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Innowatch Regional Newsletter

Application of Technology Watch Methodology for Assessment of Regional Innovation Policy Impact on SMEs

Nowadays, companies that acting on regional or national markets try to be more successful than other businesses by achieving competitive dominance. It is also observable that innovation capacity is a crucial factor determining national or international competitiveness and economic development of any company. Therefore, enhancing innovation is not only a key determinant of companies economic growth but also a cornerstone of regional economic development. However, many SMEs do not take advantage of the investment in innovation, for that reason, it is important to create the common objectives for regional innovation policy. Nonetheless, all efforts connected with creation innovation policy strategy depends on existence of survey results within the frame of innovation. In the current Regional Innowatch Newsletter we are pleased to present the results of such research conducted in four partnered region: Il de France, Madrid, Sicily, and Podlasie. We believe that presented results will receive the serious consideration of local authorities in future regional innovation strategy planning.

The Innowatch Team

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Innowatch Partnership:

- Madrid's Entrepreneurial Association .
- The Consortium Catania Riserche.
- The Chamber of Commerce and Industry of Paris.
- The Podlaska Regional Development Foundation.

In this issue:
The results of the regional research

Innovative Capacity of Il de France, Madrid, Sicily, and Podlasie Region.

The information presented on the next pages summarises the results of a survey carried out to discover the level of innovation development in four European regions. The collected data and conclusions were based on four separate researches conducted in each of the region. The abstract of the survey, demonstrates within four points of framework strong and weak sides of the particular region in the context of regional innovation.

Framework:

R&D (employment, expenditure, types, tax credits, co-operation, promotion),
Innovation (expenditure, barriers, costs, ability etc.),
Co-operation (p-p, commercializing, alliances, agreements),
Public support (government financing, p-p).

On the basis of these findings, it would seem that there are significant differences in the level of innovation development in surveyed regions.

Podlaska Regional Development Foundation

PODLASKA FUNDACJA ROZWOJU REGIONALNEGO

Research & Development

The study of the Podlaskie region explain the weak sides of R&D activities. Limited number of companies with their own R&D structures (it can be biased by sample size) and only internal financing of R&D activities are the examples of a pessimistic trend. Development of R&D activities is impeded by lack of regional R&D institutions support, unawareness of possibilities to receive the support, as well as high costs of cooperation for R&D.

Co-operation

Although only a minority of companies cooperates, there are various partners involved: private as well as public. Respondents mentioned consulting firms, business partners, science and technology parks, innovation and technology transfer centers, research institutions, and incubators (private and public boosters of innovation). It is also important that companies often co-operate with government or self-government institutions and agencies or national universities, which shows evidence that public-private co-operation is increasing.

Firms from Podlaskie region are isolated. It is a result of various factors. Majority of companies did not attempt to partner because of unawareness about benefits from partnership with public sector (in the case of public-private partnerships). Another reason is also view of entrepreneurs that there is lack of adequate institutions to co-operate. Futhermore, the economic environment is not a positive factor, embraced by lack of trust, skepticism, and cost of cooperation as obstacles to innovation. Majority of local companies does not partner with regional institutions and only less than 16% of them attempt to partner. Establishing co-operation with government is rejected mainly by vagueness of regulations,

Public support

Possibility to co-operate shows that there are functioning institutions which can offer assistance or aid to companies in the case of implementing innovation.

Respondents pointed to lack of government support for innovation, such as tax reliefs, subsidies, complicated procedures. Another reason for considering lack of public support is that there is not enough information about external financing and HR training.

Innovation

The study reported a high innovation rate of regional firms. Many companies from SME sector have implemented new or modernized products or technologies. Almost two thirds of companies from the region presented innovative changes. It is worth to notice the positive trend in the region development that is the increasing awareness of entrepreneurs about the importance of innovation acitivity which reflects in: increasing market share, reducing production costs, and improving product quality. However, research results show that there are still weak areas in the context of innovation. Companies from Podlaskie region are not able to reach innovative standards of international market and Podlasie appears to be inferior in the case of new products' sale share criteria. The study recognized barriers for innovation, which are mainly lack of capital (for smaller enterprises) and high cost of infrastructure modernization (for medium-big enterprises). Each barrier in implementation of innovations is connected to financing – internal and external. A negative trend in investing on innovation in Podlaskie is dependence on internal finances which causes low effectiveness of innovative process. Other obstacles for innovative activity are, for example: lack of awareness, lack of human resources competent to implement innovation, and lack of information and cooperation. The following facilitations were mentioned by respondents as necessary to promote innovation: tax reliefs, simplification of procedures, low interest rates credits.

