

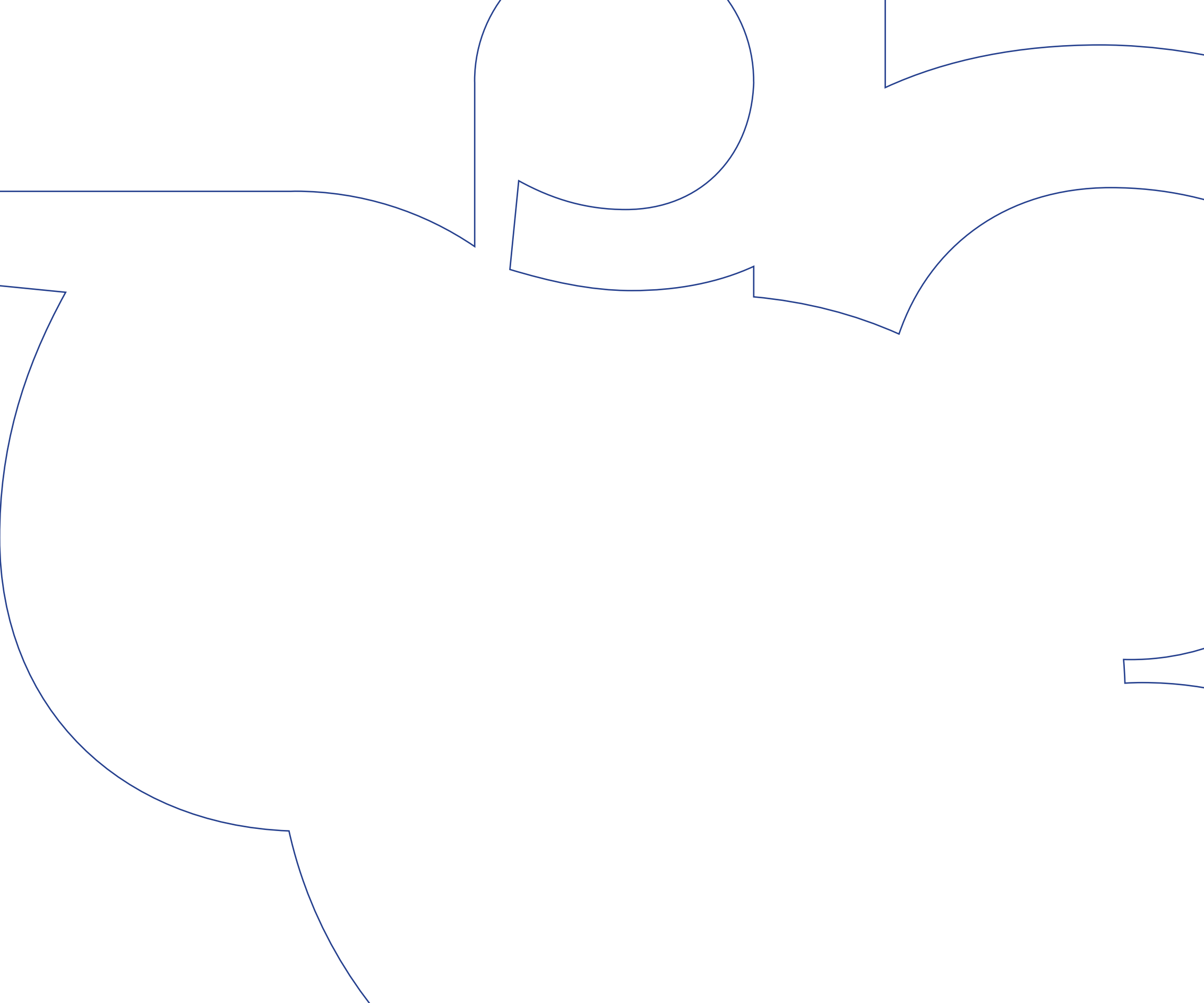
2009

annual report

2009

annual report





2009

annual report

| Letter from the Chairman |



The year 2009 marks the culmination of the startup phase for Orkestra-Basque Institute of Competitiveness, and the commencement of a new period in which we set out to consolidate the accomplishments made thus far. During its first four years, the Institute has worked in the spheres of Investigation, Interaction and Instruction, carrying out a program of activities that highlight its contribution to both Basque society and universal theory on competitiveness. Here, we should point out the biyearly reports on the competitiveness of the Basque Country, along with the growing number of scientific publications, courses offered and activities for interaction with the agents.

The results obtained along this short yet important stretch encourage us to carry on with our project, which, as I said last year, embodies the collective hopes and talents of people pursuing a common goal: to achieve a higher level of well-being for Basque society.

Orkestra is a living, breathing project founded on the belief that building a better future requires cooperation between the many agents that influence competitiveness. Thus, since its conception, the Institute has been nurtured by the contributions and collaboration of Basque universities, companies and public institutions. We would especially like to thank the sponsoring organizations for being a driving force: Orkestra would not be viable without their indispensable contribution.

Question marks abounded when we began this adventure. We have answered some, but others have surfaced along the way: we must respond to these also, as they represent key elements for arriving at a diagnosis that will lead us to the sustainable competitiveness so desired. In this sea of questions and answers, one certainty is that we need ongoing processes of reflection that adopt a long-term perspective for addressing the challenges that we, as a society, must address.

Thanks to all of you who work each day to make the Institute's vision a reality.

A handwritten signature in black ink, consisting of a large, stylized 'J' and 'L' followed by a horizontal line extending to the right.

José Luis Larrea
Chairman of the Basque Institute of Competitiveness

The background is a solid dark blue color. It is decorated with several white, abstract, organic shapes that resemble torn paper or stylized architectural elements. These shapes are scattered across the page, with some being larger and more prominent than others. The overall aesthetic is clean and modern.

| Letter from the General Manager |



With this annual report for the year 2009, we offer you an overview of the activities carried out by Orkestra-Basque Institute of Competitiveness in our three core focus areas: Investigation, Interaction and Instruction. We would like to highlight the 2nd General Conference on Competitiveness, held in July, which not only integrated the Institute's activities and knowledge areas, but in fact constitutes one of its most significant contributions to society. The conference served as the stage for presenting the *2nd Basque Country Competitiveness Report: Towards an innovation-based competitive stage*, an event attended by members of Orkestra's Advisory Board who had also taken part in the academic seminars given earlier that day. It proved to be an enriching day of work on the subject of competitiveness, bringing together our supporting public and private institutions, as well as the foremost socioeconomic agents of our milieu.

Upon my joining the Institute in May, we began a process of reflection that culminated with the 2010-2013 Strategic Plan, which the Board of Directors approved in December. Designing that plan was made easier by the solid, experienced work team who enthusiastically took on the occasionally complex task of identifying successes, failures and opportunities. The strategic planning phase was enriched by the active participation of renowned experts and relevant agents from the private and public sectors, aligning the future of the Institute with the fundamental challenges of competitiveness facing the Basque economy. I would like to express my gratitude for everyone's efforts.

One key undertaking of the 2010-2013 Strategic Plan is to consolidate Orkestra as an international center of reference for analysis and debate on territorial competitiveness in a global environment, while establishing the Institute as a relevant actor in improving the sustainable competitiveness of the Basque Country and thereby exerting a positive influence on the well-being of its society.

Orkestra will pursue these objectives through: Investigation of excellence on public and corporate policy for competitiveness in a global environment; Interaction as a facilitator-advisor of processes with the agents of competitiveness, by extending our relationship with all of them; and specialized Instruction, by expanding our curriculum for training in competitiveness.

We have carved out a path for the coming years and must now follow it, in order to consolidate the center of excellence that we all want. We are full of enthusiasm, convinced that Orkestra ought to play a central role in the academic dialogue on sustainable competitiveness –which is the only way to emerge favorably from the current economic crisis and to ensure the future well-being of our society.

A handwritten signature in black ink, appearing to read 'José Luis Curbelo', written in a cursive style.

José Luis Curbelo
General Manager of the Basque Institute of Competitiveness

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1 | Orkestra

Basque Institute of Competitiveness |

| Introduction |

Orkestra-Basque Institute of Competitiveness, founded in 2006 as part of the Deusto Foundation, is the culmination of various strategic efforts converging as a single instrument to foster the competitiveness and prosperity of the Basque Country. The year 2009 concludes the initial launch and startup phase, whose intense program of activities has made the Institute a point of reference in the study of competitiveness at both the national and international levels.

The December approval of the 2010-2013 Strategic Plan marks the start of a new stage for consolidating Orkestra as a center of reference for analysis and debate on territorial competitiveness.

| What is Orkestra |

Orkestra seeks to be an international reference point for analysis of territorial competitiveness in a global environment. It also strives to play a key role in improving the sustainable competitiveness of the Basque Country, thereby fostering the well-being of its citizens.

Through its research of excellence, specialized insight programs and constant interaction with the economic agents –local regional, and national authorities, the European Union, companies, technology centers, business organizations, cluster associations, etc.– Orkestra aims to strengthen the competitiveness of the Basque economy and society in a global environment, ever aware of the need to promote sustainable development.



Its main objectives are to:

- Analyze the competitiveness of the Basque economy and society with the changing framework of global economic relationships.
- Reflect on the most appropriate ways to achieve a more competitive production system and improve people's well-being.
- Assess the impact of the policies, instruments (public and private) and tools applied.
- Build and promote appropriate competitive strategies, in conjunction with the socio-economic actors.

The Institute's unique value proposition stems from its role as a link between research of excellence on issues related to competitiveness and its application for making advancements.

The Institute's main headquarters is located at the University of Deusto campus in San Sebastian. It also has offices in Bilbao, at the Library-CRAI (Resource Center for Learning and Research).

Orkestra San Sebastian

University of Deusto campus

Mundaiz, 50
20012 Donostia/San Sebastián

Orkestra Bilbao

Biblioteca-CRAI, University of Deusto

Ramón Rubial, 1, planta 8, aula 7
48009 Bilbao

www.orquestra.deusto.es

| Sponsors |

Created from within the Deusto Foundation, the Institute has the full support of the Basque Government, through SPRI (Industrial Development Agency of the Basque Government), and the DFG (Diputación Foral de Gipuzkoa-Provincial Council of Gipuzkoa). From the start, these institutions have contributed to the consolidation of a project whose mission is to support the competitiveness strategies of both the

public authorities and the numerous agents in this arena. And while cooperation with the public authorities is indeed important, the Institute would clearly be incomplete if it did not also have a presence within the private companies and institutions. Therefore, one of its founding principles has been to seek the involvement of corporate groups that are relevant to the project.



spri



Gipuzkoako Foru Aldundia
Diputación Foral de Gipuzkoa



Gamesa



kutxa

REPSOL
YPF



Petronor

Board of Directors

In 2009, the Board of Directors held meetings to discuss various agendas for the Institute's activities, focusing largely on these basic points of reference: strategic positioning, corporate development, addition of human resources, economic-administrative management and governing of in-house activities involving the core facets of Investigation, Interaction and Instruction. At its December meeting, the Board of Directors approved the 2010-2013 Strategic Plan.

In 2009, Alberto Alberdi was replaced by Juan Goicolea in representation of SPRI-Basque Government. Orkestra would like to thank Alberto Alberdi for his effort, dedication and contributions to the project from the outset.

Another substitution was board member Susana Rodríguez, who was replaced by Antonio Yabar. Orkestra would like to thank Susana Rodríguez for her effort, dedication and contributions to the project.



Honorary Chairman:
Michael E. Porter



Chairman:
José Luis Larrea
Deusto Foundation
Chairman of Ibermática

Members (as of December 31, 2009)



Juan Goicolea
SPRI - Basque Government



Jesús Alberdi
Deusto Foundation,
CEO of Elkargi



Andrés Arizkorreta
Deusto Foundation
CEO of CAF



Lucio Delgado
Deusto Foundation



Alberto García Erauzkin
Euskaltel
President - CEO



José Ramón Guridi
Provincial Council of Gipuzkoa
Councilor for Innovation



Xabier Iturbe Otaegi
Kutxa
President



Emiliano López Atxurra
Repsol-Petronor
Petronor Board member



Antonio Yabar
Deusto Foundation
Dean of the Dept. of Economics
and Business Administration
of the University of Deusto



Guillermo Ulacia*
Gamesa



Pedro Luis Uriarte
Deusto Foundation
President of Economy, Enterprise
and Strategy



Secretary:
Víctor Urcelay
Deusto Foundation,
Assistant dean - Dept. of Eco-
nomics and Business Adminis-
tration, University of Deusto

* Replaced as president of Gamesa in October 2009 by Jorge Calvet.

| Advisory Board |

The Institute's Advisory Board, composed of international experts on competitiveness, advises the Board of Directors and its chairman in the review and monitoring of the Institute's performance. In 2009, Sandy Baruah joined, thereby completing the projected plan for bringing in experts on the Institute's main focus areas. The Advisory Board comprises the following persons:



**Jon Azua, Ph.D.
(Chairman)**

Chairman-CEO of e-novating lab



Christian Ketels, Ph.D.

