

“ONLY LYON” – INNOVATION DYNAMICS OF REGIONAL ENTREPRENEURSHIP AND INTERNATIONALISATION

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Abstract:

Lyon is a French city which has a history of innovation at different levels. The southern part of France historically witnessed the main developments of European evolution, from the pre-historic sites, to the Mediterranean early civilizations, to the Roman Empire, to medieval religious and political wars, until modern times. In the twentieth century, in the 70s', Lyon was one of the first towns to identify the potential of its historical town centre and therefore invested not only in urban reconstruction and development but also in creating the structures and institutions able to launch and to explore its historical, cultural and religious heritage. This tradition of being innovative and proactive implies that all concrete activities that come to life are not merely top-down instructions by political officials neither are they isolated initiatives by individual enterprises. Quite the contrary, they imply an organizational culture which is shared by public and private spheres of action alike. This culture is itself an indication of the degree of development and of maturity both of the institutions and of the general population. More specifically, accepting as true the assumption that 'there are no simple solutions to complex problems', it is necessary to find ways that enable complex solutions to emerge.

Key-words: regional development, regional entrepreneurship, regional internationalization, innovation dynamics.

1 Introduction

'Only Lyon' is a regional development strategy which promotes Lyon's town and wider region as a touristic destination, as a place to live and as an opportunity to install new business initiatives, including direct foreign investment options. This strategy is disseminated among neighboring European countries' capitals, offering a large spectrum of benefits, of activities and of new challenges, including public contests. 'Only Lyon' is a critical case study for the understanding of the dynamics of regional innovation, entrepreneurship and internationalization.

It is important to stress that the lessons to be learnt by Lyon's example are independent from its application. That is, a town in a less developed region or one in a more developed region would both benefit from these key lessons. Why? Because what it takes to be successful in a global market is common to both developed and less developed regions, i.e. it is independent of context. Whatever the case, there is no option out of striving to be innovative and competitive and, again, this implies collaborative efforts and holistic thinking. This holistic thinking may be identified in a large spectrum of management theories, from supply chain management, to business process models or the balanced score card models. What is critical to highlight is that narrow short term objectives may be contradictory in relation to long term goals. This implies that results must be evaluated taking into account the process of development and of evolution itself and not merely quantifiable and immediate results. Attention to quality, to intangible benefits and to positive externalities is kernel, again highlighting the importance of holistic and of systems thinking.

2 Tourism, entrepreneurship and the knowledge economy

The present case study addresses a tripartite approach to regional development, to the specificities of the Only Lyon example and to that which is needed from the individual learner.

There are three central ideas that support the present case study, regarding that which is critical for the success of regional development initiatives:

- Tourism is a key area; it has structuring effects on other sectors, it has synergetic relations with health, education and infrastructure areas, all structuring sectors in themselves, and it is one of the largest and fastest growing industries at world level
- Entrepreneurship, innovation, competitiveness, private investment and business creation are the engine and the track to be followed in promoting economic development, in a global world setting where key resources are volatile in terms of their geographical destination
- The context of the knowledge economy places new challenges for both practitioners and academicians, politicians and business people, as it deconstructs taken-for-granted assumptions and questions practices which do not take knowledge as their central factor, resource and asset

Mokyr (2002) critically stresses the importance of recognizing the historical bases of the knowledge economy. The central role of knowledge creation and sharing and the promotion of a collaborative culture for work and learning are key aspects of any regional development processes. Lyon has been able to prove that it has mastered the knowledge sharing and collaborative strategy that is necessary to thrive in the knowledge economy.

3 Lyon's context

Lyon is a Unesco World Heritage site and is the second richest city in France after Paris. Its urban region has almost 3 million inhabitants and is the largest metropolitan area in France outside Paris. Unesco distinction stressed its two millennia history and the strategic importance of the area in both commercial and strategic terms.

Lyon was home of several inventions including the invention of cinema by the Lumière brothers. Lyon has fostered and incentivized a growing local start-up sector. Tourism is one of the most important industries in the region, and its festivals are known worldwide. Lyon is a major banking centre, and it has developed the biotech, chemical and pharmaceutical industries. The software industry, with a particular focus on video games and internet services, is growing and attracting the creative industries to the region. Other critical sectors include universities, medical research and technology and non-profit institutions.

