standardised work programmes, methodologies and structures, all geared towards technology transfer;

— setting up and relaunching new industrial and technological knowledge-based districts and integrated industrial platforms: within these the players in the technology sector expand to take in new centres of learning and applied research and look beyond their immediate neighbourhood to develop production and distribution systems that focus on the shared values and strategies of ‘learning communities’;

— establishing (e.g. through regional development agencies) networks of industrial and technology parks, in order to develop well-equipped regions, able to offer services to aid the development of new businesses;

— improving access to sources of funding and credit, not least by implementing mechanisms such as those promoted by the JEREMIE initiative (Joint European Resources for Micro to Medium Enterprises) throughout the EU;

— developing and disseminating mechanisms for corporate social responsibility;

— promoting and strengthening systems for cooperation between social partners and local economic and social players, by boosting their institutional capacities and potential for social dialogue;

— modernising the local digital system for communication between all political, economic and social players present in the area and the relevant public and private authorities and institutions. The focus should be on instruments such as e-government, e-business, e-commerce and distance working, as well as high-capacity broadband communication networks, such as the GEANT (20) network for data transmission and the GRID systems (21);

— bolstering the values upheld by the JESSICA programme, aimed at the integration of city peripheries;

— providing a physically, economically and socially secure environment for the public, companies and the world of work;

— making the integrated territorial approach to local and regional industrial policy sustainable, by optimising environmental protection during economic and industrial change.

4.3 ITA, CIP and the seventh framework programme — Consistency with other Community policies

In 2005, the Heads of State or Government gave further political impetus to the relaunched Lisbon strategy, in particular by emphasising the way in which European values can underpin modernisation of the economy and society in a globalised world.

4.3.1 The March 2006 European Council set out the priorities to pursue in the context of the renewed partnership for growth and employment:

— greater investment in knowledge and innovation;

— unlocking business potential, especially of SMEs;

— increasing new and sustainable employment opportunities for priority categories, especially for young people (22), women, older workers, people with disabilities, legal immigrants and minorities.

4.4 More specifically, the CIP Entrepreneurship and Innovation Programme ties into a coherent framework many activities designed to address key problems affecting competitiveness and innovation in the EU’s economic and social fabric, by directing development towards innovative and productive measures, protecting the environment and making efficient and socially acceptable use of resources.

4.5 The FP7 specific ‘Capacities’ programme is intended to enhance capacity for research and innovation, in particular:

— by meeting the needs of SMEs needing to outsource research activities;

(20) The GEANT project grew out of collaboration between 26 National Research and Education Networks representing 30 countries across Europe, the European Commission, and DANTE (Delivery of Advanced Network Technology to Europe). Its principal purpose was to develop the GEANT network — a multi-gigabit pan-European data communications network, reserved specifically for research and education use.

(21) GRID: a system that integrates and coordinates resources and users that live within different control domains for example, the user’s desktop vs. central computing; different administrative units of the same company, or different companies, and addresses the issues of security policy, payment, membership, and so forth that arise in these settings.

(22) See, for instance, the ‘youth pact’ established by the French Government.
— by encouraging the transnational networks of Regions of Knowledge, in order to foster the emergence of clusters, metadistricts and technology and business parks, associating universities, research centres, companies and regional authorities;

— by tapping into the research and innovation potential of the Convergence Regions and outermost regions, in conjunction with action through the Structural and Cohesion Funds.

4.5.1 Optimising the participation of SMEs in research and innovation activities will also involve the other FP7 specific programmes (i.e. ‘Cooperation’, ‘Ideas’, and ‘People’).

4.5.2 The need to make full use of research results is also fundamental and a common feature of all the programmes, and this is done most effectively at territorial level. In this light, there must be high levels of coordination, consistency and synergy with the Community’s regional and cohesion policy instruments and other Community support instruments for regional cooperation and education and training.

4.5.3 Furthermore, the above-mentioned actions must be coordinated with regional policies related to the reformed European Structural Funds.