Institute for Strategy
and Competitiveness (ISC)
Harvard University (USA.)



Soumitra Dutta, Ph.D.

INSEAD (France)



David Audretsch, Ph.D.

Institute for Development
Strategies
Indiana University (USA)



Sandy K. Baruah

Council on Competitiveness
(USA)

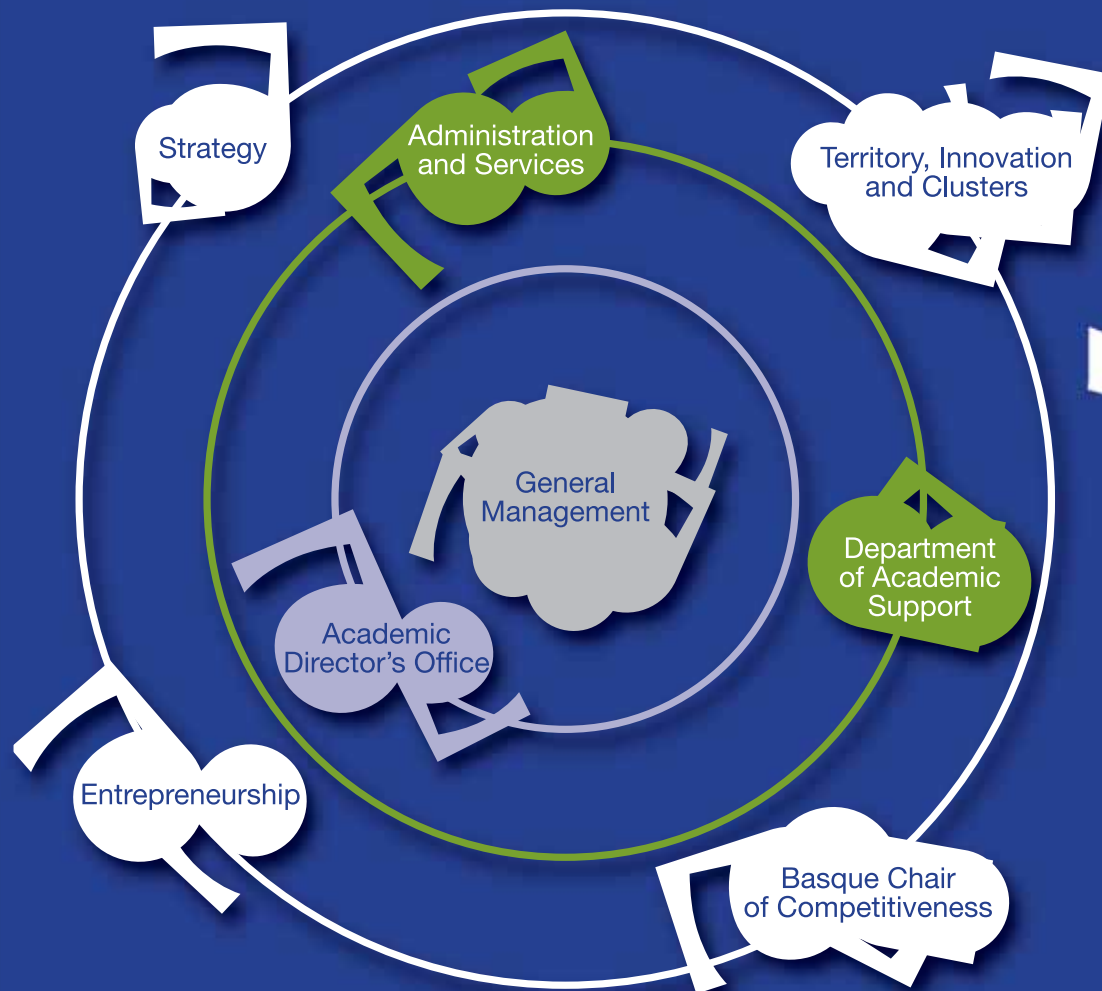
As per the Schedule of Goals and Activities that were to be carried out in the course of 2009, the Advisory Board held its regular sessions in July and October, all the while steering and promoting the Institute in its development. The following projects and activities are among those deserving mention:

- Monitoring and bolstering of the Institute's activities through meetings with the leaders of the various research areas.
- Participation in the 2nd General Conference on Competitiveness (Evaluation of the Report and Panel of Experts)
- Evaluation of and contribution to the drafting of the 2010-2013 Strategic Plan.
- Promotion and facilitation of institutional relations with the Honorary Chairman, Michael E. Porter, and the ISC at Harvard University, as well as the:
 - Coordination of the upcoming annual Academic Evaluation.
 - Representation of the Institute at numerous international events, academic conferences and publications.
- Intensive teaching engagements for the Institute's executive education curriculum, particularly the Microeconomics of Competitiveness (MOC) programs in San Sebastian and Bilbao, the MOC Network around the world and programs in conjunction with the Deusto Business School (DBS), such as the Program for Leadership Development (PLD).
- Participation in the design of the Institute's educational curriculum (Executive MOC Programs, Entrepreneurship, Ph.D.).
- Evaluation and recommendations regarding content for the Institute's Chairs and research lines, as well as its scientific program.
- Participation in cooperative research projects with the international network.



Organizational Structure

The Institute's organizational structure is designed according to its objectives. Hence, each division strives to balance the interests of the actors involved in enhancing competitiveness.



Corporate Development

In May, José Luis Curbelo, Ph.D., was named General Manager of Orkestra. Under his leadership, Orkestra would initiate a new phase of consolidation as an international center of reference on regional competitiveness.

Throughout the year, work has been done on the dynamic development of Orkestra. These efforts include a redesign of the website, which maintains its original spirit and brings a renewed image; and the launch of the Orkestra 2.0 project, aimed at enhancing the Institute's public presence by means of new digital platforms.

| People |

The Institute would like to thank Ricardo Aguado, Juan José Gibaja, Olga Rivera and Josune Sáenz, whose activities have been centered on the University of Deusto, for their effort and perseverance during their time as collaborators at the Institute.

General Management

José Luis Curbelo, Ph.D.
General Manager



Territory, Innovation and Clusters

María José Aranguren, Ph.D.
Department leader



Davide Parrilli, Ph.D.
Senior researcher



James Karlsen, Ph.D.
Senior researcher



James Wilson, Ph.D.
Senior researcher



Mikel Navarro, Ph.D.
Senior researcher



Iñaki Peña, Ph.D.
Department leader



Miren Larrea, Ph.D.
Senior researcher



Amaia Azpiazu
Research assistant



Xabier de la Maza
Research assistant



Miren Estensoro
Research assistant



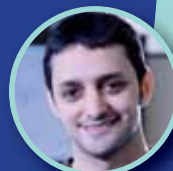
Usue Lorenz
Research consultant



Miguel Ángel López, Ph.D.
Researcher



Ferrán Vendrell, Ph.D.
Researcher



José Luis González
Research assistant



Asier Murciego
Department leader



Rakel Vázquez
Research assistant



Department of Academic Support

Entrepreneurship

Strategy

Aitziber Elola, Ph.D.
Researcher



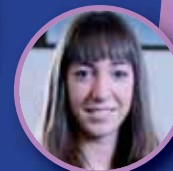
Ibon Gil de San Vicente
Department leader



Patricia Canto
Communication



Idoia Egaña
Accounting and administration



Cristina Molina
Support staff



Natalia Martínez
Support staff



Aitziber Barrio
General secretariat



Administration and Services Department

| Outside Collaborators |

The following people have developed or contributed to various activities or research projects:

Name	Organization
Ainhoa Arrona	Gipuzkoa Sarean
Aitor Garmendia	School of Economics and Business Administration, University of Deusto (ESTE)
Aloña Martiarena	University of Birmingham (United Kingdom)
Amaya Altuzarra Artola	Universidad del País Vasco/Euskal Herriko Unibertsitatea (UPV/EHU)
Andrea Fosfuri	Universidad Carlos III
Anne Halvorsen	Agder Research (Norway)
Arne Isaksen	Agder Research (Norway)
Asier Minondo	ESTE
Bengt-Ake-Lundvall	Aalborg University (Denmark)
Bjorn Asheim	Lund University (Sweden)
Burton Gintell	Sophia Business Angels (France)
Carlos Osorio	Adolfo Ibáñez University (Chile)
Christian Serarols	Universitat Autònoma de Barcelona
Christoph Beer	ICT Cluster Bern (Germany)
Cristina Aragón	ESTE
Cristina Iturrioz	ESTE
Cristina Zabala	ESTE
Edgardo da Fonseca	Daclem Solutions (France)
Eduardo Bueno	Universidad Autónoma de Madrid
Edward Lorenz	University of Nice Sophia Antipolis (France)
Emilio Huertas	Public University of Navarra
Eneko Knörr	IDEATECA
Francisco Alburquerque	Programa Ciencia y Tecnología para el Desarrollo (CYTED)
Helmut Kergel	VDI/VDE Innovation+Technik GmbH (Germany)
Ion Muñoa	ESTE
Jaime Otamendi Muñagorri	Gipuzkoa Sarean
Javier Font	Aurmans

Name	Organization
Javier Hernández	INCIDE
Javier Suela	NIM Genetics
Jesús Mari Valdaliso	UPV/EHU
Jon Barrutia Guenaga	UPV/EHU
Jon Landeta Rodríguez	UPV/EHU
José Luis Osuna Llana	University of Sevilla
Josune Sáenz	ESTE
Juan José Gibaja	ESTE
Juan José Llisterra	Inter-American Development Bank (IDB)
Juan Luis López Cardenete	IESE Business School
Judit Coll	CEQUIP-Cluster of Machine Manufacturers
Leire Oiarbide	The Competitiveness Institute (TCI)
Luis Balairón	Agencia Estatal de Meteorología (AEMET)
Marco Giarratana	Universidad Carlos III
María Ángeles Díez	UPV/EHU
María Paz Espinosa	UPV/EHU
Massimo Cermelli	La Comercial
Mikel Landabaso	European Commission
Olga del Orden	ESTE
Olga Rivera	ESTE
Patrik Ryden	Øresund Logistics (Sweden/Denmark)
Pedro Trucharte	BAN Madrid
Ricardo Aguado	La Comercial
Ricardo Martínez Santa María	UPV/EHU
Roy Thurik	Erasmus University Rotterdam (Netherlands)
Santiago López	University of Salamanca
Serge Lambert	Team Côte d'Azur (France)
Tomás Casquero	ACLUNAGA-Naval Cluster Association
Xavier Vives Torrents	IESE Business School
Zoltan Acs	George Mason University (USA)

| Strategic Plan 2010-2013 |

The 2010-2013 Strategic Plan was approved by the Board of Directors during its meeting on December 4, 2009. Following the achievements made during the launch and startup phase, the Strategic Plan is designed to consolidate Orkestra as an international reference point for the study of regional competitiveness. The plan also incorporates the elements that are necessary to consolidate Orkestra's structure.

Its strategic proposals are to:

1. Achieve institutional and financial stability for the Institute through increased external fundraising.
2. Consolidate Orkestra as an international center of reference for analysis and debate on territorial competitiveness.
3. Extend the Institute's cooperation with the agents of competitiveness.
4. Broaden the Institute's academic curriculum.
5. Optimize synergies with the universities present in the region.
6. Increase the Institute's public presence (Orkestra 2.0).





2 | The 3 i's |

The Institute's activities are grouped into three essential functions, whose synergistic development revolves around achieving the Institute's objectives, the "3 i's":

i

investigation

Investigation, distinguished by its academic rigor, objectivity and independence, conducted within an evaluable science and research program.

i

interaction

Interaction, understood as the provision of practical "facilitation" in the application of competitive strategies accompanied by expertise in special projects and in the definition of agendas and public and private policy.

i

instruction

Instruction, specialized, solidifying content, accrediting programs, materials and trainers, for preparing the leaders of competitiveness, designing and teaching of in-house programs.

| Knowledge Areas |

The Institute's 3 i's, that is, its essential functions of Investigation, Interaction and Instruction are performed through three highly specialized interrelated areas:

• Territory, Innovation and Clusters

- Sustainable Regional Competitiveness.
- Innovation in Public Institutions and Efficiency of the Institutional Framework (multilevel governance).
- Regional Innovation System.
- Clusters.

• Entrepreneurship

- Business Demography.
- Entrepreneurship with Major Growth Potential.
- Intrapreneurial Activity of Existing Businesses (spin-offs).
- Entrepreneurial Ecosystem and Regional Competitiveness.

• Strategy

- Innovation Processes.
- Internationalization Processes.
- Scope and Organizational Structures.

The functions of Investigation, Interaction and Instruction are also reflected in other activities, such as the organization of conferences, seminars and courses, a clear example of the synergies existing between the 3 i's and the interrelation of the knowledge areas.



| Department of Territory, Innovation and Clusters |

The Department of Territory, Innovation and Clusters helps to improve the competitiveness of the Basque Country by analyzing and supporting the key factors of the environment that influence the competitiveness of businesses, doing so in cooperation with the government institutions and agents of competitiveness. To that end, from a perspective of comparative analysis with other regions, the department works to identify, analyze and improve the key factors for sustainable competitiveness. The keys to the methodological dynamics of the department consist of evaluating the various policies as well as reflecting on the prominent role played by agents of competitiveness and their strategies for collaboration.