Lyon was ranked 2nd in France and 9th globally for innovation in 2010. Lyon is the base of several international institutions, including the International Agency for Research on Cancer, Euronews, Sanofi-Pasteur or Interpol, who have their headquarters located there. The establishment of partnerships is critical in order to more easily enable the establishment of new headquarters in the territory. Lyon is an attractive city concerning the creation of companies and investments.

4 The "ONLYLYON" brand

Only Lyon is a label and a brand ("ONLYLYON") and it is a marketing strategy to promote Lyon's metropolitan area in the context of global competition between cities. This competition includes cities' ability to be identified by investors and decision-makers. Its objective is to become a benchmark among major European cities. This idea was created in order to foster business and entrepreneurial spirit. It includes two websites: <http://www.business.greaterlyon.com> and www.onlylyon.org. This label is used by all institutional and economic partners in their overseas relations, is intended to be adopted by all participants, in both the public and private sectors. Greater Lyon urban community is ONLYLYON historical partner and major financing source.

Twelve main institutions formed the initial strategic partnership in order to make Lyon metropolitan area an economic flagship. These are:

- Aéroports de Lyon
- Lyon area economic development agency
- Lyon Chamber of Commerce and Industry
- Rhône Chamber of Trade
- Centre de congrès de Lyon
- Communauté urbaine de Lyon - siège
- Rhône general confederation of small and medium-sized enterprises
- Département du Rhône
- Eurexpo Lyon
- Mouvement des entreprises de France Lyon-Rhône
- Office du tourisme et des congrès du Grand Lyon
- University of Lyon

This strategy addresses four distinct areas:

- Tourism – attracting new visitors and maintaining present ones
- Living in Lyon – offering high standards and quality of living
- Business creation – supporting business set up, attracting new start-ups and promoting business growth and development
- Studying in Lyon – attracting talents and offering international level educational resources and institutions

Lyon's region is focused on special leadings activities, including:

- Biotechnologies – it is France's number 1 biotech region; its advantages are that it is a global competitive bio-cluster and home of the headquarters of world leading companies
- Clean technologies – it ranks among the top ten European areas for the chemical and environment industries
- Automotive – it hosts the competitive cluster "Lyon Urban Truck & Bus"
- Creative industries - Lyon, the birthplace of cinema is now a capital of the image and digital industries (video games, cinema, animation, serious game)
- Dermocosmetology - a sector with a strong and diversified industrial base: raw and active materials for cosmetics, formulations, preparations, specialized services, packaging
- Strategic functions – it offers expert services on consulting, human resources and finance
- Banking and finance – it is France's number two capital of finance, with a long tradition of success
- Service centers – it is the second largest business district in France and it has all of the advantages of Europe's top service capitals
- Lighting technologies - a renowned city of light, is also a leader in technological innovations and a genuine cluster of expertise (LEDs , urban planning, light-architecture, urban lighting)
- Food industry – it has a great tradition in gastronomy and it is leading actor in the French agro-food industry
- Medical devices - renowned in the field of medical devices, with key specialities such as infectious diseases, oncology, diagnosis, drug delivery, neurology, medical textiles, medical imaging, e-health or transplants.

5 The best-practice approach

Only Lyon is an illustration of a best-practice initiative based on three strengths:

- Only Lyon has explored all hypothesis of synergic links that are possible, from public to private initiatives, from creating the best conditions for residents to welcoming newcomers, from supporting existent business growth to attracting

new entrepreneurs, both from within the area and from abroad; and this highly effective approach has not been achieved by chance

- The region of Lyon, the Rhône-Alpes region, has been the setting of widely diverse influences, from the early Mediterranean civilizations, the origins of the Western world, to the medieval military and religious movements, from the Cathars to the monasteries - one originated from Cluny, near Lyon, the leader of western monasticism, and which expanded to cover all Europe - and to the industrial and post-industrial age, ranging from rich industrial development to a bouncing service sector
- The fundamental message that has to be stated is that, first, it is a strong and unique culture which supports and energizes both business and public sector activities, both entrepreneurs and politicians, a culture that draws its inspiration from its own historical tradition of innovation and, second, the lessons to be learnt are not context specific, that is, no matter the degree of development, the size or geographical location of a region, there is no escape from investing in innovation itself, exploring and reinventing each region's specific traditions and strengthening competitiveness and creativity, based on autopoietic, emergent and self-organized mechanisms that continuously support, sustain and feed their own developmental process

6 Hands-on learning – the importance of case studies

Teaching is impossible but one may help someone to learn – this is Dewey's idea of pedagogic methodologies which fits well the case study approach.