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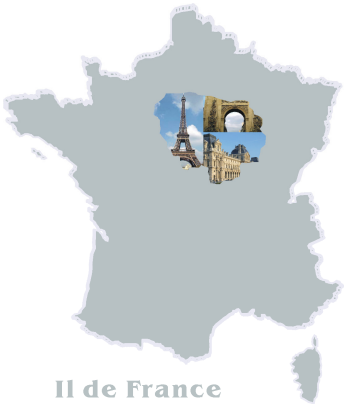
The Chamber of Commerce and Industry of Paris

Chambre de commerce et d'industrie de Paris



Research & Development

The study of Ile-de-France region demonstrates that more than a half of researched companies has been engaged in R&D activities in the last 3 years and over one third of companies obtained external R&D funding. External funding came mostly from government, national or regional programs, also from research institutions, and only 6% from venture capital. This shows a positive trend in financing R&D – not based on internal but on external sources of funding. An important strong point in the region is the R&D tax credit intended to promote innovative activity by reducing eligible spending.
Ile-de-France is a competitive region but despite that fact it needs to keep pace with the rest of Europe. Main weak sides that have been perceived in the case of R&D are: limited capacity of firms to commercialize research, high cost of R&D and lack of awareness of opportunities for R&D tax credit. The tax credit established by government has been only considered by 20% of companies, from which about a half was successful.

Co-operation

There has been an increase in collaborations, alliances, joint ventures and partnering activities among companies in Ile-de-France region. Firms partnered with local colleges, R&D consortia, created joint ventures with international companies, and due to co-operation introduced new good on the market. In the case of alliances or joint ventures among researched companies repeatedly innovative activities were shared by two or more firms. Firms that partnered with regional universities, colleges, government, research institutions, and special schools (engineering) reported a high success rate from co-operation activities. The negative trend in French region is the fact that less than 20% of companies attempted to partner, although majority was successful. Main reason for lack of co-

Public support

The region demonstrates that public support is already implemented, as in the case of tax credits for companies as well as research grants.
Still, however, there is a need of assistance for firms from the government through focused policies to facilitate innovation.

Innovation

Most of the companies from Ile-de-France region are engaged in innovative activities, such as acquisition of machinery, equipment or technologies, employee trainings, monitoring of customer satisfaction, improving internal processes, and participation in associated activities. Most of respondents introduced new or improved goods and processes on the market. The modern tendency in the French region is networking, perceive as an opportunity to innovate. In this new trend firms that participated in industry association activities and collaborated with researchers from various sectors were more likely to carry out innovative activites. Similar trend has been observed for companies that established joint ventures with international companies. Furthermore, innovative companies in the region were more likely to innovate in the future – this fact points to an overall European trend.
The Paris region does not occupy a strong position in the case of patents (only 5% of researched companies applied for a patent) and implementation of intellectual property (about one fifth). The biggest barrier for innovation is still financial and insufficient assistance is given by government to support companies.

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Confederación Empresarial de Madrid

CEIM
CONFEDERACION EMPRESARIAL DE MADRID-CEOE

Innovation

The most of companies are an innovative companies in Madrid region. Only 11% of Madrid's companies stated that they did not innovate or they innovation activities did not reflect in new or improved products or services. The highest innovation results have the small and big companies, whereas the medium ones has a little smaller outcome. However, the similar trend could be identified in EU, where big and small economic units are more innovative than the medium ones.

Research & Development

Madrid heads other Spanish regions in the area of technology with a total business enterprise expenditure on R&D of 32.76%. In GDP terms, the BERD of the region is 1.81% higher than the national; and very close to EU average values. 60% of the resources applied by the enterprises to R&D are concentrated in biotechnology, pharmaceuticals, ICT and health. On the national level, Madrid ranks first in terms of R&D personnel.
The region also attracts more than 30% of total Spanish investment in R&D, in which large-scale European projects play an important role. The innovation and technology transfer support system involves a wide range of organisations. It links the universities and the 50 research organisations to companies in the region and abroad through an action called "madri+d", and focuses mainly on pharmaceuticals, electronics, the environment and industry.

Co-operation

The region of Madrid has many possibilities to cooporate. It offers a full range of teaching services for every educational level. The universities of Madrid deploy their own R&D programmes. Furthermore, Madrid has a great number of public research and technology organisations, which also includes the national scientific research council (Spanish acronym CSIC), with a wide variety of research fields. There are over 43 research centres that group 8 working-areas in the region. Madrid concentrates 52% of the public GERD, which does not include universities.
Science and technology parks are one of the main features of Madrid's innovation system. Among these is the technology park of Tres Cantos, the first regional "new satellite." The park has business-incubator facilities and is specialised in start-up, development, consolidation and growth of new technology-based firms. The main emphasis is on electronics, ICT, robotics, environmental technology, energy, new materials, chemistry, biotechnology and health.