Throughout the course of 2009, the team of people working in this department has faced considerable challenges. Among these, and one intertwined with the Institute's unique value proposition, has been to combine its output in the academic realm with its contribution toward the creation of new practical knowledge for improving the real competitiveness of the Basque Country in collaboration with other agents of competitiveness. The search for this balance between academic and practical contribution has been the key to responding to the essence of the Institute's purpose, a task that has been made possible by a team of people who combine international perspective with local knowledge, research and interaction competencies, while integrating diverse methodologies.



Main Activities

During 2009 there has been a significant improvement in the department's international positioning in the area of regional competitiveness, a central focus of the Institute's research. The following activities have contributed to that end:

- Participation in the project "European Cluster Observatory-II", in consortium with five other prestigious international research centers, in which the Institute's main role consists of conceptualizing and measuring competitiveness on a regional level by integrating social dimensions and environmental sustainability factors.
- Organization and participation in international events with contributions from top-flight researchers such as: (1) "Seminar on Innovation and Learning"; (2) Workshop on the Role of the University in Innovation Systems, organized jointly with the European Network on Industrial Policy (EUNIP); (3) Coordination of an article on territorial competitiveness and industrial policy in the prestigious journal *European Planning Studies*.
- Bringing together a research team on *action-research* in order to complement other, more common research methodologies. Throughout the course of 2009, the department has worked alongside leading international teams noted for their extensive experience in this particular research methodology, in order to learn from them, incorporate the key formal aspects of this research in the projects carried out by the department, and compare its own methodological approach with theirs. As a result, the Institute has a research team focusing on action research and, to bolster this strategic line, a researcher from a prestigious Norwegian university with expert researchers on this methodology, joined the Institute on a part-time basis.
- Consolidating trust-based relationships (*social capital*) with Basque development agencies, cluster associations and public authorities in order to foster learning processes and the development of new capabilities that increase regional competitiveness.

Research Lines

The Department's work focuses on five main research lines: (1) Sustainable Regional Competitiveness; (2) Innovation in Public Institutions and efficiency of the Institutional Framework (multilevel governance); (3) Regional Innovation Systems; and (5) Clusters.

| Sustainable Regional Competitiveness |

This research line examines the key factors for achieving sustainable social and environmental competitiveness, placing special emphasis on the regional level and applying the derived knowledge toward improved competitiveness of the Basque Country. One of its main challenges is to create a conceptual definition of regional competitiveness and establish methodologies for measuring it, taking into account both macro and microeconomic aspects.

| Innovation in Public Institutions and Efficiency of the Institutional Framework |

This line of work is progressing towards an understanding of how different agents of competitiveness, at various geographical levels, can be coordinated efficiently, and then applies this knowledge toward improved competitiveness of the Basque Country.

Its starting point is the recognition of the influence of microeconomic aspects on regional competitiveness and, in more advanced stages of competitive development, those linked to generating, transmitting and implementing knowledge. In this context, the Institute's main challenges are: (1) defining learning territorial models; (2) facilitating territorial learning processes; and (3) evaluating soft policies, which foster improved relationships among the different agents in the system.

| Regional Innovation System |

This line of research fosters the development of suitable conceptual models and indicators of innovation, by applying such knowledge toward improving the Basque Innovation System. Its main challenges include: (1) identifying determining factors of innovation and their impact on productivity and sustainability; (2) studying the interrelations and efficiency among agents of the Basque Innovation System; (3) drafting comparative analyses of the Basque model with that of other regions and countries; and (5) defining a model of the Basque Innovation System to promote good practices in other countries.



| Clusters |

In support of cluster policy in the Basque Country, generally regarded as successful, this line of research focuses on analyzing and improving the efficiency and competitiveness of clusters and cluster policy, taking into account comparative reflections with other fields of reference. Its main challenges include: (1) studying clusters and developing global value chains; (2) developing methodologies for evaluating cluster policy and (3) reflecting on how to improve the competitiveness of Basque clusters.

Main Projects

During 2009, the Department of Territory, Innovation and Clusters worked on the following projects:

- **European Cluster Observatory-II**. Its mission consists of creating a European platform for collaboration between cluster organizations and their members. This platform will facilitate the presentation of key information, the identifying of partners, the promotion of collaboration and the benchmarking of activities by providing relevant data on European clusters and their regional environments of competitiveness. It is a project in collaboration with five other international research centers of reference in the field of competitiveness, financed by the European Commission for a period of three years. The Institute's role in this project is twofold: firstly, to foster the conceptual development of regional competitiveness, integrating the social dimension and environmental sustainability; and secondly, to define methodologies for measuring regional competitiveness in comparison with other European regions.
- **"Eco-berri"**. Project developed within the larger framework of the Ertetek program, with financing from the Basque Government. Led by Labein-Tecnalia in cooperation with a group of Basque institutions. The project arises from the need to reach the Basque entrepreneurial class

and its milieu with the opportunities offered by eco-innovation to make their products and processes more sustainable, and show how that sustainability could translate into increased competitiveness. The role played by Orkestra focuses on analyzing the relationship between competitiveness and sustainability, for Basque industry as a whole, and for the specific cluster of sustainable building.

- **Ownership structures and corporate groups**. Identifying and analyzing the characteristics of business groups has become an important task for the different economic and political agents, due to the growing economic importance and the energizing role that they are playing in the whole economy. This project, which is a continuation of the study by Orkestra entitled *Estructuras de propiedad y grupos empresariales en España y la CAPV* (Ownership Structures and Business Groups in Spain and the Basque Country), delves deeper into the composition and characteristics of Basque business groups, analyzing the potential impact of belonging to a group at the level of performance of businesses, their financial structure, their degree of internationalization and their innovative capacity.
- **"Gipuzkoa Sarean"**. Within the larger framework of Gipuzkoa Aurrera, this value-centered research project is oriented toward impacting the social capital of Gipuzkoa in order to increase the competitiveness of the province. The project's participants include other agents from the Basque Country and from the University of Oxford.





- ***Transferring methodologies and training to Basque development agencies.*** This project transfers methodologies that might influence policy makers in the Basque Country. To that end the Institute is currently profiling several cooperation networks. The objective is to open channels that can subsequently be used to transfer methodologies designed at the Institute and which might make these players more efficient when they perform their projects. The project entails supporting Garapen in designing actions of training, information and promotion of collaboration for and among business specialists. These specialists are people that, based in the agencies, are in direct contact with businesses and create the much-sought-after knock-on effect of competitiveness and innovation policies.
- ***“Orkestrating” territories.*** Experimental project that promotes the concept of transformative research. The project’s mission is to conceptualize this type of research and, accordingly, define a possible interpretation of the *orkestration* of territories and of the Institute’s role in the Basque Country’s transformation in the new competitive stage. One of the key concepts for the project is that of the network, several of which are the

subject of study in order to detect good practices which fuel the *conceptualization* process. This project is carried out within the collaboration agreement with Ezagutza Gunea (network of public-private collaboration made up of businesses, academic institutions, city councils and the Urola Medio county development agency). The methodologies tested in this context have been transferred, through Garapen, to the rest of the development agencies in the Basque Country.

- ***Development of a model for identifying opportunities for collaboration based on input-output relations or other synergies.*** The project articulates locally diagnosis processes that lead to identifying potential cooperation between players from the same county or between these players and others outside the county in question. Its aim is to design a tool that helps create synergies and possible areas of collaboration in the field of innovation for the businesses of a county. Ezagutza Gunea pioneered the application of this methodology for county analysis of innovation diagnostics in businesses, which can be transferred to other local networks. This project is being carried out in collaboration with Ibermática’s *Instituto I3B*.

- **Study on innovation systems.** This project has two main objectives: first, to perform diagnostic studies on the situation and analyses on the efficiency of the Basque innovation system (sciences, technology infrastructures and enterprise), by means of a comparative perspective and the use of various databases created by the Institute; and second, to conduct a more in-depth study of the Basque technology infrastructures (technology parks and centers) with an evolutionary perspective and comparison with other geographic areas. Both the work that is being carried out with Innobasque to develop innovation indicators for the Basque Country and the analysis on the role of the university in innovation systems form part of this major project.
- **Study on Cluster Associations (CA) in the Basque Country.** Identifies crucial factors that the CA in the Basque Country have to work on, recognizing that their innovative transformation is critical for regional competitiveness. Apart from Orkestra, participants in this project are the AC themselves, the Basque Government's Department of Industry, The Competitiveness Institute and a team of researchers from Deusto University.
- **Identifying clusters in Basque counties and municipalities.** This project constitutes a vital piece for responding to one of the challenges being addressed: to identify potential new clustering processes. The objective of this project is to transfer to local agents a tool created by the Institute for identifying local clusters that are relevant to them, with a view to generating capacities that give rise to clustering processes. This tool includes the possibility of identifying clusters and subclusters from export data. The project is being carried out within the framework of the agreement with Garapen and in collaboration with the Basque Government's Department of Industry, Trade, Innovation and Tourism.

- **Participative evaluation of cluster policy.** Its goal is to apply knowledge and methodologies created in research aimed at the evaluation of cluster policy and to move forward in the application of a new methodology (participative evaluation) for the assessment of the Basque Government's policy in this area. Orkestra is carrying out this research project together with a team of researchers from Deusto University and the University of the Basque Country. The first pilot project for the application of this methodology is being carried out with the Basque Aerospace Cluster (HEGAN).
- **Study of Cluster Association (CA) legacies.** The aim of this project is to analyze the current situation and historical origins of the different clusters in the Basque Country. The project, developed within the framework of Orkestra's collaboration agreement with *Eusko Ikaskuntza*, is carried out with a team of researchers from the University of Salamanca and the University of the Basque Country.
- **The Competitiveness Institute (TCI).** TCI is an international network of excellence in the advanced knowledge on clusters with over 800 partners in 70 countries. Orkestra has been an organizational member of this network since early 2008. The collaboration and joint knowledge management between Orkestra and TCI could provide important leverage for positioning the Basque Country at the international level in matters related to competitiveness (clusters, cluster policy, etc.). Orkestra contributes value in its capacity for research, interaction and training in matters related to competitiveness, while TCI contributes with an international platform from which to learn and in which to participate in matters related to clusters and cluster policies.



| Department of Entrepreneurship |

Work carried out by the Department of Entrepreneurship focuses on upgrading the Basque entrepreneurial ecosystem with the aim of improving both the quality and economic impact of business projects on competitiveness.

A wide range of studies agree that long-term sustainable territorial competitiveness and thus, the ability to compete in international markets, is linked to a proper dynamic of firm demography and, particularly, to the volume and quality of the entrepreneurial fabric.

This has been a year of interesting achievements in the Department's contribution to the Institutes 3 i's. Moreover, the team has added new members, consolidating its human resources in accordance with the dimension of the projects and activities at hand.

Main Activities

True to one of the Institute's underlying principles, the Department aspires to become a world leader in the field of entrepreneurship and regional competitiveness. In order to achieve this ambitious goal, the Department has developed the following activities:

- Dissemination of research projects with a high scientific profile published in prestigious journals both international (*International Journal of Entrepreneurship and Innovation Management*, *International Entrepreneurship and Management Journal*) and national (*Investigaciones Regionales*) as well as specialized books (*Creación de empresas: aproximación al estado del arte*).
- Global Entrepreneurship Monitor (GEM) report for the Basque Country – a comprehensive report examining the entrepreneurial activity of the Basque Country whose target audience extends beyond the world of academia.
- Participation in influential international fora: “Research on Entrepreneurship” (Budapest, Hungary); “Ibero-American Academy of Management” (Buenos Aires, Argentina, among others).

- Supervision of doctoral theses; those directed by the Department earned the highest grade and one was awarded the European Doctorate Certificate.
- Participation in two multi-annual research projects, one of them financed with European funds (“Rethinking Entrepreneurship”) and the other with Spanish funds (“*Estructura de mercado y dinámica empresarial; factores determinantes de la innovación empresarial en las manufacturas y los servicios españoles*”).
- Teaching activities at postgraduate level in centers such as the Politecnico di Milano, the Catholic University of Uruguay, the Universitat Autònoma de Barcelona, the Public University of Navarra, etc. Likewise, it is worth mentioning collaboration with Deusto Business School in its Executive MBA program and with the University of Deusto in its doctoral program.





Research Lines

The Department's work focuses on four main research lines: (1) Business Demography; (2) Entrepreneurship with major growth potential; (3) Intrapreneurial Activity of Existing Businesses (spin-offs); (4) Entrepreneurial Ecosystem and Regional Competitiveness.

| Business Demography |

This line of work focuses on carrying out studies which help to understand the factors affecting the creation, survival and growth of businesses by monitoring the evolution of business demographics, the analysis of the relation between business demographics and regional competitiveness, and of the role of public institutions.

