

Improving Governance in European Innovation Policy

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EU Innovation policy an extraction from the innovating enterprise – a danger or imagination?

Supposition:

Public programs to create environment in which innovative enterprise can succeed must be based on the understanding what is the innovative enterprise and what stimulates enterprises, entrepreneurs to innovate.

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Arguments :

- **First, the real danger exists that IP implemented through public programs will be based on the assumptions that may have sound plausible when proposed but are utterly at odds with the manner in which innovative enterprise work and develops.**
- **Second, even in the case of perfect innovation policy governance either on the community level, national or regional, the policy instruments undertaken would not mobilize the innovation potential of enterprise and entrepreneurs if these are not based on understanding what an innovative enterprise is and what stimulates enterprises and entrepreneurs to innovate.**

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Definition, outcome, factors :

(Based on: W. Lazonick, "The theory of innovative enterprise, Gosnell Lecture, November 2, 2009)

Definition:

The innovative firm transforms the productive resources under its control into higher quality, lower cost goods and services than had previously been available at prevailing factor prices.

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Outcome characteristics :

- Uncertain (cannot be done optimally)
collective (cannot be done alone)
- cumulative (cannot be done all at once).

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Factors contributing to transformation of un-innovative to innovative enterprise:

1. the firm – strategy, organization, finance;
2. the industry – technological, market and competitive conditions;
3. economic institutions - government, employment and financial institutions.

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EU and national public policy domain for enhancing innovative capacities:

What can be done: not much but at the same time a lot:

Acting upon key factors determining strategic decision of enterprises and entrepreneurs to invest into innovative transformation of existing resources - the supply side – and on demand side – support market access.

Take into consideration the industry specifics. Industries differ in terms of technological, market and competitive conditions.

EU Innovation policy an extraction from the innovating enterprise – a danger or imagination (1/1)?

BUT:

- **Avoid from the temptation to overdo; private sector should play a lead. It is important to combine catalytic role of innovation policy with an awareness of the limits of its ability to stimulate the creation of entrepreneurial innovative enterprises.**
- **Recognize the long lead time associated with public incentives for enhancing innovation and entrepreneurship;**

EU Innovation policy an extraction from the innovating enterprise – a danger or imagination (1/2)?

- **Avoid proliferation of too many programs from different authorities and poor implementation. Different authorities have different mandates what influences enterprises/industries in different way. Without sound coordination it is difficult to make the policy that matters.**
- **Take on an effective evaluation of public initiatives/programs for continuous improvement of innovation policy and its impact.**