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The S3 platform as a digital transition accelerator in EU Enlargement Countries

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Abstract

In this paper, the authors will highlight the relevance of Smart Specialization Strategies (S3) as an original innovation policy approach to foster the digital transformation in enlargement countries (Montenegro, North Macedonia, Albania, Serbia, Bosnia and Herzegovina, and Kosovo) by providing examples of S3 implementation in a variety of contexts. The significance of smart specialization strategies for countries aspiring to join the European Union (EU) cannot be overstated, as they represent an exceptional development opportunity. The S3 platform is a powerful

mechanism for creating strong coordination between the scientific research community and industrial structures. As such, it serves as a kind of reference point for innovation activities in terms of directing them towards the identified needs of the economy. As a result, by stimulating regional innovation potential, digital transformation, and economic growth, regional competitive advantages will be strengthened, which will have a significant impact on broadening the EU perspective of the Western Balkans region.

Keywords: Smart Specialisation Strategy, digital transition, innovation, WB, enlargement process

The political background and the enlargement process

As of the beginning of the twenty-first century, the Western Balkans is a term used to denote Balkan states (with the exception of Turkey) that are not yet members of the European Union. Several Western Balkan (WB) countries are currently candidate countries awaiting admission to the EU, while others are potential candidates. The WB countries participating in the enlargement process as candidate countries are: Montenegro, North Macedonia, Albania, and Serbia, while Bosnia and Herzegovina (BiH) and Kosovo are potential candidates.

The Stabilization and Association Process (SAP), which was established nearly two decades ago for WB countries, has always allowed the European Union to unilaterally define the conditions for accession. In this regard, the WB serves as a model for studying the EU's transformative power, given the undeniable success of enlargement policy in influencing the transition processes of Central and Eastern European countries. When it comes to the European integration process, the WB region faces a number of common environmental, migration, security, digital, and geopolitical challenges. With the region's strategic importance in mind, the prospect of WB integration into the EU brings more effective and efficient solutions, both for the countries aspiring to membership and for the EU itself. The advantages of the EU's single consumer market are obvious: economic growth and employment generation, healthier products, reduced prices, and more choice in critical sectors such as infrastructure, financial institutions, and transportation services. Nevertheless, when it comes to the EU, the list of benefits does not end with the state's economic prosperity and a higher standard of living for its citizens. The European Union is a values-based community that seeks common order and stability, wellbeing, individual liberty, and social justice while respecting and preserving differences. Article 2 of the Lisbon Treaty and the EU Charter of Fundamental Rights both protect those values of the EU, as well as the rights they give to each person.

In terms of complying with European standards and values, countries in the Western Balkans have made significant strides since the 1990s, and membership in the EU has proven to be an effective mechanism for encouraging wide-ranging reforms. When we consider the situation in its actuality, we see that progress in the Western Balkans has been uneven, and that reforms that were in full swing at one point have slowed in some countries in the meantime. Structural conflicts, slow restructuring, a lack of willingness or ability to find solid stone, and long-term solutions all have an impact on the capacity to integrate a region. Further reasoning comes from the fact that enlargement policy has become much more demanding and procedures

much more complex than they were previously, with the emphasis now being placed on the implementation of policies and solutions rather than merely on the adoption of legal and institutional standards. Another factor to consider is the fact that the EU has dealt with a number of internal and external issues over the last decade, including the consequences of the global health and financial crises, migration, the United Kingdom's decision to leave the Union, and the rise of extremism (Pejović, 2018) ^[13].

The interplay between innovation and policymaking

A smart specialisation strategy (S3) is a notable example of a flourishing encounter between science and policymaking. The concept was first introduced in the context of the European Commission's high-level group of experts on "Knowledge for Growth," which was established in 2008. As a place-based approach, S3 is distinguished by the identification of strategic areas for intervention that are based on both an analysis of the strengths and potential of the economy and on an entrepreneurial discovery process (EDP) that involves a broad range of stakeholders. A global perspective on advancements is taken into consideration, as is a broad view of innovation that includes, but is not limited to, technology-driven approaches that are endorsed by effective supervisory mechanisms (EC, 2019). According to the logic of smart specialization, in a regional context, proposed policies may be very different from country to country, focusing on the country's innovation profile, its market structure, and its geographic location, among other factors (Mccan and Ortega-Argilés, 2013) ^[14]. Regional innovation policies in less developed and transitional regions must therefore go much further than longitudinal performance indicators in order to succeed, identifying the entire range of abilities considered necessary to advance as well as integrate policies (Forey, 2016) ^[1]. Achieving the accomplishment of a realistic, clear solution in as many regions' agendas as possible can be perceived from an accumulated European perspective. While there is still debate about whether the present system of challenges being pursued through the smart specialization roadmap delivers any meaningful acceleration in the effort to increase the occurrence of holistic regional decision-making, the issue arises whether evidence-based results find that it is imperfect by structure, and if so, whether or not other concepts should be taken into account (Kroll, 2019) ^[10].