With this line of work the Department aims at acquiring a more profound knowledge of the link between the main characteristics of business demography and a region's level of wellbeing.

| Entrepreneurship with Major Growth Potential |

This line of work focuses on the study of business projects which from their inception are innovative and/or operate in foreign markets. Its main challenges are (1) to evaluate the economic impact of high growth potential business activity; (2) to produce recommendations for public institutions; (3) to foster high growth potential business projects and; (4) to stimulate the creation of new innovative projects.

| Intrapreneurial Activity of Existing Businesses (spin-offs) |

This line of research examines the link between entrepreneurial activity and economic development by means of identifying the key to success in the intra-business process. It is based on the premise that intra-business activity arises due to the fact that existing businesses spawn new businesses.

There are not many studies in this area of research and, thus, there is a growing demand for analyses of this question.

| Entrepreneurial Ecosystem and Regional Competitiveness |

This line of work focuses on the analysis of the entrepreneurial ecosystem in the Basque Country and evaluates its development.

The network of agents that make up an entrepreneurial ecosystem can heavily favor the creation of a habitat conducive to the success of business projects with a significant economic impact. The development of these agents and the understanding of the role they play thus become an important object of research.



Main Projects

During 2009, the Department of Entrepreneurship worked on the following projects;

- **High Growth Firms.** Aims to draw a profile of the Basque companies with potential for rapid growth and the capacity for internationalization. To that end, the following objectives have been established (1) to analyze the initiatives taken in a sample of more advanced regions to promote innovative entrepreneurial activity and, based on this analysis, to study the environmental conditions which favor this sort of activity; (2) to identify all innovative business projects in the Basque Country and analyze the factors conducive to rapid growth and early internationalization in Basque businesses.

Activities derived from this line of action over the year include: (1) the “Workshop on Entrepreneurship and Regional Competitiveness” organized with the Max Planck Institute of Economics (Germany); (2) the publication of the book *Actividad emprendedora vasca de alto potencial de crecimiento* (Basque high growth potential entrepreneurial activity) and; (3) the upcoming publication of some of the scientific articles presented therein a special edition of the prestigious journal *Regional Studies*.

- **Plataforma CRECER+**, designed in coordination with SPRI and the Basque Government, focuses on bringing together different socio-economic agents which make up the Basque entrepreneurial ecosystem (entrepreneurs and businesses involved in intra-business activities, “business angels” and venture capitalists, mentors, business and innovation centers, technology centers and parks, universities) with the goal of taking on the daunting challenge of vitalizing and strengthening entrepreneurial activity with high growth potential in the Basque Country.

- **“Global Entrepreneurship Monitor” Report for the Basque Country 2008.** This project is part of an international consortium for measuring regions’ entrepreneurial capacity. The result is an annual report that diagnoses the entrepreneurial activity of the Basque Country, comparing its capacity for business startups relative to other countries and state regions, while also analyzing the internal situation with respect to entrepreneurs residing in the three provinces of the Basque Country: Araba, Bizkaia and Gipuzkoa. The participants in the project also take part in an international workshop focused on sharing and comparing the results of entrepreneurial activity. Orkestra coordinates the research team made up of researchers from Deusto University, the University of the Basque Country and Mondragon Unibertsitatea.

| Strategy Department |

The main objective of the Strategy Department is to acquire a more profound knowledge of Basque firms in order to understand the role they play in regional competitiveness. To that aim the Department studies: (1) their competitive positioning (performing benchmark studies); and (2) how they function (markets, innovation processes, the people that comprise them, organization, strategies for internationalization and growth, etc.)

Due to changes in the focus of several of its researchers, whose activity is now focused on the University of Deusto, this area has seen reduced availability of human resources. As part of the 2010-2013 Strategic Plan, the Institute has begun the important process of adding top-flight researchers who will make it possible to actively pursue the objectives set forth.

Research Lines

The Department's work focuses on three main research lines: (1) Innovation Processes; (2) Internationalization Processes; and (3) Scope and Organizational Structures.

| Innovation Processes |

This line of research analyzes the management practices of highly successful companies and organizations (both Basque and international) as well as their innovation processes, in order to develop methodologies for transferring these to the Basque business infrastructure, particularly to small and medium enterprises (SMEs), in order to learn from world-class practices.

The above acknowledging that efficiency can no longer be the primary source of competitiveness and that developing a unique value proposition with a major emphasis on innovation should be its focus in the long term.

| Internationalization Processes |

Work in this line of research focuses on understanding Basque firm's internationalization processes, whether it takes the form of exports or of foreign direct invest-

ment (FDI). This in order to contribute to business awareness of the importance of internationalization processes.

| Scope and Organizational Structures |

The object of this line is to understand how companies are organized internally with a view to establishing their competitive positioning. Here an analysis is made, drawing on research and theory as well the relevant organizational models and aspects such as size, organizational structure, leadership, human resources, etc. The main challenges are: (1) to study the new organizational structures and network organizations; (2) to reflect on company size and competitiveness and (3) to conduct a study on the supply and demand of professional profiles.

Main Projects

During 2009 the Department worked on the following projects:

- **Processes and networks of innovation in the Basque company.**

This project sets out to achieve a clearer understanding of how Basque companies innovate and how they make use of the knowledge obtained through their relational capital in innovation processes. The ultimate goal is to identify a way to make such processes more effective and create guidelines for improvement that are liable to be widely adopted.

The aforementioned objectives are based on the recognition that the Basque Country is in the midst of second-stage industrial transformation, seeking to adopt an innovation-based growth model that will be capable of greater value creation and further improving our welfare and standard of living.

- **"Innova-empresa."** This project, is oriented toward the systematization and handling of business innovation agendas, in order to draw conclusions for defining innovation policy.



| Basque Chair of Competitiveness (BCC) |

The Basque Chair of Competitiveness is the vehicle set up by Orkestra to act as transmission station and guidance for economic agents and institutions in their expansion and establishment abroad. It supports its mission through a network of nodes (the responsibilities of the Advisory Board Chairman include steering, promoting and expanding the Institute's nodal network) affiliated with prestigious academic institutions in countries of particular interest for the Institute, the Basque economy and its agents and firms.

So far, the Institute has developed the BCC Shanghai node at the prestigious China Europe International Business School (CEIBS) and is involved in redesigning the Institute's relationship and configuring other nodes around the world.

Main Activities

Highlights of the Chair's activities during 2009 include:

- Publication of the book *The Basque Firm in China*, which pinpoints those units that identify the ways to be competitive in and from China, as a key instrument to aid the strategic decisions that must be made by Basque companies and institutions in meeting the challenge of competitiveness faced by us all. The Spanish edition of the report was presented in March at an event organized by SPRI. This type of report constitutes the starting point, along with the executive education offered in the program "*Being Competitive in/from China...*" and the writing of base cases, to be developed by the Chair through the various nodes of the network.
- Designing and hosting the "Visiting Program of the CEIBS Executive MBA" (EMBA), which provided the opportunity to experience firsthand the Basque Country's rich institutional fabric and SME infrastructure, during an event organized by SPRI and Orkestra in Bilbao.

| Department of Academic Support |

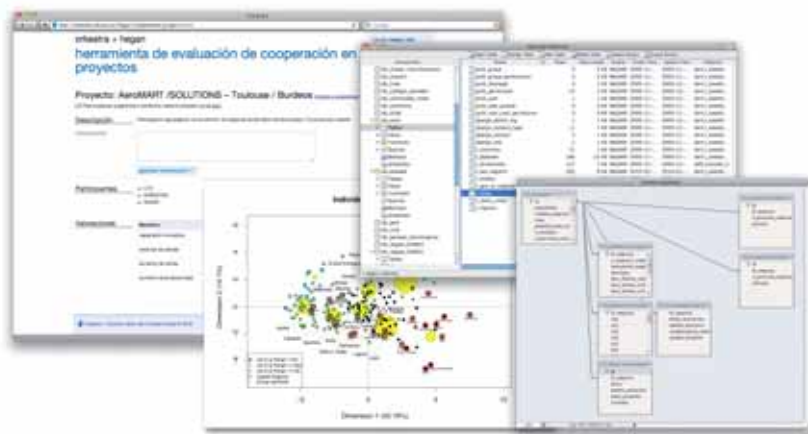
The Department of Academic Support is responsible for providing support to academic activities in those disciplines that, being specialized and common to all areas, are managed more efficiently when centralized and shared.

The Department has collaborated on the various Institute projects, seeking to contribute value to such projects. Throughout the year its members have become increasingly immersed in these projects; this has helped them to share a common viewpoint with the other focus areas, which has given greater direction to the work carried out in each area.

Main Activities

During 2009 the Department's main activities were the following:

- Massive data processing for research projects trying to reduce the complexity related to the task both internally and for researchers.
- Search for efficiency in the use of data, as well as in other computer applications: users have been provided with new skills and tools, some of them developed in-house, by means of training.



- In collaboration with the Institute's Communication area, the first tentative foothold has been established in social networks, experimenting with their possibilities and increasing Orkestra's presence in the Web with a view to preparing for next year's goal of making data compiled by Orkestra openly available.

Research Lines

Work in the Department focuses on three priority lines: (1) databases; (2) interactive communication and (3) tools.

| Databases |

The Institute's databases have been centralized in a shared repository that facilitates data crossing, as well as its automated analysis and maintenance through the use of a standardized structure. Its main aims are to become a benchmark source of "processed" data and to improve the management of the databases and their accessibility to researchers.

| Interactive communication |

The quality of the results has been increased by means of guidance tools, graphic communication strategies and all those media that enable them to be disseminated openly and efficiently. Its main challenges are to improve and expand communication through digital media, and to develop data platforms and create graphics tools to enhance communication.

| Tools |

Support and back-up has been provided on techniques and tools to improve analysis; in addition, new analysis techniques have been introduced to meet changing research needs. In this focus area, efforts will be concentrated on migration to new flexible econometric tools and on improving internal and external exchanges of information.

| Activities |

The core functions of Investigation, Interaction and Instruction are also reflected in other activities which complement those conducted in the focus areas and which need their coordinated knowledge in order to be developed.

| Microeconomics of Competitiveness (MOC) |

MOC is a course offered by Orkestra-Basque Institute of Competitiveness; it is supported by a successful track record in education, research, and consultancy and collaboration with a variety of agents of competitiveness (businesses, regional and local governments, the European Union, business associations, technology centers, universities, cluster associations, etc.).

The course is enriched by the close collaboration of Orkestra with the ISC at Harvard University, led by Prof. Michael Porter; among other activities, this collaboration is manifested in the teaching of the MOC program, which has taken place for some years now. The course provides an in-depth examination of microeconomic factors, both those internal to the company as well as those in its surroundings, in order to train the representatives of the companies and institutions taking part to understand and transform the competitiveness of their organizations and that of the region. This section shows details of the two courses taught in 2009.

MOC 2009 San Sebastian

Average age

34

Geographic origin

Gipuzkoa	17
Bizkaia	4
Araba	1

PROFESSIONAL BACKGROUND

Consulting	7
Corporate	5
University	5
Institutions for collaboration	4
Public administration	1






MOC 2009 Bilbao

Average age	
	43
Geographic origin	
Bizkaia	16
Gipuzkoa	2
Araba	1
Galicia	1
Cantabria	1

PROFESSIONAL BACKGROUND	
Corporate	7
Consulting	5
Public administration	4
Institutions for collaboration	4
University	1



Course professors

The teaching staff is composed of: Mikel Navarro, Olga Rivera, Jon Azua, Ricardo Aguado and Iñaki Peña. Additionally, following their attendance at the GEM Workshop at Harvard in 2008, Mari Jose Aranguren and Miren Larrea joined the team.

Final projects

San Sebastian

- Livenza furniture cluster in the Italian province of Pordenone
- Salmon-farming cluster in Chile
- Wine cluster in El Priorat
- Senior-citizens cluster in Donostialdea
- Øresund Food cluster

Bilbao

- Geomatics cluster in Alberta
- Nanotechnology cluster in Gipuzkoa
- Olive-oil cluster in Andalusia
- Granite cluster in Galicia

Harvard Prize for the MOC Project

Each year in Boston, Harvard University holds a meeting in which the schools belonging to the network present the top student projects at a competition. The project on the salmon-farming cluster in Chile, submitted by Orkestra, was awarded second place out of the 100 studies competing in the 2009 contest. First prize was awarded to a study undertaken by students of a Singapore school on the ecotourism cluster in Malaysia.

Last year, Orkestra students also received second prize for a project on the bicycle industry cluster in the counties of Debagoiena, Debarrena and Durangaldea.

This international meeting point has in addition represented a unique opportunity for the researchers of Orkestra to convey the experience of the Basque Country and to discuss new focus areas in the world of competitiveness with experts from over sixty countries.

| 2nd General Conference on Competitiveness |

In May 2007, upon presenting the *1st Basque Country Competitiveness Report: Towards a unique value proposition*, Orkestra pledged to issue a new report every two years, having considered it one of the Institute's most important contributions to society. Work began immediately to prepare the follow-up edition, which was presented during the *2nd General Conference on Competitiveness* and titled *2nd Report on Competitiveness in the Basque Country: Towards an innovation-based competitive stage*.