Top American universities started to teach the new discipline of modern management in early twentieth century and besides theoretical knowledge, they were fully aware of the need to teach and learn the practical side of it, of how, in real life contexts, management could be applied, perfected and mastered. But how could this be done? Economics, finance and accounting had their own practical exercises where theoretical concepts could be applied and tested. However, management as a whole lacked a recipe-like, problem-solution framework that could be used as a practicing exercise.

The solution came from an area that simultaneously collects vast and diverse knowledge areas and combines them in ways that are context specific, sensitive to the subtle differences and to the idiosyncratic specificities of unique situations. This sophisticated and context-aware practice was the practical teaching of modern medicine. And what was their secret? In a way they reproduced the ancient model of the master and the apprentice pair, where apprenticeship is the practical learning of a professional practice side-by-side with an expert in a real life context. The closest method that replicated this idea, though could be used in a classroom and shared by a class of students, was the use of the case study. In a case study there is no model or rigid theory that is explained and demonstrated but, on the contrary, a real practical situation is described in detail, trying to capture the subtleties of each unique event, and the interpretation is based on actual practices that have worked in the past and that may illuminate the way of what may work in the future.

However, the pedagogic method of case study runs against what both students and teachers have been trained to do, in the majority of cases, and thus requires extra efforts from both sides of the teaching-learning paradigm. The issue is one of unfolding, of letting that which is essential emerge and not one of seeking to systemize and control previously determined thinking-routines. Out-of-the-box thinking, creative and transformational learning or chaos and complexity theories, are examples of approaches which focus on the kind of perspective that is required in the case study methodology.

Case studies are as close to a hands-on experience as possible, that is, there is a narrative which unfolds specific articulations that address the complexity and richness of real-life contexts and of examples of approaches that have worked in such situations. It is not a description of a problem-solution approach and it is counterproductive and reductive to address a case study in such a recipe-like way. The issue is one of

addressing complexity and uniqueness and to capture the interpretation – hermeneutic – process which lets each situation present itself as a central experience to whoever is using the case study. Epic literary genres have used this rationale to strengthen a nation's identity and its people's feeling of belonging. In management, case studies enable students and young professionals to learn from the experience of others as if it were they, themselves, who were facing the situation being described.

7 The need for an international perspective

The learner, whoever is using this case study, must acknowledge three specific issues:

- Mass education has had unprecedented effects in the development of contemporary societies, being the single most important factor behind economic growth, but, together with the globalization phenomena, it implies that today, that which is being taught is part of a repetitive and relatively closed process, similar in geographically dispersed areas, where diversity, controversy, innovation, creativity and inspiration are not being cherished and promoted
- Individuals themselves must seek their own curricula and learning methodology, being leaders of their own learning processes, as is advocated by the Bologna Process, not in an isolated fashion but seeking that which contemporary societies offer and that which ancient traditions have proved as being resilient in order to take a proactive and dynamic attitude towards reality in general and towards their learning processes in particular
- Understanding the current world of business implies understanding the trends that affect consumers and which have reached unimaginable levels of sophistication, both for better and for worse; for worse if one looks at how defensive medicine has developed in societies such as USA and for better if one is aware of how strong sensitive issues have become, from global equity and social justice perspectives, such as Free Trade, or from sustainability and ecological concerns, such as marketing for causes, or green marketing

8 The challenges of regional development

Management deals with visions of the whole. Each particular situation has to be captured and understood as a single and unique entity, that is, taking the whole or using a holistic view. This is true regarding the different sub-areas of management that have to be mastered as a single whole, and it is true regarding outside issues, the external reality which is being dealt with. This is particularly relevant in the case of the regional development field of study. Frenken (et al, 2007) address the issue of the relationship between competitiveness and the promotion of regional economic growth.