4.6 In order to be properly assimilated in the field, these initiatives, as well as being closely coordinated in order to secure synergies and prevent overlaps or inconsistencies, must also give priority to:

— a receptive, well-equipped environment able to generate synergistic effects with relevant regional and local programmes, able to develop international research partner networks, in order to meet the transnationality criteria of European projects and translate research results into real competitive growth and higher employment, targeting current industrial change by means of permanent territorial networks promoting interaction between universities, industry and research centres;

— advanced education and training structures designed to provide a functional response to the demands of economic and industrial development, based on knowledge: these structures should be based on training schemes geared towards new technology-production, distribution and consumption models, and on lifelong learning systems anticipating responses to industrial and market changes;

— institutional and association-based capacity building and social dialogue initiatives, with a view to planning effectively and optimising research and technology transfer: all these elements must work to a vision shared by the economic and social players experiencing reality at first hand in the field and must be aimed at giving people new business and training opportunities, advanced qualifications and new professional profiles;

— an integrated regional policy able to make the most of local development potential, enhancing capacity for change and innovative anticipation, in order to enjoy the benefits of new flows of goods and services, human resources and capital generated by globalisation;

— consolidated social dialogue at regional/local level, as a key to maximising the benefits of anticipating industrial and market change and education and training flows; this dialogue must also deliver better job security and greater flexibility in the organisation of production, distribution and services.

4.6.1 The Committee feels that both the seventh RTD Framework programme (FP7) and the new CIP, on which it has already issued opinions, are still excessively top-down in their outlook and do not yet allow for the appropriate level of integration and responsible participation of public and private development players at local and regional level as is both necessary and desirable. This approach does not in effect give local players their rightful role as joint guardians of European governance.

4.6.2 The European Union ought to encourage this type of partnership at local level with authorities and economic players and especially with the social partners, not least through the two instruments mentioned above, in order to nurture a new generation of territorial pacts for development within the context of globalisation (23). These should involve all the stakeholders in economic and employment development, with a view to responding effectively to the challenges of the market and competitiveness, moving beyond local mindsets that are becoming dangerously restrictive in a world of interconnected realities.

(23) See Pacte Industrial de la Regio Metropolitana de Barcelona (http://www.pacteind.org/eng/activities/) which states that ‘The territory’s competitiveness lies in the quality of the companies and their workers, …’.
4.7 ITA, participatory governance, the social partners and civil society

4.7.1 A considerable proportion of sustainable competitiveness measures fall within local and regional responsibility, making governance systems and cooperation between the various local and regional authorities, the various bodies and institutions, the social partners, companies, and civil-society players active in the field a priority.

4.7.2 With regard to the concept of governance, reference should be made to comments made previously by the Committee on the subject: 'private stakeholders must act and take responsibility through tangible contributions and actions. [...] Social and civil dialogue are important accompanying measures' (24).

4.7.3 As far as strengthening social dialogue is concerned: 'The EESC agrees [...] that, by virtue of their sectoral knowledge, the social partners are able to play a special role in alerting the authorities.'

4.7.4 In the Committee's view, it is a matter of implementing streamlined, proactive and reactive jointly-framed social engineering and decision-making systems, able to maintain a high quality of political, economic and social democracy, without weighing down and holding back the development of actions and initiatives.

4.7.5 The development of a shared medium- to long-term vision is essential here, as is the identification and division of responsibility regarding agreed intermediate objectives, and the use of advanced and proven tools at regional level such as foresight.


4.8 The ITA is a governance strategy for the development of socially responsible regions.

4.8.1 In a context like ours, open to global competition, any governance strategy for socially responsible local and regional development must secure a sustainable trend towards economic development and high social standards. Such a strategy should in particular involve:

— constant improvements in quality and the cognitive and innovative capacity of the local and regional production system, through systematic analyses and the jointly-framed forecasting of social, economic and technological development;

— the development of global reference networks for the public and private sectors, ensuring a constant and clear two-way flow of interactions with the global market;

— high levels of environmental and social sustainability in the development of both production and consumption;

— efficient and consolidated processes for the formation and dissemination of knowledge, information and on-going training for technology operators, users and final consumers;

— the preparation of 'local and regional social balance sheets' able to measure, monitor and assess the trends that help qualitative and quantitative objectives to be met, on the basis of shared standards and methodologies at European level.


The President
of the European Economic and Social Committee

Anne-Marie SIGMUND

(24) See The road to the European knowledge-based society — the contribution of organised civil society to the Lisbon Strategy (exploratory opinion) — Rapporteurs: Mr Olsson, Ms Belabed and Mr van Iersel.