

[Automatic captions by Autotekst using OpenAI Whisper V3. May contain recognition errors.]

[SPEAKER\_00]

It's on, so you can stay.

Okay.

Hi, welcome to the episode three of our The Rig Podcast by Center for Innovation Research, University of Stavanger.

In this podcast, we go beyond academic papers in order to know the stories of researchers that shape our understanding of innovation and regional development.

Okay.

[SPEAKER\_01]

My name is Raj.

This is my co-host Muzamil, and together we are the co-hosts of this podcast.

Today with us we have Thilo Lang from Leibniz Institute.

I'm sorry for pronouncing it a bit off, but I'm not German.

But Thilo has been working a lot with peripheral regions.

Today we heard a really nice story and a really nice presentation, his research on

on hidden champions of regions of Germany.

We're all very interested in peripheral regions, but we would like to start this episode by asking you, why are you interested in peripheral regions?

What's so special about them and what keeps you doing this research?

[SPEAKER\_02]

First of all, thanks for having me in this podcast.

Very nice to be here.

My interest in peripheral regions is both personal and academic, I think.

Personal, I was always touched by the stories and fates of those less popular known regions.

I started my academic career with my final thesis at the end of my studies with some research on shrinking towns in East Germany.

So towns that within the course of 10 years lost up to 30% of their population, up to half of their jobs and economic base and

I wanted to understand what's going on there, what's happening there, how people are helped with policies, with political decisions, how people saw their own future, present and past.

Yeah.

And it's also very, very interesting stories that you get to know when you go to those regions.

So it's very different to going to New York, Rio, Tokyo, Paris, London or so.

It's places that people don't know, but they have their own stories, their own potential and their own people.

[SPEAKER\_00]

yeah uh in your uh work we would like to know how do you define peripherality and when you talk about peripheral region or peripheral regions so what do you mean by the word peripherality or

peripheral

[SPEAKER\_02]

So periphery is always a very tricky term.

That's why we prefer to talk about the process making places or regions peripheral.

So talking about peripheralization as a process composed of different elements that construct places and regions that we term periphery.

So that could be very structural processes like population decline, loss of jobs and functions.

But that also includes the ways how we talk about certain places, spaces and regions and the ways how we talk about regions as peripheral regions.

[SPEAKER\_01]

going off of that tangent there could be many indicators in by which some regions could be peripheral and some regions in some other indicators the very same reasons could be core i would like to take the example of Stavanger where we are

In terms of population, 150,000, it's very peripheral, but in terms of innovation, perhaps it's one of the most innovative regions in Europe.

Based on this, how do you think researchers should shape their understandings of periphery and how does it impact the discipline of innovation?

There's differences in the variations of peripherality.

[SPEAKER\_02]

So I think if we come across any clear-cut definition of periphery with hardcore indicators, we should start being very cautious.

Periphery is always relational.

So it's the periphery of something.

And you can't imagine something being peripheral without imagining the opposite, some other thing being central.

So is Stavanger peripheral in terms of distance to Oslo?

Or what's the relation that we make up?

And also in terms of the relations that we use to talk about peripheries, we also have to be cautious because we are used to relate within the national context.

But things often look very different if we relate in a continental or even global context.

So is Norway a peripheral country in a global context?

Is it peripheral in terms of continental European context?

Is it peripheral in a Scandinavian context?

So yeah, geographically you could say that's north of Europe, so it's very peripheral against the geographical center of Europe.

I think there are probably a dozen different centers of Europe in geographical terms.

But that's then one very particular definition and we should be cautious not transferring that kind of perspective into all other different types and aspects of life.

[SPEAKER\_00]

Yeah, if we talk about your recent research related to hidden champions, to the audience who are not from the field, how do you define hidden champions or this recent research to them?

[SPEAKER\_02]

So we go back to a definition brought up by Hermann Simon in 2007, who was a kind of pioneering researcher into this particular type of companies in Germany.

And he defined Hidden Champions as being the top three providers on a particular market for a particular product worldwide or number one in Europe.

And typically in a very specialized niche market segment.

So those hidden champions usually are specialized in items which are very particular, very special.

And for that type of items, they have a leading role in global markets.

So we're not talking about big global lead firms like BMW or Volkswagen or Siemens or so.

We're rather talking about unknown companies that are often family owned with a longer history, deep relation to their place and region, still family owned and family run.

[SPEAKER\_01]

Yeah.

You've obviously done a lot of research on hidden champions and also research on the regional context.

My question then is, have you identified certain traits which allows these hidden champions to be champions?

And what are these traits that are maybe not so different from the traits of other companies that are in the core, which also allow them to be very successful?

So what is really not different between the core and the periphery?

[SPEAKER\_02]

So I think first of all, we need to understand the relevance of those hidden champions for the economy in Germany.

It's a huge group of enterprises.

It's between 1,500 and 2,000 or maybe even more firms that are highly specialized at that level and also successful at that level. um and they are more or less equally dispersed across Germany so um yeah there might be some some hot spots where we find a couple of hidden champions um but it's

It's not in a way that you find them primarily where we also have the hotspots of research facilities and universities and like what we typically would name like knowledge regions or hotspots of the global knowledge economy or so.

So these hidden champions, you can find them basically everywhere in Germany, also in Austria and Switzerland.

And they are very relevant for the places where they are located.

And the secret of their success is probably the focus on a particular market segment and the capacity to be always on top in terms of advancing their particular product.

