

The flowers of innovation policy in the Czech Republic

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Starting points

- A lot of money available/spent, limited evaluation capacities (mostly input/quantitative), large volume of information
- Attention to the subject stimulated, interested groups stimulated
- Both large and small projects involved
- No strategy available – progress is faster ? (demand and supply interplay)
- Target groups – more dispersed SMEs segment, impact limited
- Big projects in R&D, not in innovation (VTT?), AND missing link to entrepreneurship
- Missing (sophisticated) making and implementation expertise (must be external, requires special training)
- Role of individual efforts/motivations

Structure

- Innovation vs R&D policy
- Policy-making deficiencies
- Business innovation strategies and their barriers
- Innovation infrastructure and intermediaries
- Supply of and demand for innovation support
- Implications for innovation support system

Entrepreneurship and Innovation 2007-2013

- Innovation policy as annex to R&D (Council for R&D **and** I)
- Dichotomy in the support from EU (and national policies):
 - R&D for Innovation: Ministry for Education
 - Entrepreneurship and Innovation: Ministry for Industry and Trade
- Applied R&D from national resources:
 - Limited number of incumbent recipients, bias to BIG projects for limited scope of fields (budget maximization)

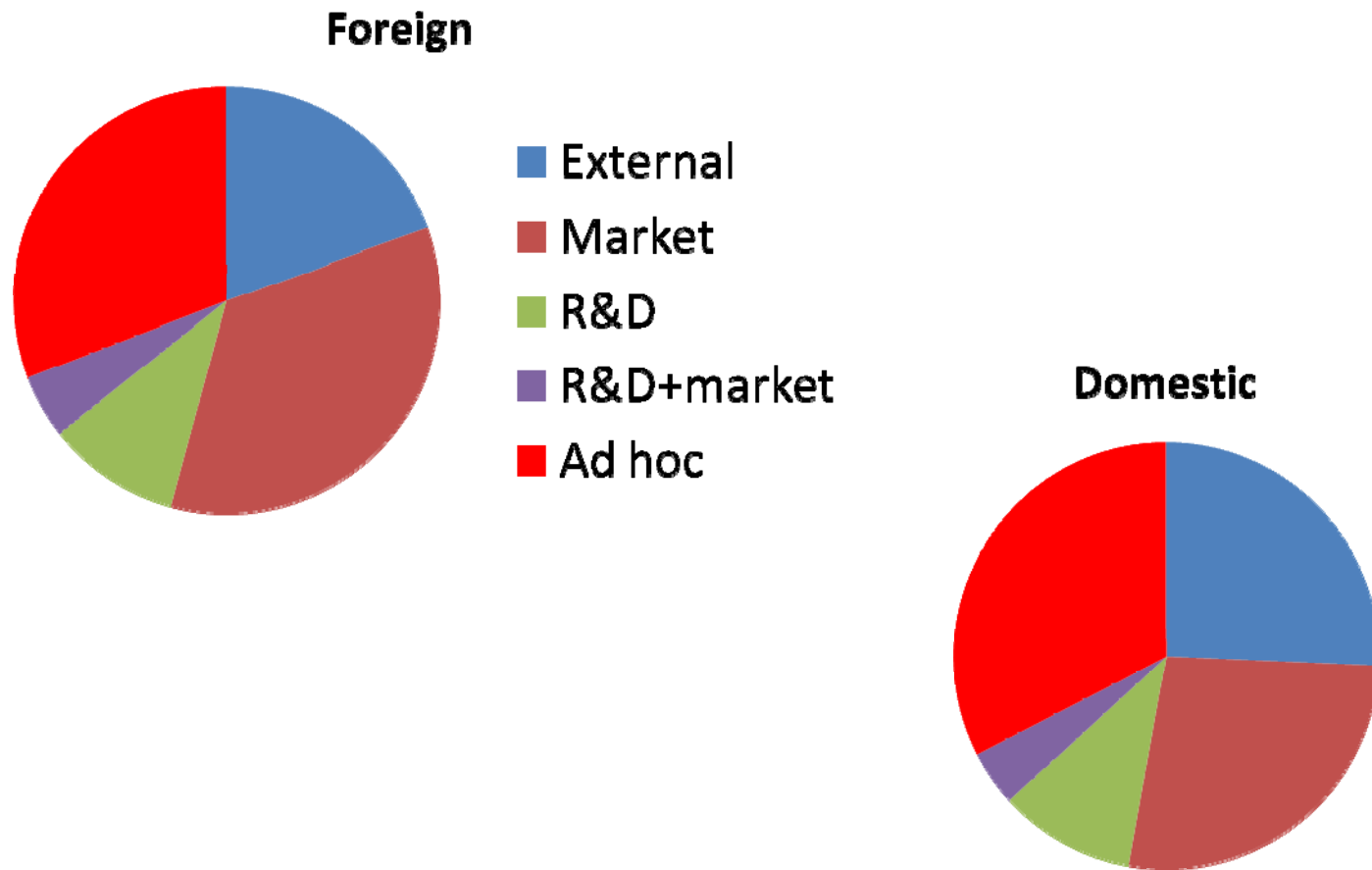
Policy-making deficiencies

- Missing national policy expertise
 - Copying of foreign best practice (CIS and statistics not enough): measuring what is visible not what is important
- Missing analysis of country/industry competitiveness (value chain configuration)
 - Mechanistic application of EU benchmarking exercises
- Missing evaluation practice (with policy/programming impacts)
 - Distribution biased in favour of (incumbent) interest groups (recipients and their suppliers)
- Extensive programming period, delay of agenda setting, non-efficient way of involving stakeholders (eConsultation project attractive)

Innovation strategies and their factors (reality much more complicated)

	R&D and cooperation	Market oriented	External (purchase based)
Innovation activities	External and internal R&D	Introduction of innovations to market, design/development	Purchase of machines and external knowledge
Information sources	Universities and research institutes	Customers, suppliers, other companies	Conferences, trade fairs, publications
Motivation/effects of innovation	Product and process innovations	Product innovations (incremental)	Process innovations (cost reduction, regulation requirements)
