

Territorial Servitization

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Over the last decade, the provision of knowledge-intensive services is widely recognized as one of the key engines for the consolidation of knowledge-based economies. The competitiveness of manufacturing businesses increasingly relies on their ability to introduce value-adding services into their operations, and to offer integrated packages of goods and services; a process described as the servitization of manufacturing. Servitization can be seen as a mechanism to develop innovation capabilities by realizing a shift from products to product-service systems.

The integration of services in-house has considerable risks and therefore manufacturers have a growing demand for externalizing knowledge-based services. Knowledge intensive business service (KIBS) firms inject advanced services across new and incumbent manufacturing businesses. KIBS are both sources and carriers of knowledge that might impact territorial and urban performance by providing high value-adding services to other organizations, and fueling job creation.

The renaissance of local manufacturing sectors has been found to result in some cases from the presence of a dynamic KIBS sector. The local presence of KIBS has been shown to help new manufacturers internalize the cost of offering advanced services, while at the same time contribute to alleviating operational weaknesses linked to their liability of both newness and smallness. As such servitization and the benefits of knowledge-intensive service provision do not necessarily have to be fully integrated within the manufacturer's internal value chain. There are benefits to 'Territorial Servitization'.

Territorial servitization contributes to local competitiveness and employment creation through the virtuous cycle generated when a resilient local manufacturing base attracts or stimulates the creation of complimentary KIBS businesses, which in turn facilitates the creation of new manufacturers. Knowledge-intensive service ventures tend to agglomerate together with new and incumbent manufactures, developing linkages and strategic alliances, and therefore opening a virtuous entrepreneurial circle, which in turn positively influences the renaissance of manufacturing (Lafuente et al., 2017 & in press). The servitization of regions offers an opportunity for local manufacturing economies to resume growth and sustain long-term competitiveness. As such, the renaissance of manufacturing through territorial servitization not only enables the upgrading of existing manufacturing competences, but it offers an opportunity to develop and anchor new technological capabilities across regions. These can potentially support business and industrial resilience leading towards better distributed and sustainable socio-economic growth and prosperity.

This ERSA special session aims at discussing the following topics:

- Economic assessment of the impact of product-service implementation on territorial performance in servitized contexts
- Do KIBS firms offer opportunities for local SMEs to outsource service provision? And for multinationals to reshoring their production to the home country? Which is the relevance of geographical distance at the time of transferring knowledge from service to product firms?
- Conceptualization and provision of evidence on new approaches to cluster and industrial district policies formed by multi-sector, including manufacturing and service, firms.

References

- Lafuente, E., Vaillant, Y., Vendrell-Herrero, F. (2017) Territorial Servitization: Exploring the virtuous circle connecting knowledge-intensive services and sustainable new manufacturing businesses". *International Journal of Production Economics*. 192, 19-28.
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