[SPEAKER\_01]

Do you think they have a mechanism to understand what's happening all over the world and staying on the top of the market? How do they do that?

[SPEAKER\_02]

They do that by maintaining a network of affiliates and kind of daughter firms, strong network relations in countries where they entered the market. They also do this with the support of specialised service providers for market entry. And they typically also took their time to grow into these markets. So they are not born global. So they started from a very solid base, typically within their home region where they're still located. Most of them are in the production manufacturing sector. And they found their niche where they managed to be successful at global scale and managed to maintain the success with close market observation, with good relations to clients, suppliers, collaborators in the regions where they are present. Yeah.

[SPEAKER\_00]

yeah uh then if we we are moving to the end of this podcast so before that uh how would you summarise your recent research that that you have done related to hidden champions in Germany

[SPEAKER\_02]

We started this research basically because we were struck by the dispersion of hidden champions in Germany and thought this is contradictory to what we got trained in university. in relation to industrial clusters and relevance of tacit knowledge and local bars and local networks, the relevance of co-location for the spread of knowledge and innovation transfer. And then we came across this data on Hidden Champions in Germany and thought this doesn't match to what we know from knowledge generation and innovation training at universities. And at the same time, it also doesn't fit to the rationale of policymakers and general stereotypes of regions. So what is perceived to be innovative as a region? So which regions do we believe produce new knowledge? Can we link the knowledge production to a region at all? Or is this too much container type thinking? So with this research, we could demonstrate by comparatively analyzing hidden champions in core locations and what we call peripheral locations, that there is no major difference. So there are small, tiny bits and pieces in terms of valuation of the history and tradition in the region that's stronger in more rural regions. The attractiveness maybe of the region is seen as higher in locations and agglomerations. But if we look at different parts of knowledge transfer innovation process, all that types of firms operate according to very, very

similar logic.

So there is no big difference.

So breaking up this urban bias was, I think, a great achievement of the research.

And secondly, also to see how strong perceptions of place can be linked to normative imaginations of space and to break this up and show examples and provide empirical evidence that

There can be great products, great innovation, great firms, novelty, creativity from everywhere.

I think that's a good achievement of the project.

[SPEAKER\_01]

I was trying to find this one quote that I came across last week.

I couldn't, but I can roughly translate it.

It said, the best thing that a peripheral region can do as a regional policy is to be really good at copying innovative actors and trying to adopt them best.

Would you challenge that statement?

To copy which type of actors?

Any innovative actors.

Not to invest so much in R&D, but be really good at copying stuff.

[SPEAKER\_02]

But this could only be true if we started from the assumption that people in that places are more stupid than in other places.

[SPEAKER\_01]

But you see the distribution of R&D is not the same in the core versus peripheral regions, right?

[SPEAKER\_02]

It depends on what you look at.

So the distribution of publicly funded R&D facilities is channeled to the big cities and city regions.

And that's usually driven by political decision.

If we look for the concentration of R&D in a firm-centered network, we have a lot of examples of hidden champions in Germany that have their R&D capacities at their headquarters, and their headquarters can be everywhere.

And for some firms, it's a huge advantage to be in those locations.

So we cannot sustain the argument that firms deliberately go to those knowledge hubs.

Some do.

for mainly for marketing purposes, because they have learned that they can more easily acquire high quality stuff if they have a location in one of the more posh places.

That's all perception.

[SPEAKER\_01]

Yeah.

How do you see the role of connectivity in connecting peripheral regions and core regions?

Is it a must?

I think this also relates to your previous answer where you said,

how do they stay at the top of the game is through their office locations and spread assist organizations.  
How do you see connectivity of peripheral regions with core regions?  
And is it a precondition?

[SPEAKER\_02]

Now, there are probably many ways to interpret connectivity, so I'll exclude the kind of transport planning connectivity meaning.  
So if we talk about network connectivity, I think basic training and education  
And networking are two of the most important features for knowledge sourcing, knowledge generation and innovation at the end.  
And the firms that we studied, they have all been very good in networking where they need to network.  
but also in terms of working within their own structures when they wanted to be secluded.  
So keep their secrecy.

[SPEAKER\_01]

That's very nice to hear because those are  
generating knowledge and networking are the two indicators in my first PhD paper.  
So that's really validating to hear that from you.  
Okay.  
I think we've come to the end of our podcast, but in every episode, we're trying to do this trend where last guest leaves a keyword for you to reflect at from your research perspective, and then you can give a keyword to your next guest.  
The last speaker left the word collectivity to you.  
Can you spend some sentences on collectivity?

[SPEAKER\_02]

I would use it or apply collectivity to research practice in my field.  
I'm also head of department, so many people to coordinate.  
If we manage to work really collectively on similar topics, we have the potential to really drive research over the edge, if you want to say so.  
And compared to working on your own, collectivity is a very important principle for good research, I would say.

[SPEAKER\_01]

Very nice.  
And your keyword for the next guest?

[SPEAKER\_02]

No surprise, I would pass on peripherality as a keyword for the next guest.  
I'll be curious to learn how they respond to super.  
That would be super relevant to us as well.  
Do you want to close?

[SPEAKER\_00]

Yeah, thank you so much for joining us today.

And thank you so much to our listeners as well.  
Till we part.  
And thank you very much for listening to the Reg-Innovation Podcast.  
Till we meet next time.  
Thank you.

[SPEAKER\_01]

And thank you, Thilo, for joining us.  
Thank you for having me.

[SPEAKER\_00]

Yeah.  
Thank you.