On July 2, 2009, Bilbao's Palacio Euskalduna hosted a full day of work sessions on the subject of competitiveness. As a prelude to the conference, three related morning seminars were offered, focusing on aspects considered relevant for facilitating the relationships of collaboration with other competitiveness stakeholders (researchers, professionals from organizations for collaboration, specialists from public agencies, corporate professionals, etc.), namely:

- Sustainable competitiveness and eco-innovation.
- Action research: new forms of interaction between researchers and policy makers.
- Entrepreneurial activity and competitiveness.

In the afternoon session, the 2nd General Conference on Competitiveness –presided over by Bernabé Unda, Minister of Industry, Innovation, Trade and Tourism for the Basque Government– was the stage for the presentation of the *2nd Report*. In his opening address for the Conference, Orkestra's Chairman José Luis Larrea thanked the socioeconomic agents, and society in general, for the confidence placed in the work carried out by the Institute.

Following this presentation, in a round table moderated by Jon Azua, chairman of Orkestra's Advisory Board, the report was discussed by international experts David Audretsch (Max Planck Institute of Economics, Germany) and Christian Ketels (Harvard University, United States), with the aim of stimulating debate on the full range of factors affecting Basque Country competitiveness.



| 2nd Report on Competitiveness in the Basque Country: Towards an innovation-based competitive stage |



The report measures the competitive performance of the Basque Country and its businesses, linking that performance to the region's positioning in terms of innovation. The second section presents analysis on selected critical factors for regional competitiveness, catalysts for the transition to the new competitive stage.

In its conclusions, the report acknowledges that the Basque economy faces challenges on two fronts: first, the challenges of transforming its growth model and transitioning to a higher stage of competitive development; and second, the challenges of dealing with the crisis currently affecting the Spanish and world economies.

It maintains that the responses chosen must not contradict, or even be chosen without taking into account, what is required in order to meet the more structural challenges of the Basque economy. Moreover, it underscores that the crisis is a call to action and, in that sense, an opportunity to take a decisive step forward, toward a new competitive stage based on productivity gains achieved by optimizing innovation and sustainability. The report pinpoints eight pillars upon which the new stage must be built:

1. Promoting adequate, efficient R&D and supporting the institutions of Basque industrial policy and the innovation system.
2. Developing the aspects of innovation that remain underdeveloped in the Basque model of competitiveness, such as marketing, organization, etc., without losing sight of the important role played by knowledge agents.
3. Increasing the size of Basque companies, so that they can take on investment-intensive projects.
4. Developing entrepreneurship, especially technology-based entrepreneurship.
5. Taking decisive steps to internationalize, with the aim of penetrating expanding markets and industries.
6. Attracting foreign know-how and investment.
7. Raising the necessary funding, if needed, by creating new financial instruments for (a) the internationalization of Basque companies, particularly toward technologically more demanding countries and higher value-added industries; (b) feasibility studies for the establishment of Basque companies abroad, as just mentioned; (c) new value-added investments in the Basque Country itself; and (d) technology-based entrepreneurship.
8. Creating the appropriate institutional structures for political action and cooperation.

| Other publications |

- *Asociaciones clúster de la CAPV: desempeño y retos.*
- *The Basque Firm in China.*
- *El Sistema de Innovación del País Vasco a partir de las estadísticas de I+D.*
- *Actividad emprendedora vasca de alto potencial de crecimiento.*
- *Un mapa de ruta para mejorar la sofisticación de la economía vasca.*
- *The Basque Innovation System.*



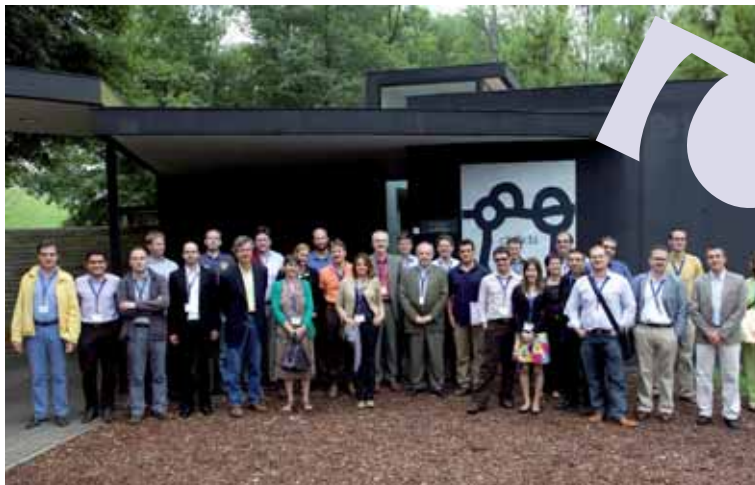
| Other events and conferences |



“Innovation and Learning”

Event coordinated by Orkestra and Aalborg University for the purpose of sharing experiences and knowledge on the latest topics in innovation and learning.

Organized into two intense workdays (May 13-14), the event assembled top international experts, including: Bengt-Åke Lundvall, Björn Johnson and Jesper Christensen (Aalborg University, Denmark), Björn Asheim (Lund University, Sweden), Philip Cooke (Cardiff University, UK), Ron Boschma (Utrecht University, Netherlands), Michael Storper (UCLA, Science Po, LSE) and Edward Lorenz (University of Nice Sophia Antipolis, France) with researchers from Orkestra and universities such as the UPV/EHU, Universidad Complutense de Madrid and the University of Salamanca.



“Entrepreneurial Activity and Regional Competitiveness”

Co-organized with David Audretsch (Max Planck Institute of Economics), this workshop brought approximately 30 participants from various universities around the world and addressed several topics, including entrepreneurial activity as a vehicle for maximizing the efforts being made in innovation, the determining factors for the success of new companies with major growth potential, and the effect of innovation-based entrepreneurial activity on regional competitiveness.

The event, which took place June 16-17, featured two prestigious speakers, Roy Thurik, professor at the Erasmus University of Rotterdam (the Netherlands), and Zoltan Acs, professor at George Mason University (Washington, USA), in its plenary session held at the Chillida Leku Museum.



“Interactive learning around critical aspects in cluster management”

Nearly thirty experts in clusters and regional development took part in an international seminar organized by Orkestra in conjunction with the Basque Government and the TCI on July 9. The purpose of the seminar was to promote relations between the cluster associations of the Basque Country and representatives of cluster associations from Catalonia, Galicia, Switzerland, France, Germany, Denmark and Sweden, including such industries as telecommunications, aeronautics, automobile, machinery, energy, environment, audiovisual media, logistics and shipbuilding.

“EUNIP. The role of Academic Research in Territorial Development Processes”

Event organized and coordinated by Orkestra and ESTE within the framework of the European Network on Industrial Policy (EUNIP), featuring the participation of 30 experts from universities in Sweden, Norway, Finland, Italy, Nigeria and England, as well as from other universities and research centers around Spain. The analysis centered primarily on the role of the university in regional development processes, with the argument that a key distinguishing factor between the university and the other social agents is its ability to offer a creative, university-oriented, demanding and critical setting where the work being done takes into account the diversity of values existing in society.



Presentation of the Orkestra line of publications

The launch of the Institute's line of publications came with the presentation of its first title, *Identifying Clusters in the Basque Country*. The event, which took place in Bilbao on April 6, was presided over by Jaime Oraá, dean of the University of Deusto, and José Luis Larrea, chairman of Orkestra, who reaffirmed the commitment of both institutions to engage in research of excellence and disseminate the results to society. Mari Jose Aranguren, a researcher at Orkestra and the book's coauthor, explained to the audience that the study is the first carried out since the early 1990s, when the Monitor Group conducted a similar study that served as the basis for implementing cluster policy in the Basque Country.



“WOKA Euskadi”

Orkestra and the University of Deusto joined this initiative promoted by Innobasque, Woka Euskadi, with two meetings being held simultaneously on May 19 at the University of Deusto campuses in San Sebastian and Bilbao. The purpose of the initiative was to generate reflection and discussion, in a relaxed and informal manner, on the current financial crisis.

Both Orkestra in San Sebastian, and the University of Deusto in Bilbao, summarized their debate in five points that were submitted to Innobasque.





3 | Networks and Collaboration Agreements

Now that the importance of cooperation is recognized, membership in global and local networks of excellence enables Orkestra to nourish the research processes, verifying them, applying them and enriching them with high-grade knowledge. The network brings together the best business schools, universities and research institutes that tackle the subject of competitiveness and its different aspects. Likewise, partnerships have been actively pursued with other institutions and visits from local and international agents interested in exploring cooperation mechanisms.

Institute for Strategy and Competitiveness (ISC) Harvard University

Since its founding, the Institute has maintained close collaboration and linking with the ISC at Harvard University, led by Prof. Michael Porter.

This top-level strategic alliance has played a major role in both the launch and subsequent development of the Institute. The result of this alliance, Orkestra is an official member of the world network of ISC Institutes for Competitiveness, which allows the

Institute to access and share knowledge and activities on an international scale.

**INSTITUTE FOR STRATEGY
AND COMPETITIVENESS**



Networks

In addition to its membership of the ISC network, the Institute plays an active part in various research networks that enable it to contrast and enrich its research on competitiveness.

MOC Network

The MOC Network is a unique network-based training program program, in which all the participants share methodology, processes and materials with over one hundred prestigious educational institutions spread over five continents, which develop the course simultaneously throughout the year worldwide. As mentioned in the previous section, the Institute offers the MOC Course twice a year: once each in San Sebastian and Bilbao.

EUNIP

EUNIP is a global network of researchers with specific interests in the area of economics and industrial policy. Continuing with its activities for said network, Orkestra in November organized the *GEM Workshop on the role of Academic Research in Territorial Development Processes*, in cooperation with noted international experts.

TCI

TCI is an international network of excellence in the advanced knowledge on clusters with over 800 partners in 70 countries. Notable activities from this year have included the *Workshop on interactive learning around critical aspects in cluster management*, organized by Orkestra in conjunction with the Basque Government and TCI in July, as well as the participation of Orkestra researchers in the annual meeting of the network members, the *12th TCI Annual Global Conference*, held in Jyväskylä (Finland) in October.

Global Entrepreneurship Monitor (GEM)

The Global Entrepreneurship Monitor (GEM) project is an international academic consortium whose purpose is to research entrepreneurial activity in various countries and regions. The project began in 1997 as a result of the collaboration between two academic institutions: Babson College (USA) and the London Business School (UK). Each year the project produces numerous reports that make it possible to compare the entrepreneurial activity of different countries participating in the study.

Collaboration Agreements

In addition to the collaboration agreement entered into with the University of Harvard, the Institute has various levels of collaboration set up with widely differing institutions that give it access to high-grade knowledge.



INSEAD

Business school and research center with campuses in Fontainebleau (France) and Singapore. As one of the world's preeminent business schools, it is differentiated from its counterparts primarily for its global perspective and cultural diversity. In 2009, Soumitra Dutta, the Roland Berger Chaired Professor in Business and Technology at INSEAD, joined Orkestra's Advisory Board.



Garapen

On January 22, 2008, a framework agreement was signed with Garapen that provides for the transfer of Orkestra knowledge and methodology to the county development agencies of the Basque Autonomous Region. Following the work started that year, various training activities were undertaken in 2009 for business experts working for the county development agencies, including workshop processes in which tools and methodology for mapping clusters at the county level, as well as the setting up of regional networks, were imparted to the agencies.



Eusko Ikaskuntza

The purpose of the collaboration agreement with Eusko Ikaskuntza is the development of a number of studies on the historical origins of the clusters in the Basque Autonomous Region. This year saw the second byproduct of this agreement, with the publication entitled *The historical origins of the Electronics, IT and Telecommunications Cluster in the Basque Country and its legacy for the present*, which addresses the various stages that this cluster has gone through, as well as the current situation and future challenges to be faced by the businesses of the industry.



CEIBS

China Europe International Business School is China's most important business school and one of the most prominent in Asia; its mission is to train business leaders and executives, based in that country or who are thinking of setting up there, with professional aspirations, management potential and an international outlook, to identify and capitalize on business opportunities, to solve complicated business problems, to motivate and provide leadership. Orkestra has implemented the CEIBS-SPRI-Orkestra agreement in its definition of the basic content of the BCC Chair, the node that the Institute has set up in Asia. One of this year's highlights was the visit to the Basque Country in November by a group of Chinese entrepreneurs, who were interested in learning firsthand about the Basque Country's rich institutional fabric and SME infrastructure, during an event organized by SPRI and Orkestra in Bilbao.



Max Planck Institute of Economics

The Max Planck Society for the Advancement of Science is a German network of scientific research institutes that includes 79 centers in many other disciplines, notably the Max Planck Institute of Economics. Orkestra works together with the latter center, mainly in the development of research activities connected with the area of Entrepreneurship. In June, Orkestra and the Max Planck Institute of Economics organized the seminar *Workshop on Entrepreneurship and Regional Competitiveness*. In July, for the Presentation of the 2nd Basque Country Competitiveness Report, Dr. David Audretsch, an expert on entrepreneurship at the aforementioned Institute, took part in a round table with entrepreneurs, investors and mentors that preceded the conference and later in the evaluation workshop for the 2nd Report. This year, Dr. Audretsch also became a member of Orkestra's Advisory Board.