WB's overview of the S3 Platform

Montenegro has been the first country beyond the EU to implement the Smart Specialization Strategy for 2019–2024. With the objective of outlining a strategic path for development (as four priority areas, the Strategy identifies: sustainable agriculture and food value chain, sustainable and health tourism, energy and sustainable environment, with technological support of information and communication technologies). The industries were identified for the data analysis depending on their current overall size as determined by the number of people employed and their level of education in comparison to the EU28, their median incomes in correlation to those in Montenegro, and their potential complement with two categories of widening market sectors: traded clusters and emerging industries (EC, 2020). The S3 implementation is pivotal for Montenegro because it can empower trade and investment in research, innovations, and entrepreneurship. Comprehensively

addressing sustainability objectives in S3 can enable the unification of research and innovation potential, bringing together a community of like-minded researchers and innovators to join forces on science and technology topics of strategic value in order to achieve research excellence and enhance the commercialization potential of domestic innovative solutions. S3 can also foster the growth of new industries by venturing into research and innovation in areas with geopolitical opportunities within the regulatory structure (Government of Montenegro, 2019).

The Republic of Serbia has adopted the Smart Specialization Strategy for the period 2020–2027 with the goal of enhancing the economy's attractiveness, income development, and socio-economic growth by integrating research, commercial, and technology resources with a restricted range of priority economic areas. By attracting investment to areas with the greatest dynamic and sustainable potential, 4S assists the domestic industry in better utilizing its potential and positioning itself in global markets and international value chains. A summary of the vision translated into priority areas as a result of the Comprehensive Entrepreneurial Discovery Process (EDP) based on previously prepared analyses and focused dialogue of key representatives from the business, academic, public, and civil sectors: Sustainable high-tech food with high added value for the future; Sophisticated software solutions for the global market; Cross-sectoral grounded industrial innovation (EC, 2020). According to the general vision, by 2027, the Serbian economy will be largely based on knowledge creation. The strategy's key priority areas will be supported in the direction of greater competitiveness and a bigger market in international supply chains. The continuation of the entrepreneurial discovery process envisaged in the process of implementing the 4C strategy will facilitate effective interaction with all relevant parties, together with emerging local, regional, and global advancements, and will focus on ensuring that the pervasive needs and requirements of all social actors are fully integrated with the changes and developments (government of Serbia, 2020).

Bosnia and Herzegovina has achieved a particular level of competency in science and innovation, but its capacity to absorb technology and undertake research, expansion, and innovation capability is limited due to the fragmented national research environment (Hindija, 2020) ^[11]. At the state level, the revised Science and Technology Development Strategy 2018–2022 is currently in effect. The BiH Council of Ministers adopted a proposal in 2019 to officially include Bosnia and Herzegovina in the process of drafting S3, and a drafting working group was formed in 2021, but the drafting process has not yet begun. The following are identified as key challenges for S3 development: 1. Qualitative mapping should be used to compensate for potential data shortages in quantitative mapping; 2. coordination of federal actors, as well as the Federation of Bosnia and Herzegovina and the Republika Srpska, as well as the Brcko District; 3. priorities in policy areas and sectors must be aligned (EC, 2020). Albania currently has the National Strategy for Scientific Research, Technology, and Innovation 2017–2022 in force, and the draft smart specialization strategy is expected to be completed by the end of 2022 (EC, 2020). North Macedonia's Smart Specialisation (S3) process began in March 2018, when the JRC got a notice of commitment

from the country's government to begin designing the National Research and Innovation Strategy for Smart Specialisation (RIS3). Simultaneously, an inter-institutional team was established, comprised of consultants from the current administration, attached agencies, and academia (WBC-TRI, 2021). The remaining challenges are perceived as 1. Uphold comprehensive dedication to the S3 process; 2. Evaluate the S3 prioritized domain classification by communicating with a wide range of users in the entrepreneurial discovery process; and 3. Increase capacity for the forthcoming RIS3's surveillance, assessment, and implementation stages (EC, 2020). Kosovo founded its first Innovation Strategy in 2012 with guidance from the OECD's South East Europe Program, and the S3 development process is currently underway. One of the most difficult obstacles to consider is empirical modelling to accommodate for potential data shortages for quantitative mapping, as well as the configuration of key objectives across policy areas of the industry (EC, 2020).

Conclusion

Smart Specialization as a platform for structural transformation must be thoroughly examined, and it must adhere to the "place-based approach" to industrial prosperity that has been encouraged by both the European Commission and the Organization for Economic Cooperation and Development (OECD) in recent years.

Smart specialization was never intended to be a strategy for enforcing specialized knowledge through governmental planning, as some have implied. The process of exploration and acquiring knowledge on the part of innovators, who are the strongest entities to discover the suitable kinds of data, was perceived as the driving force behind it (Estensoro & Larrea, 2016) ^[12]. Those kinds of approaches attempt to resolve the antagonism between the need for the political establishment to retake control of the situation by creating a strategy and developing policy decisions to ensure some initiatives in the development of future competitiveness, as well as the need to study the determinants of entrepreneurial viewpoints and programs. One of the most effective solutions to overcome this tension is through sound policy design, and this methodology places a strong emphasis on entrepreneurial discovery, which is vital in the current world. Most every "truly innovative" economic or development policy that didn't provide this inclusion would be characterized by a totally distinct tone and appearance (Foray, 2016) ^[11]. WB's regional competitive advantages should be identified by tracing the domestically and internationally set in exploration of case studies to learn from or distinguish from, and participating in impactful optimization activities. It is important to note the potential of a region's economic development team to generate specific links and streams of supplies, facilities, and expertise, which can reveal potential patterns of convergence with alliance areas. When it comes to less developed regions, this is critically valuable because they will frequently require the assistance of experts and innovation from other countries worldwide (EC, 2012) ^[2].

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