

# The Knowledge - Intensive Service Activities (KISA) as a Key Driver for Innovation and Entrepreneurship: A Case Study for the Cluster of the Sea in Algarve

Paulo Neto<sup>1</sup>, Pedro Valadas Monteiro<sup>2</sup>, Teresa de Noronha<sup>3</sup>

<sup>1</sup> Professor with PhD and Aggregation in Economics  
Economics Department and Center for Advanced Studies in Management and Economics,  
University of Évora. Mail address: University of Évora, Department of Economics, Largo dos  
Colegiais 2, 7000-803 Évora, Portugal, e-mail: [neto@uevora.pt](mailto:neto@uevora.pt), ( Corresponding author )

<sup>2</sup> PhdC Management  
Directorate of Agriculture and Fisheries for Algarve region and Research Centre for Spatial and  
Organizational Dynamics, University of Algarve. Mail address: Directorate of Agriculture and  
Fisheries for Algarve region, Braciais –Patacão, 8001-904 Faro, Portugal  
e-mail: [jpvmonteiro@gmail.com](mailto:jpvmonteiro@gmail.com)

<sup>3</sup> Professor with PhD and Aggregation in Economics  
Faculty of Economics and Research Centre for Spatial and Organizational Dynamics, University  
of Algarve. Mail address: Centro de Investigação sobre o Espaço e as Organizações, Edif. 9  
Universidade do Algarve, Campus de Gambelas, 8005-139 Faro, Portugal  
e-mail: [mtvaz@ualg.pt](mailto:mtvaz@ualg.pt)

15<sup>th</sup> Uddvalla Symposium 2012, University of Algarve, Faculty of Economics, June 14 –  
16<sup>th</sup>, Faro, Portugal

## Abstract

*The main purpose of the current paper is to evaluate the contribution of knowledge - intensive service activities (KISA) as a key driver for innovation and entrepreneurship in the context of a cluster approach for the economy of the sea in Algarve. We intend to analyse the central role played by these interaction processes on the generation of learning organizations and on inducing cross fertilization phenomena among the various actors of the cluster.*

*The Algarve region, with a coastline of 220km, has always presented with the sea a particular affinity, as a result of its excellent natural conditions, historical reasons, as well as cultural aspects and notorious know-how related with traditional maritime activities, such as fisheries and fish processing, and naval industry; more recently nautical activities, such as tourism and recreational boating, have been gaining increasing importance. The region is also considered well infra-structured in terms of R&D reference institutions working in the marine and maritime fields of expertise, which*

*are important cornerstones of the regional and national innovation system in this particular field. A clustering strategy will allow this complex ecosystem of activities and interrelationships, involving groups of closely related and complementary public and private actors, to increase their competitiveness because of its unifying nature and to the capacity for mobilizing potential resources within a particular geographical area. In this context, we're particularly interested on the issues related to the key role often played by the dynamics of innovation processes within these complex ecosystems.*

*Knowledge Intensive Service Activities (KISA) are defined by Martinez-Fernandez (2006) as the activities originated by the production and integration of knowledge-intensive services crucial for the innovation process of the firm. According to OECD (2006), typical examples of KISA include research and development (R&D), management consulting, information and communications services, human resource management and employment services, legal services, accounting, financing, and marketing-related service activities. Most businesses and public sector organisations make use of such KISA in their daily operations, whether they provide them internally or source them from external suppliers in the private or public sectors. A better understanding of the ways in which knowledge intensive service activities contribute to innovative activities in different industries may lead to more effective policy responses. Hales (2001) has emphasised that one should distinguish between "knowledge-intensive" firms and knowledge-intensive service activities (KISA). While the first rely heavily on qualified professionals (input), the later are defined in terms of competence supply (output).*

*The methodology chosen for the fulfillment of this study is based on surveys carried out over a population of firms which are active in Algarve region in the economic sectors of: fisheries, aquaculture, fish processing & commercialization, nautical tourism and recreational boating, naval repair and shipbuilding, and shipping. From the data collected through the enquires mentioned above our intention is to explore what are the companies' main drivers for innovation, and particularly to evaluate the importance of knowledge intensive business activities (KISA) as sources and/or tools at their disposal for the implementation of internal processes directed towards innovation.*

**Keywords:** Innovation; Knowledge-intensive service activities; Knowledge-intensive business services.

**JEL classification:** L22; O32; O33