In addition, the Institute has established various levels of collaboration with a very wide variety of institutions that give it access to high-grade knowledge:

- INNOBASQUE
- DEUSTO BUSINESS SCHOOL
- I3B
- IESE
- IRAURGI LANTZEN
- UNIVERSITY OF DEUSTO
- UPV/EHU

Lastly, it should be emphasized that the Institute has undertaken operations and participated in research projects, at various levels, with the following universities, institutes and departments:

- Universidad Carlos III
- University of Sevilla
- Aalborg University (Norway)
- University of Salamanca
- Universidad Autónoma de Madrid
- Universitat Autònoma de Barcelona
- George Mason University (USA)
- Erasmus University Rotterdam (the Netherlands)
- Lund University (Sweden)
- University of Nice Sophia Antipolis
- Adolfo Ibáñez University (Chile)
- Institute of Applied Business Economics (UPV/EHU)
- Department of Applied Economics V (UPV/EHU)
- Department of Financial Economics II (UPV/EHU)



4 | Annex |

| The “3 i’s” in Detail |

The following is a list of contributions to the “3 i’s” deriving from the lines of research and action described above.

Investigation

... academic rigor, objectivity and independence...

| Publications |

ARAGÓN, C., ITURRIOZ, C., ARANGUREN, M.J., LARREA, M. (2009). “A New Step in Cluster Policy Evaluation in the Basque Country,” *Orkestra Working Paper Series on Territorial Competitiveness*, no. 2009-01.

ARANGUREN, M.J., DE LA MAZA, X., PARRILLI, M.D., WILSON, J. R. (2009). Basque Country Cluster Associations: Performance and Challenges. Orkestra - Basque Institute of Competitiveness.

ARIAS, A., PEÑA, I. (2009). “The Effect of Entrepreneurs’ Motivation and the Local Economic Environment on Young Venture Performance.” *International Journal of Business Environment*. (Forthcoming).

AZUA, J., NAVARRO, M., PEÑA, I. ET AL. (2009). The Basque Firm in China. Orkestra - Basque Institute of Competitiveness.

BILBAO-OSORIO, B. (2009). The Basque Innovation System: a Policy Review. Orkestra - Basque Institute of Competitiveness. Digital edition.

BRANSTON, J.R., TOMLINSON, P.R., WILSON, J.R. (2009). “‘Strategic failure’ and the case of the UK’s former building societies: lessons for the reform of governance in the UK banking sector,” *University of Bath School of Management Working Paper Series*, no. 2009.09.

BRANSTON, J.R., WILSON, J.R. (2009). “Media, Governance and the Public Interest,” in S. Sacchetti and R. Sugden (eds.), *Knowledge in the Development of Economies: Institutional Choices under Globalisation*, Cheltenham: Edward Elgar.

COWLING, K., SACCHETTI, S., SUGDEN, R., WILSON, J.R. (2009). “The United Nations and Globalisation: A Reconnaissance of the Issues,” in J. Davis (ed.) *Global Social Economy: Development, Work and Policy*, Oxford: Routledge.

FEDERICO, G., VIVES, X. (2009). Competencia y Regulación en los Mercados Españoles de las Telecomunicaciones. Basque Institute of Competitiveness; IESE SP-SP Research Center.

GONZÁLEZ, J.L., MARTIARENA, A., NAVARRO, M., PEÑA, I. (2009). Estudio sobre la capacidad de innovación y actividad emprendedora en el ámbito subregional: el caso de la Comunidad Autónoma del País Vasco. Regional research. Monograph.

LARREA, M., WILSON, J.R., ARANGUREN, M.J. (2009). “Academia and Public Policy: Towards the Co-generation of Knowledge and Learning Processes.” *Orkestra Working Paper Series on Territorial Competitiveness*, no. 2009-03.

LÓPEZ, S., ELOLA, A., VALDALISO, J., ARANGUREN, M.J. (2008). Los orígenes históricos del ‘clúster’ de electrónica, informática y telecomunicaciones en el País Vasco y su legado para el presente. Eusko Ikaskuntza; Orkestra - Basque Institute of Competitiveness.

MINONDO A. (2009). A road map for improving sophistication in the Basque economy. Orkestra - Basque Institute of Competitiveness. Digital edition.

NAVARRO, M. (2009). Berrikuntzako sistema erregionalak eta klusterrak. Literaturaren eta Euskal Autonomi Erkidegoaren erronkak. *RIEV, Revista Internacional de Estudios Vascos*. 54 (1) (pp. 11-47).

NAVARRO, M. (2009). Basque innovation system according to R&D statistics. Orkestra - Basque Institute of Competitiveness.

NAVARRO, M. GIBAJA, J.J., AGUADO, R., BILBAO, B. (2009). "Patterns of innovation in EU-25 regions: a typology and policy recommendations." *Environment and Planning C: Government and Policy 2009*, volume 27, pages 815-840.

NAVARRO, M., GIBAJA, J.J. (2009). "Typologies of innovation based on statistical analysis for European and Spanish regions." *Innova Working Papers*, 2009-4.

ORKESTRA (2009). *2nd Report on Competitiveness in the Basque Country: Towards an innovation-based competitive stage*. Orkestra - Basque Institute of Competitiveness.

PARRILLI, M.D. (2009). "Drivers of Innovation: software and hardware," in B. van Stamm and A. Trifilova (eds.), *The Future of Innovation*, Gower.

PARRILLI, M.D. (2009). "Industrial districts in Latin America: the role of local learning for endogenous development" in G. Becattini, M. Bellandi and L. de Propris (2009) *Handbook of Industrial Districts*, Cheltenham: Edward Elgar.

PARRILLI, M.D. (2009). "Collective efficiency, policy inducement and social embeddedness: drivers for industrial district development," *Entrepreneurship and Regional Development*, Vol. 21(1), pp.1-24.

PEÑA, I. (2009). "Interpreneurial Strategic Behaviour and Business Performance," *International Journal of Entrepreneurship and Innovation Management*, Vol. 10, no. 1, 2009: 3-19.

PEÑA, I. (dir.) (2009). *Global Entrepreneurship Monitor, Comunidad Autónoma del País Vasco. Informe Ejecutivo 2008*. San Sebastian, Eusko Ikaskuntza, Orkestra-Basque Institute of Competitiveness.

PEÑA, I. ET AL. (2009). *Basque Entrepreneurial Activity with Strong Growth Potential (2000-2005)*. Orkestra - Basque Institute of Competitiveness.

SUGDEN, R., TE VELDE, R., WILSON, J.R. (2009). "Economic Development Lite: Communication, Art and ICTs in a Globalised Economy," in S. Sacchetti and R. Sugden (eds.), *Knowledge in the Development of Economies: Institutional Choices under Globalisation*, Cheltenham: Edward Elgar.

WILSON, J.R. (2009). "Higher Education and Economic Development: Do we face an Intertemporal Trade-off?" in S. Sacchetti and R. Sugden (eds.), *Knowledge in the Development of Economies: Institutional Choices under Globalisation*, Cheltenham: Edward Elgar.

VENDRELL, F., ORTÍN, P. (2009). "The economic analysis of University Technology Transfer Offices: a theoretical review and empirical implications." *Orkestra Working Paper Series on Territorial Competitiveness*, no. 2009-02.

VENDRELL, F., GONZÁLEZ, J.L., PEÑA, I. (2009). "¿Existen incentivos a emprendedores en sectores tecnológicos?" *Orkestra Working Paper Series on Territorial Competitiveness*, no. 2009-04.

| Academic publications |

AGUADO, R., PARRILLI, D. (2009). "The Innovation value chain: issues of efficiency and effectiveness in the BC." *Workshop on Innovation and Learning*. San Sebastian, May 13-14.

AGUIRRE, J., ARANGUREN, M.J., WILSON, J., GIL, A. (2009). "The role of the technological centers in the innovation process: a theoretical approach," *XX ISPIN Conference*. Vienna (Austria), June 21-24.

ARAGÓN, C., ARANGUREN, M.J., ITURRIOZ, C., LARREA, M., WILSON, J.R. (2009). "Evaluation to envisioning a shared future." *Academic Summit, 12th TCI International Annual Global Conference, Learning clusters-adapting to the new competitiveness scenario*. Jyväskylä (Finland), October 13-16.

ARANGUREN, M.J. (2009). "How innovation policy efficiency should be improved through cluster organizations." *Promoting cluster excellence-measuring and benchmarking cluster performance and quality of cluster organizations* PRO INNO EU-ROPE, European Commission. Berlin (Germany), December 14-15.

ARANGUREN, M.J., LARREA, M., PARRILLI, D. (2009). "A typology of learners: applications and policy implications." *Workshop on Innovation and Learning*. San Sebastian, May 13-14.

ARANGUREN, M.J., LARREA, M., WILSON, J. (2009). "Articulando procesos de gobernanza para la competitividad." *Evaluation workshop for the 2nd Competitiveness Report* organized by Orkestra, San Sebastian, April 2.

ARANGUREN, M.J., LARREA, M., WILSON, J.R. (2009). "Co-generating knowledge and learning: the line between academic research and consultancy." *Academic Summit, 12th TCI International Annual Global Conference, Learning clusters-adapting to the new competitiveness scenario*. Jyväskylä (Finland), October 13-16.

ARIAS, A., JUNG, A., PEÑA, I. (2009). "To What Extent do Firm External Factors Matter for Venture Growth." *6th International Conference IberoAmerican Academy of Management*. Buenos Aires (Argentina), December 9-11.

DE LA MAZA, X., ARANGUREN, M.J. (2009). "Cluster Policy Governance: Towards a Multi-Level Approach? The Case of the Basque Country." *6th European Meeting on Applied Evolutionary Economics* (EMAE). Jena (Germany), May 21-23.

ELOLA, A., LÓPEZ, S., ARANGUREN, M.J., VALDALISO, J.M. (2009). "A comparison of the Basque paper and ICT clusters' life-cycles." *Regional Studies Association Annual Conference*. Leuven (Belgium), April 6-8.

ELOLA, A., VALDALISO, J. M., ARANGUREN, M.J., LÓPEZ, S. (2009). "Social capital and knowledge as determinants of cluster competitiveness: A comparison of the Basque paper and ICT clusters' life-cycles." *Workshop on Innovation and Learning*. San Sebastian, May 13-14.

GONZÁLEZ, J.L., MARTIARENA, A., PEÑA, I. (2009). "Foreign Customer-oriented Businesses of Female Entrepreneurs." *GEM Workshop*. Cádiz, June 22-23.

GONZÁLEZ, J.L., PEÑA, I., VENDRELL, F. (2009). "Regional Innovation and Entrepreneurial Capabilities as Drivers of Economic Growth." *RENT Research in Entrepreneurship XXIII*. Budapest (Hungary), November 19-20.

GONZÁLEZ, J.L., PEÑA, I., VENDRELL, F. (2009). "Innovación y actividad emprendedora a nivel regional como capacidades de crecimiento económico." *6th International Conference, IberoAmerican Academy of Management*. Buenos Aires (Argentina), December 9-11.

GONZÁLEZ, J.L., PEÑA, I., VENDRELL, F. (2009). "Regional Innovation and Entrepreneurial Capabilities as Drivers of Economic Growth." *Workshop on Entrepreneurial Activity and Regional Competitiveness*. San Sebastian, June 18-19. Also presented at the *Seminario sobre Actividad Emprendedora*. University of León, May 26.

KARLSEN, J., LARREA, M., ARANGUREN, M.J., AZPIAZU, A., WILSON, J.R. (2009). "Action research and regional complexity: Bridging the gap between academic research and regional development processes in the Basque Country." *EUNIP Workshop on the Role of Academic Research in Territorial Economic Development Processes*. San Sebastian, November 26-27.

LARREA, M. (2009). "Action Research: Orkestra's way to transformative and democratic research." *Workshop on Cooperative Action-Research Activities*. San Sebastian, November 25.

LARREA, M., WILSON, J.R., ARANGUREN M.J. (2009). "Academia and Public Policy: Towards the Co-generation of Knowledge and Learning Processes." *Workshop on Innovation and Learning*. San Sebastian, May 13-14.

LARREA, M., WILSON, J.R. (2009). "Response to the discussion paper: Towards a new territorial approach to economic development? Enhancing the Milieu Concept." *GREMI-T Workshop*. Grenoble (France), October 1-2.

MARTIARENA, A. (2009). "Intrapreneurs Working as Entrepreneurs." *RENT Research in Entrepreneurship XXIII*. Budapest (Hungary), November 19-20.

NAVARRO, M. (2009). "Some thoughts on the feature of the RIS 2009." *Measuring innovation: new evidence in support of innovation policy*. London (UK), October 29-30.