Public support

A wide range of institutions that creates many possibilities to co-operate indicates that in the Madrid region are many prospects for support of companies within the frame of implementing innovation. The region of Madrid concentrates 27.3% of all the scientists in Spain, considering graduates from higher education institutions alone. The contribution of scientists to the total R&D personnel in Madrid is higher than the EU average (49.1%) and is only surpassed by Germany. This can be due to the less relative technical application oriented research. Overall, Spain contributes with 6% of the overall EU researchers.
In terms of higher education and R&D potential, the Madrid region offers all facets of the scientific and human sciences range. Furthermore, a large number of the most prestigious Public Organisms for Research (OPIs) are located in Madrid. The region also attracts more than 30% of total Spanish investment in R&D, in which large-scale European projects play an important role. The innovation and technology transfer support system involves a wide range of organisations. It links the universities and the 50 research organisations to companies in the region and abroad through an action called "madri+d", and focuses mainly on pharmaceuticals, electronics, the environment and industry.

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The Consortium Catania Riserche

CATANIA RICERCHE

Research & Development

Region of Sicily exhibits growth trends in Research and Development. The employment in R&D is constantly increasing and appears to be close to the national level. Universities employ most of R&D workers, and expenditure on R&D is at its peak there as well. Number of technical graduates and participants in life-long learning can be examples of an optimistic future trend. Together with high public expenditure on R&D, the above mentioned activities in R&D are evidences for well developed and highly competitive educational system which promotes innovation. Newly observed trends are rapidly growing expenditure on R&D by private non-profit institutions and increase of Sicilian patents in high-tech sector.
Some of the weak sides are connected to the specificity of the region in national economy. As study confirms, despite growth in R&D, still expenditure on it is lower than on the national level. The example of weaker sides of the region is also shown by not adequate growth in employment in high-tech sector. The example which was suggested as a strong side before, reveals also that where expenditure on R&D is absorbed mostly by universities, companies exhibit lower levels than in the whole of Italy. Another fragile point has to be mentioned, which is the negative trend of greater investing on R&D in large, manufacturing companies. Still number of patents introduced and published in Sicily is relatively low in comparison to the national level.

Co-operation

Sicilian companies exhibit the trend for co-operation with both private and public partners, especially high increase has been observed with suppliers and consulting firms. Companies engaged in services sector are more likely to establish inter-group alliances which can improve innovative activities.
The negative trend in co-operation among companies is illustrated by the fact that services sector establishes much more arrangements than industry sector, and that there has been a decrease in co-operation with clients.

Public support

Strong side of the public support is that on regional level SMEs receive more benefits than bigger enterprises, although public support is still insufficient.

Innovation

The study demonstrates that this region of Italy has a high rate of innovative companies, especially in the industry sector; it also demonstrates a greater rate of natality of frims (especially innovative firms) than on the national level. The remarkable fact is also that both on regional and national level expenditure rate of employment in innovation is on comparable level. The special feature of the region is a district for research and innovation technology in the field of Micro and Nano Systems in "Etna Valley", Catania. Creation of this district placed Sicily on 5th place among Italian regions in the increase of ICT and in this situation Catania is the only center in southern Italy for computer hardware and electronic components. Special programme "InvestiaCatania" that aims to assist in creation of new businesses has been introduced.
In the case of innovative activities Sicily shows a decrease in export of technology, and a traditional profile of export. Investments and total turnover of innovations are geographically distributed and sector-, size-dependent. Sicilian companies show less ability to innovate than on the national level.

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How to participate

The aim of this newsletter is to inform on the Innowatch project's results in order to present the useful materials and data for stakeholders involved in regional development through innovation.

Filling the participation form is a way to get potential stakeholders involved in the project, by taking part in the surveys and activities implemented or announced through this instrument. The main objective is to seek a feedback for regional consensus.

In return, the Innowatch team will update on the results, which will be freely available, including a demo of the INNOWATCH tool at the end of the project.

We would like to know if you are interested in participating in the Innowatch. If so, please fill in the following form. If you wish, there is a downloadable form available at the INNOWATCH website. Check the section "Documentation".

Participation Form

Please fill in the form and send it to us by fax to the number +48 85 7408685 or by email to the address innowatch@pfrr.pl

Name: ……

Organisation: ……

Your role: ……

Contact date:

E-mail: ……

Website: ……

Interest in Inowatch:

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