Protection of results	Patents, industrial designs	Less important (trade mark, copyright)	Not used

Innovation structure of business sector



Innovation companies

- Innovation characteristics are industry specific
- Mostly no differences in foreign vs. domestic ownership with exception of **non-technological innovations**
- Cooperation factor important only for R&D based innovation companies, more important partners from business sector (than knowledge organizations)

Innovation barriers

- **Innovation barriers:** undeveloped non-technical competences, dependent position in value chain with missing knowledge about final market, difficulty in searching for partners

Innovation infrastructure and intermediaries

- **Science-technology parks**
- **Technology transfer centres**
- Business (innovation) incubators
- Technology centres
 - Strongly supported by EU policy and support
 - Quality of services (role in innovation development), innovativeness of companies residing in the centres – low, under-average
 - Increasing demand for sophisticated and tailored services, new quality of intermediaries

Innovation support - subsidies

- **Subsidies:** 5800 proposals – 52% accepted (54,5 mld. – 42% provided)
- **The most demanded form of support:**
 - subsidies to investment, rather simple investment projects of technology modernization (including favourable environmental impact) = Innovation through new technology, highest job creation
- **The least demanded support:**
 - Cooperation between businesses and/or between businesses and academia

Innovation support – loans/guarantees

- **Loans/guarantees:** 3500 proposals – 60% accepted, 13 mld. demanded – 38% provided
- **Market conform measures, with strongest demand for support (both for start-ups and developing companies)**
- Administered by specific Guarantee and Development Bank

Partnerships in supported projects

- Partnerships explicitly required or recommended
- Partnerships mostly include 2-3 entities, more important for small companies, for companies with own R&D activities
- The highest impact (value added/new jobs) in projects with 1-2 partners, in innovation oriented and specific projects (with knowledge institutions)

Policy implications

- Relation between the nature of innovation strategies and innovation support (to support country specific competitiveness) – setting in strategic framework (?)
- Reflection of demand for support or its stimulation/transformation (ministry knows better what companies need or should need 😊)
 - Specific or horizontal support
 - Exclusive or accessible support
 - Evenly distributed or concentrated support
 - Reactive/passive vs. proactive support
 - National or regional support