NAVARRO, M., GIBAJA, J.J. (2009). "Typologies of innovation based on statistical analysis for European and Spanish regions." *Workshop on Innovation and Learning*. San Sebastian, May 13-14.

NAVARRO, M., GIBAJA, J. (2009). "Un modelo de sistema regional de innovación para un modelo de competitividad." *Evaluation workshop for the 2nd Competitiveness Report* organized by Orkestra. San Sebastian, April 2.

PARRILLI, D., CERMELLI, M., ELOLA, A. (2009). "Reflections on the value of interactions in the programme Innova Empresa." *Workshop on Innovation and Learning*. San Sebastian, May 13-14.

PARRILLI, M.D. (2009). "PYMEs vascas frente a la crisis mundial." *ILO-EUROsocial Seminar*. Santiago (Chile), October 13-14.

PEÑA, I., QUINTILLÁN, I. (2009). "La Importancia de las competencias emocionales de los emprendedores en la internacionalización de PYMES uruguayas." *6th International Conference, IberoAmerican Academy of Management*. Buenos Aires (Argentina), December 9-11.

WILSON, J. (2009). "Cluster Policy Design and Evaluation for Competitiveness: Evolving Experience from the Basque Country." *13th International Conference on Competitiveness*. Oporto (Portugal), September 17-18.

WILSON, J., NAVARRO, M. (2009). "Midiendo la competitividad territorial." *Evaluation workshop for the 2nd Competitiveness Report* organized by Orkestra. San Sebastian, April 2.

WILSON, J., LARREA, M., ARANGUREN, M.J. (2009). "Academia and Public Policy: Towards the Co-generation of Knowledge and Learning." *6th International Conference on Developments in Economic Theory*. Bilbao (Spain), July 2-3.

WILSON, J., LARREA, M., ARANGUREN, M.J. (2009). "Co-generating Knowledge and Learning: The Line between Academic Research and Consultancy." *Annual Conference of the Society for the Advancement of Socio-Economics*. Paris (France), July 16-18.

Interaction

... providing practical facilitation
in the application of competitive strategies...

Workshops for cluster mapping at the municipal and county level. Taught to development agencies as part of the collaboration framework agreement between Orkestra, Garapen and the Department of Industry, Trade and Tourism for the Basque Government. Orkestra, January 15, February 26 and March 31.

Visit by experts from Réunion Island to learn about the Institute's activities. James Wilson and Miren Larrea. Orkestra, January 30.

Learning through Dialogue about Action Research and Participatory Research. Workshop taught in conjunction with the visit to several Norwegian institutions. Mari Jose Aranguren, Miren Larrea and Amaia Azpiazu with representatives of the Basque Government. Oslo (Norway), February 4-5.

Creativity and innovation versus the crisis. Participation in the day session organized by Eurobask at the Guggenheim Museum in Bilbao. Mikel Navarro. Bilbao, February 16.

Diagnosis of the Ezagutza Gunea Map of Innovation. Results analysis and round table. Miren Larrea, Davide Parrilli and Amaia Azpiazu. Azkoitia, March 4.

Competence development for launching county networks. Taught to development agencies as part of the collaboration agreement between Orkestra, Garapen and the Department of Industry, Trade and Tourism for the Basque Government. Miren Larrea and Amaia Azpiazu. Orkestra, March 5.

Second Workshop for defining a system of participatory evaluation in the Aeronautics Cluster Association (HEGAN). In conjunction with Basque Government, ESTE-University of Deusto and UPV. Mari Jose Aranguren, Miren Larrea and James Wilson. Vitoria, March 30.

Visit to the Centre for Entrepreneurial Learning, University of Cambridge. Iñaki Peña and Miguel Ángel López. Cambridge (UK), March 30-31.

Innovation processes of SMEs in the Innova Empresa program. Presentation and discussion of preliminary results of the analysis undertaken by Orkestra researchers on this program. Zamudio, April 7.

Presentation of the results of the cluster mapping processes undertaken by fifteen county development agencies. Miren Larrea and Amaia Azpiazu. Orkestra. April 22.

Clusters and Policy: Experience from the Basque Country. Virtual presentation at the conference *Fusing Knowledge and Technologies for the Development of New Clusters*, organized by the ANTARES research center at the University of Bologna as part of the inaugural SME Week, promoted by the European Commission. James Wilson. Forlì (Italy), May 13.

Seminar on Innovation and Learning. Coordinated by Davide Parrilli. Orkestra, May 13-14.

Action research and regional complexity. Seminar featuring James Karlsen of Agder Research and Orkestra collaborator. Orkestra, May 15-14.

Workshop on Entrepreneurial Activity and Regional Competitiveness. Coordinated by Iñaki Peña. Orkestra, June 19.

Second workshop on competence development for launching county networks. Miren Larrea and Amaia Azpiazu. Orkestra, San Sebastian, June 19.

Bases for developing counties: strategic vision vs. strategic plan. Workshop held as part of the collaboration framework agreement between Garapen and Orkestra. Miren Larrea and Amaia Azpiazu. Orkestra, June 24.

Visit by Anne Halvorsen, director of Agder Research. Preparation for initiating the process of collaboration with Orkestra. Miren Larrea. Orkestra, July 2.

2nd General Conference on Competitiveness. Bilbao, July 2.

Meeting of Orkestra's Advisory Board. Jon Azua, David Audretsch (Max Planck Institute of Economics, Germany), Christian Ketels (Harvard University, USA) and Soumitra Dutta (INSEAD, France). Bilbao, July 3.

Workshop on Interactive learning around critical aspects in cluster management. International seminar organized by Orkestra in conjunction with Basque Government and The Competitiveness Institute (TCI). Orkestra, July 9.

Third workshop on competence development for launching county networks. Miren Larrea. Eibar, July 16.

A road map for improving sophistication in the Basque economy. Presentation of the paper prepared for Orkestra by Asier Minondo, at the plenary of the Observatory of Industrial Trends. Bilbao, July 16.

Presentation event for the book "Los orígenes históricos del clúster de electrónica, informática y telecomunicaciones en el País Vasco y su legado para el presente". Participants included: José María Muñoa, president of Eusko Ikaskuntza; Joseba Ruiz de Alegria, president of the Electronics, IT and Telecommunications Cluster (GAIA); José Luis Curbelo, general manager of Orkestra; and Aitziber Elola, the book's coauthor. San Sebastian, September 16.

Visit by a Norwegian group. Formed by representatives of the Norwegian Ministry for Local Government and Regional Development, Innovation Norway, the Research Council of Norway, the Corporation for Industrial Development and the University of Agder. Mari Jose Aranguren and Miren Larrea, with representatives of the Basque Government. Bilbao, September 28-29.

European Week of Regions and Cities. Event organized by the European Commission. James Wilson. Brussels (Belgium), October 5-8.

Multi-level Governance and Territorial Competitiveness. Presentation at the *Workshop on Territorial Balance in Local Intermediate Administrations; the importance of development in rural areas and in peri-urban spaces.* Organized by the European network Paternalia. San Sebastian, October 16.

Presentation event for the book “Actividad emprendedora vasca de alto potencial de crecimiento”. Presided over by Xabier Garmendia, deputy minister of Technology and Industrial Development for the Basque Government, and José Luis Curbelo, General Manager of Orkestra. Participants also included David Audretsch (Max Planck Institute of Economics), member of Orkestra’s Advisory Board, and Iñaki Peña. Bilbao, October 22.

12th TCI Annual Global Conference: Learning clusters-adapting to the new competitiveness scenario. Participants included Mari Jose Aranguren and Miren Larrea, Jyväskylä (Finland), October 13-16.

European Clusters Observatory Phase II. Project launch meeting. James Wilson and Asier Murciego. Linz (Austria), October 21-23.

Promotion of the CRECER+ project at the Sophia-Antipolis technology park and participation as coaches in the investment event Sophia-Antipolis Business Angels Venture Academy. Iñaki Peña and Miguel Ángel López. Sophia Antipolis (France), October 28-30.

Measuring Innovation: New Evidence in Support of Innovation Policy. Workshop backed by the Directorate-General for Enterprise and Industry of the European Commission. James Wilson and Mikel Navarro. London (UK), October 29-30.

Fellowship at the Politecnico di Milano. Ferrán Vendrell under the supervision of Professor M. Colombo. October.

Visit to the Institute for Development Studies, University of Sussex. Meeting with Hubert Schmitz and Neil McCulloch to share experiences on research on topics of common interest. Davide Parrilli, Brighton (UK), November 4-5.

World Class Clusters, une stratégie d’innovation internationale. Presentation of the second phase of the European Clusters Observatory project. James Wilson, Sophia Antipolis (France), November 5-6.

Second session for the experimental project “Action Network” organized by Orkestra. Miren Larrea and Amaia Azpiazu. San Sebastian, November 11.

Entrepreneurial forum of Galdakao. Participants included Miren Larrea and Amaia Azpiazu. Galdakao, November 24.

Action Research: Experiences and Methods. Workshop organized by Orkestra featuring researchers from Agder Research (Norway) and the University of Stirling (Scotland). Orkestra, November 25.

Round table on the role of the university in regional development processes. Organized by Orkestra. Orkestra, November 25.

Visit by a group of Chinese entrepreneurs. Presentation by Davide Parrilli on the Basque model of regional innovation. Bilbao, November 26.

EUNIP Workshop on the role of Academic Research in Territorial Economic Development Processes. San Sebastian, November 26-27.

International Seminar on Social Capital and Social Networks. Organized by the Institute for Science, Innovation and Society, Saïd Business School, University of Oxford. Miren Larrea and James Karlsen. Brighton (UK), November 28.

Promoting Cluster Excellence: measuring and benchmarking cluster performance and quality of cluster organisations. Mari Jose Aranguren participated. Berlin (Germany), December 14-15.

Instruction

... specialized, solidifying content, accrediting programs...

Strategic Orchestration. Taught by Iñaki Peña. MBA course, Adolfo Ibáñez University. Miami (USA), January 19-23.

Cooperation and development networks in the Basque Country. Taught by Miren Larrea, Mari Jose Aranguren and James Wilson. Ph.D. course at ESTE-University of Deusto. San Sebastian, January 15.

SMEs, clusters and regional development. Taught by Mari Jose Aranguren, Miren Larrea and Iñaki Peña. Ph.D. course at ICADE. Madrid, January 22-23.

Competitiveness strategy. Module taught by Mari Jose Aranguren, Mikel Navarro and Jon Azua for the Leadership Development Program at Deusto Business School. San Sebastian, January 29-31.

Sustainable Development. Taught by Davide Parrilli to undergraduate students in Business Administration at “La Commercial”–University of Deusto. Bilbao, February-May.

Understanding the microeconomic environment. Executive course taught by Mikel Navarro. Deusto Business School. Bilbao, February 6.

The involvement of small companies within the Basque Cluster Policy. Taught by Xabier de la Maza. IKE Seminar, Department of Business Studies, Aalborg University. Denmark, February 13.

Globalisation, Economic Development and Competitiveness. Taught by James Wilson to the students of the International Seminar at ESTE-University of Deusto. San Sebastian, March 23-25.

Microeconomics of Competitiveness (MOC), San Sebastian. Taught by researchers from the Institute. San Sebastian, March-June.

Clusters and cluster policy. Taught by Mari Jose Aranguren, Miren Larrea and James Wilson. Workshop for regional development agencies in Spain. Madrid, July 7.

Multilevel governance. Taught by Miren Larrea. Course “Active citizenship and new political culture,” organized in cooperation with the Provincial Council of Gipuzkoa for the summer program at the Universidad del País Vasco. San Sebastian, September 3.

“Microeconomics of Competitiveness (MOC)” Course – Bilbao, 2009. Taught by researchers from the Institute. Bilbao, September-December.

“The importance of entrepreneurs’ emotional competences at Uruguayan SMEs”. Doctoral thesis led by Iñaki Peña. San Sebastian, September 18.

Creating local networks. Taught by Miren Larrea and Amaia Azpiazu to professionals at SMEs from the county development agencies of Garapen as part of the project for transferring methodologies and training to the Basque development agencies. San Sebastian, October 29.

Exporting and Productivity of New Ventures. Taught by José Luis González and Ferrán Vendrell. Ph.D. course at the Public University of Navarra. Pamplona, November 25.

Masters in Globalisation and Development, Institute for Development Studies, University of Sussex. Mario Davide Parrilli was invited to participate as an external examiner. Brighton (UK), November 5.

Entrepreneurial activity as a driver of innovation in the Basque Country. Taught by Iñaki Peña. Universitat Autònoma de Barcelona. Barcelona, December 2.

Entrepreneurial activity and economic growth. Taught by José Luis González and Iñaki Peña. Ph.D. course at the Universidad Católica de Uruguay. Montevideo (Uruguay), December 7-8.

MOC Faculty Workshop 2009. Participants included José Luis Curbelo, Jon Azua, Mikel Navarro and James Wilson. Boston (USA), December 14-15.