Different authors have highlighted the importance of the partnerships between business/industry, universities/research centers and local/central governmental institutions (e.g. Cook, Morgan, 1999). These learning regions models are critical for the promotion of innovation in a global competitive context. This evolutionary economics perspective is highly relevant for the promotion of decentralized industrial policy, in support of both corporate and regional economic development.

In regional development, and using a resource-based approach, there are three areas that work together in a team, or whose actions play a central role in the success of regional development initiatives. The idea of learning regions has explored this approach. Such areas are the local political structures, which create the conditions for knowledge to circulate and develop, the business and professional associations, as well as the consultancies, which disseminate and apply knowledge, and the research and higher education institutions, which create, adapt and share knowledge.

However, for such a model to become operational it is not enough to have the physical, technical and institutional structures in place. There is a vital force that has to be present and that is the cultural setting that is shared by the three different agents. This culture has to be acknowledged as being relevant, i.e. it has to be recognized and valued, and has to have specific attention being directed towards nurturing, enhancing and

strengthening it. The success cases have showed that such efforts have been put into place.

In macroeconomic terms, the expectations are that there will be a further shift of power from national to supranational spheres of action (Carballo-Cruz, 2011). At regional level this implies that global competition matters in terms of how each region or each city competes for both knowledge and investment. Innovation and competitiveness are central aspects of this process.

Conclusion

The current context of the knowledge economy of the information age, and the theoretical movement that it has generated, is explicit in stressing the key role of informal communities which are central to the process of knowledge creation and sharing. Collaborative work and learning and focusing on core knowledge processes are an unavoidable key to success. Taking this into account it is easy to identify such behavior in the Lyon region, town management and business environment: public and private sectors share efforts to promote their region creating win-win partnerships which effectively reach their intended end, that is, to create the best possible conditions for the full manifestation of the region's potential. This implies a complex, holistic, systemic and collaborative approach at all levels of the region's society, in particular in those related to its economic dimensions, economy understood in its wider sense, i.e. including all direct and indirect effects and consequences.

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Open questions:

I – As individuals, have we experienced situations in which we have felt overwhelmed with the excellence of service provided while visiting a foreign country?

Discussion – Putting yourself in the shoes of your customer, collaborator, supplier, competitor, shareholder, or whatever stake-holder you can think of, helps to create the conditions to enhance creativity, out-of-the-box thinking and brainstorming initiatives. Finding out what are the key elements of a new business or of an already existent product or service helps to, first, identify core knowledge areas for success, and, second, focus on that which is in fact essential in terms of team work and of long term goals. This is true for a business and for a region alike.

II – Attention to details: that which is not seen or noticed, which is taken for granted and is not acknowledged as being important, is often critical for the overall appreciation of a visit to a foreign country. What examples can we identify as being relevant?

Discussion – Marketing is the visible side of the customer relation while logistics is the invisible side and both are present, consciously, explicitly and formally or else unconsciously, implicitly and informally in every business format. The evolution from a product based society to a service based one along the twentieth century is no longer valid in the present century because it is the process as a whole that counts in the sense that all products have an intangible side and all services have a tangible one. Attention

to details is one end of a thread that may help us to reflect upon our management theory assumptions. Holistic thinking matters to businesses and to regions alike.

III – ‘Less is more’: have we ever experienced a situation in which comfort is apparently less than our daily standard, i.e., our home base conditions, and yet the result in terms of fulfillment and satisfaction is surprising?

Discussion – If it was true in the past that modern societies evolved out of creating new customer needs, today it is becoming more and more important to offer experiences that allow new levels of satisfaction without necessarily creating new needs. Deepening customer knowledge helps to improve the quality and the effectiveness of service, no matter what sector or area of activity being considered. Perfumes and luxury hotels and automobiles offer life-style and philosophically based publicity – why? Because needs have been ‘over-satisfied’, with excess of choice and of variety, i.e. of information overload. This situation presents new challenges for business and regions alike.