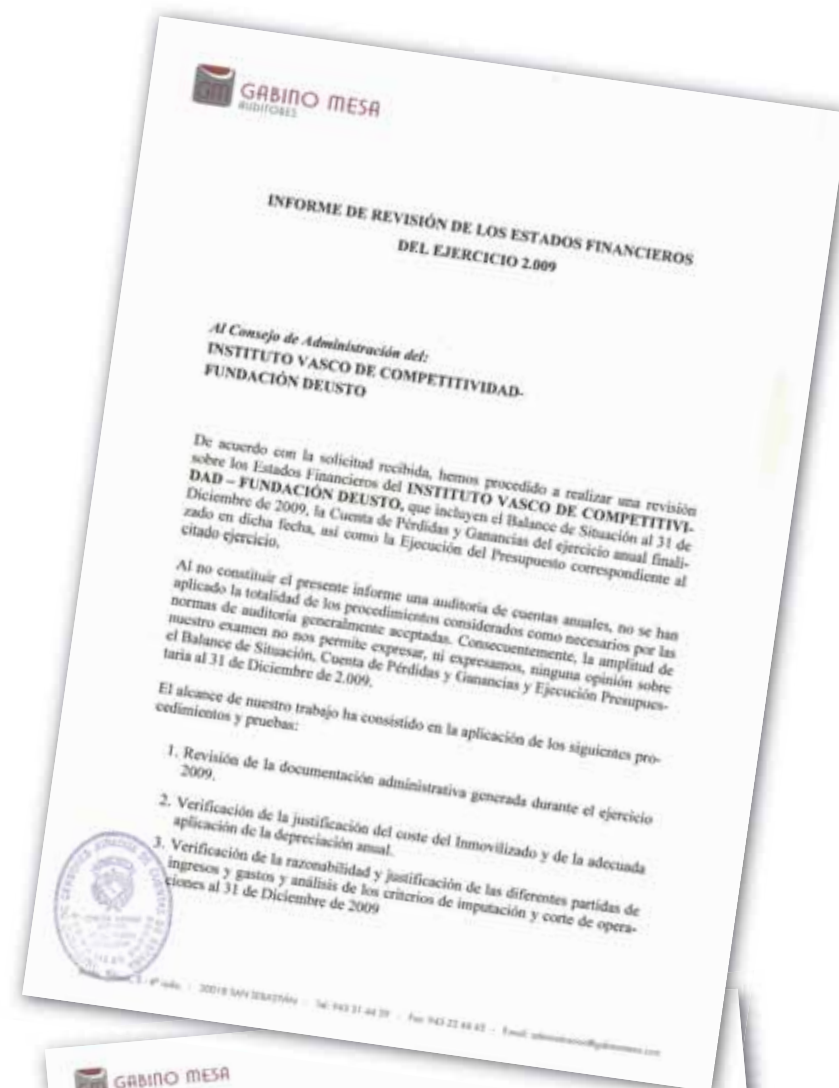


Financial Statement

In line with its commitment to accountability, the Basque Institute of Competitiveness submitted its 2008 annual account to review.

The following table summarizes the executed budget in 2008 (in thousands of €):

Expenses	2,893
INCOME	
Agreements w/institutions & businesses	2,693
Projects, etc.	378
Total income	3,071
BUDGET SURPLUS/DEFICIT	176



| Press |

In performing its essential function of generating and disseminating ideas that prove useful for the forming of public opinion, the Institute reached considerable media presence in 2009.

Articles written by Institute members for newspapers and industry magazines:

PARRILLI, M.D. (January 2, 2009). "Los procesos (software) de aprendizaje." *Diario Vasco*.

RIVERA, O. (February 1-15, 2009). "La competitividad y la innovación en tiempos de crisis." *Estrategia Empresarial*, p. 27.

NAVARRO, M. (May 10, 2009). "El ciclo, la posición comparada y la resistencia." *El País (Basque Country edition)*.

ARANGUREN, M.J. (May 1-15, 2009). "Clústeres y políticas clúster: verdaderas palancas de competitividad." *Estrategia Empresarial*, p. 2.

PARRILLI, M.D. (September 27, 2009). "Ahora y después." *El País (supplement on innovation in the Basque Country)*, p. 8.

NAVARRO, M. (September 27, 2009). "¿Investigación y desarrollo de bajo coste?." *El País (supplement on innovation in the Basque Country)*, p. 3.

NAVARRO, M. (October 16-31, 2009). "El siguiente reto: la interconexión del sistema." *Estrategia Empresarial*, p.2.

CURBELO, J.L. (October 19, 2009). "Conjeturas para la gestión estratégica de las empresas." *El Correo*, p. 24.

CURBELO, J.L. (October 19, 2009). "Conjeturas para la gestión estratégica de las empresas." *Diario Vasco*, p. 18.

| Orkestra in the news |

ESTE alumni newsletter, no. 7, 13-Jan-09. "La Universidad juega un papel básico para desarrollar una sociedad innovadora."

Cinco Días, 17-Jan-09. "Ibermática y Orkestra medirán el nivel de innovación de cada zona."

Estrategia Empresarial, 1-Feb-09 – 15-Feb-09. "Orkestra e Ibermática analizan el nivel de innovación comarcal en Gipuzkoa."

Expansión, 6-Feb-09. "Para rebajar la luz, primero tiene que subir."

La Gaceta, 6-Feb-09. "El IESE acusa al Gobierno de mala gestión energética y aboga por subir la luz."

Nueva Gestión, 23-Feb-09 - 22-Mar-09. "Orkestra y Garapen trabajarán para mejorar la competitividad."

Gestión 2-17, 2-Apr-09 – 2-May-09. "Herramienta gráfica."

Deia, 7-Apr-09. "El Gobierno Vasco impulsará la creación de nuevos clusters."

El Correo, 7-Apr-09. "El Gobierno Vasco estudia la creación de nuevos 'clúster' empresariales."

El País, 7-Apr-09. "La red de doce clúster empresariales puede ampliarse a Fundición y Artes Gráficas."

Gara, 7-Apr-09. "Los clústeres vascos de Fundición y Siderurgia son 'poco dinámicos'."

Diario de Noticias de Álava, 7-Apr-09. "El Gobierno Vasco estudia la creación de nuevos clúster."

Noticias de Gipuzkoa, 7-Apr-09. "El Gobierno Vasco estudia la creación de nuevos clústeres sectoriales."

Estrategia Empresarial, 16-Apr-09 – 30-Apr-09. "Una investigación identifica los clústeres emergentes de la CAPV."

ESTE alumni newsletter, no. 17, 22-Apr-09. "No veo factible la vuelta atrás a la globalización."

Noticias de Gipuzkoa, 30-Apr-09. "Las firmas vascas adoptan una 'alta tasa' de modelos de calidad."

Noticias de Gipuzkoa, 12-May-09. "Orkestra estima que la implantación de las TIC en Euskadi es 'buena'."

Diario Vasco, 12-May-09. "El uso de las TIC en Euskadi marcha bien."

Noticias de Gipuzkoa, 15-May-09. "Deusto participa en uno de los encuentros Woka Euskadi."

Diario Vasco, 19-May-09. "José L. Curbelo, nuevo director general."

Gara, 26-May-09. "La falta de financiación condiciona la actividad emprendedora vasca."

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Deia, 21-Jun-09. "Hay que pasar de la innovación tecnológica de 'txoko' a una mayor apuesta para alcanzar a la Europa avanzada."

Deia, 21-Jun-09. "José Luis Curbelo, director general de 'Orkestra'."

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Diario Vasco, 17-Sep-09. "Las tecnológicas vascas aguantan la crisis y su actividad solo cae un 1%."



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Cinco Días, 30-Sep-09. "Euskadi destaca en Europa por su alta tasa de emprendedores."

Cinco Días, 30-Sep-09. "Exportaciones de nivel medio."

Cinco Días, 30-Sep-09. "A la cabeza de la inversión en I+D dentro de la nueva Europa."

Estrategia Empresarial, 1-Oct-09 – 15-Oct-09. "Las firmas vascas de TIC se enfocan al área de tecnología."

Noticias de Gipuzkoa, 23-Oct-09. "Solo el 3% de las empresas de Euskadi tiene un alto potencial de crecimiento."

Cinco Días, 31-Oct-09 and 1-Nov-09. "Europa penaliza más el fracaso empresarial que EE.UU."

Noticias de Gipuzkoa, 28-Nov-09. "Más cerca de la sociedad."

El Mundo, 30-Dec-09. "Harvard premia un proyecto de Orkestra."

País Vasco

"Europa penaliza más el fracaso empresarial que EE UU"

DAVID AUDRETSCH E IÑAKI PEÑA
Expertos en el mundo de los emprendedores empresariales



“LAS FRASES”

“Este año puede haber más emprendedores por necesidad. Por la falta de trabajo recurren al autómpleno”

“A la cabeza de la inversión en I+D dentro de la nueva Europa”

“Solo el 3% de las empresas de Euskadi tiene un alto potencial de crecimiento”

“Europa penaliza más el fracaso empresarial que EE.UU.”

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CAMPUS DEL PAÍS VASCO

Estudiantes en el espacio digital

Deusto es la primera universidad estatal en poner a disposición de todos sus estudiantes el conjunto de herramientas para educación de Google



Estudio de la UPV sobre Derechos Humanos

Un grupo de profesores de la UPV/EHU, dirigido por María Larruga, acaba de publicar en la prestigiosa revista de Thomson Reuters la segunda edición del Compendio europeo de Derechos Humanos.

El volumen ocupa 1.500 páginas y recoge los resultados de una investigación la jurisdicción más importante que el Tribunal Europeo de Derechos Humanos ha dictado a lo largo de su historia, el caso español relativo a la jurisdicción más reciente.

El investigador destaca que esta es la única edición existente en castellano de un compendio de derechos humanos en Europa de Derechos Humanos, lo que refleja su importancia científica y su relevancia política.

Entre los autores de esta obra que se encuentra en el momento de su edición se encuentran el profesor de la UPV/EHU, María Larruga, y el profesor de la UPV/EHU, Juan José García, y el profesor de la UPV/EHU, Juan José García, y el profesor de la UPV/EHU, Juan José García.

Noticias de Gipuzkoa, 23 de octubre de 2009

Sólo el 3% de las empresas de Euskadi tiene un alto potencial de crecimiento

ORKESTRA RECALCA QUE DEBE AUMENTAR EL NÚMERO DE FIRMAS

En el último quinquenio, la tasa de emprendedores en la CAV ha pasado de un 2% a un 2%



El crecimiento de la tecnología y la innovación tecnológica, según el estudio, es el elemento clave para el desarrollo de Euskadi. Este estudio, que forma parte de un informe más amplio sobre el estado de la innovación en Euskadi, destaca que el sector tecnológico es el que más crece y que el número de emprendedores en este sector ha aumentado significativamente en los últimos años.

El estudio también señala que el número de emprendedores en Euskadi es aún bajo en comparación con otros países de Europa, lo que requiere políticas de apoyo más robustas para fomentar el emprendimiento y el crecimiento empresarial.

UGT estima que Gipuzkoa tiene una situación "muy complicada", con más de 800 ERE

El territorio vasco con más expedientes de regulación temporal de empleo (ERTE) en el tercer trimestre

El territorio vasco con más expedientes de regulación temporal de empleo (ERTE) en el tercer trimestre

El territorio vasco con más expedientes de regulación temporal de empleo (ERTE) en el tercer trimestre

Harvard premia un proyecto de Orkestra

Un estudio presentado por Orkestra-Basque Business School de Euzko Garraiaren Unibertsitatea (BBK) ha sido premiado por Harvard Business School (HBS) como el mejor proyecto de innovación en Europa.

El estudio, que forma parte de un informe más amplio sobre el estado de la innovación en Euskadi, destaca que el sector tecnológico es el que más crece y que el número de emprendedores en este sector ha aumentado significativamente en los últimos años.

El estudio también señala que el número de emprendedores en Euskadi es aún bajo en comparación con otros países de Europa, lo que requiere políticas de apoyo más robustas para fomentar el emprendimiento y el crecimiento empresarial.

10 AÑOS CREANDO EMPRESAS

DA EL SALTO CON EL CAMBIO

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- Aeronautics Cluster Association of the Basque Country (HEGAN)
- Basque Association of Development Agencies (GARAPEN)
- Basque Chair of Competitiveness (BCC)
- Basque Innovation Agency (Innobasque)
- China Europe International Business School (CEIBS)
- Cluster Associations (CA)
- Comunidad Autónoma del País Vasco (CAPV, Basque Country)
- Deusto Business School (DBS)
- Diputación Foral de Bizkaia (DFB)
- Diputación Foral de Gipuzkoa (DFG)
- Electronics, IT and Telecommunications Cluster (GAIA)
- European Network on Industrial Policy (EUNIP)
- Executive MBA (EMBA)
- Global Entrepreneurship Monitor (GEM)
- Institute for Strategy and Competitiveness (ISC)
- Instituto Iberoamericana de Innovación (i3B)
- Inter-American Development Bank (IBD)
- Microeconomics of Competitiveness (MOC)
- Program for Leadership Development (PLD)
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