Foreword

This book originates from a collective work, the SMEPOL project (SME Policy and the Regional Dimension of Innovation), undertaken by seven European academic research teams, and financed by the European Commission (DG Research) under the Targeted Socio-Economic Research programme. This work was based on a comparative analysis of innovation policies for SMEs in several European regions, with the ultimate goal of identifying good practice innovation policies, of different types and in different kinds of regions.

The participants in this project are academics from: the STEP Group, Norway, acting as project coordinator; the Vienna University of Economics and Business Administration, Austria; the Southern Denmark Business School, Denmark; the Università degli Studi di Pavia, Italy; the University of Maastricht, The Netherlands; the Universidad Autónoma de Madrid, Spain, and the Middlesex University, United Kingdom.

The motive for such a project was straightforward. After having worked for many years on the issues of functioning and transformation of innovation systems, on the role of SMEs in regional development, or on the rationales for policy intervention in regional development and innovation, the researchers involved felt a need to forge a better link between their work and actual policy-making in those areas. The team was composed of researchers, who not only excel in their academic discipline, but also have developed good empirical knowledge of real-world policies. They all shared the wish to ensure a better flow of ideas between policy-makers and academics, both ways, recognizing the importance of integrating tacit knowledge held by the former into their own work. Quite naturally, they developed this project, trying to examine current regional, SME-targeted innovation policies in the light of contemporary knowledge on such issues.

The dialogue with policy-makers continued also after completion of the SMEPOL study, where all participating teams could fruitfully apply the results. Many signs of interest were shown to the consortium also from other researchers and policy-makers based in Europe and beyond. As a response to this broader interest we decided to publish this book, so as to diffuse the lessons learnt to a wider audience and to further the dialogue.

Drawing on the results of the SMEPOL project, this book thus endeavours to answer the following question: how should regional innovation

policies targeted at SMEs, be designed and implemented in order to improve their effects in terms of raising innovativeness in firms and regions?

To respond to this broad question, the partners of the SMEPOL project analysed policy instruments in the following regions: Upper Austria, The Triangle region in southern Jutland (Denmark), Lombardy and Apulia (Italy), Northern and South-East Norway, Valencia (Spain), North London with adjacent parts of the outer metropolitan area in Hertfordshire and Essex, Wallonia (Belgium), and Limburg (in the Netherlands). Over 40 policy instruments were analysed, falling into five broad categories: direct support, technology centres, brokers, mobility schemes and upgrading of SMEs' suppliers.

In each region, the SMEPOL analysis has been carried out following a common approach. Existing data have been used, but most of the input came through interviews with a large number of firms and stakeholders of the regional innovation systems. First, SMEs' innovation patterns were investigated: nature and intensity of innovation processes, sources and motives for innovation, barriers to innovation. Second, the overall policy framework was analysed. And third, as core of the analysis, the selected policy instruments were evaluated. The policy tools were evaluated according to two main types of information, i.e. against 'lessons' from modern innovation theory, and the specific SMEs' needs for innovation support in the study regions. The book provides the reader with essential elements of this analysis.

In Part I the background and conceptual foundations for the analysis are laid down. In Chapter 1, by Smallbone, North and Vickers, the specific characteristics of SMEs with regard to innovation and their role in contemporary European economies, are presented. Complementarity between big and small firms' roles in innovation, as well as heterogeneity among the latter are notably emphasized. Chapter 2, by Asheim and Isaksen, discusses the broad concept of innovation, the interactive innovation model and regional innovation systems as a framework for analysis and policy-making. Both chapters emphasize the diversity of possible innovation paths and strategies, both at firm and region levels. The key point there is that fostering interactivity in the system is a powerful tool to improve knowledge creation and diffusion of information, leading eventually to innovation.

In Part II the specific contexts for innovation and SMEs' innovation activities in each of the study regions is put in place. Chapter 3 by Isaksen gives a general view on the national and regional economic and policy contexts, pointing to important similarities and differences between the regions, analysing the variety of approaches to innovation support and pointing to typical innovation barriers. Chapter 4, by Kaufmann and

Tödtling, goes into more detail into the innovation activities of SMEs, main problems and driving forces, in each of the study regions, with the aim of providing guidelines on which aspects policies should address in order to be effective. A key argument in this chapter is that various types of SMEs and regions face different innovation barriers and that ‘one-size-fits-all’ policies are no solution.

Whereas Part II focuses on the policy context, highlighting market failures and system deficits which show up as barriers to innovation processes in regions and SMEs, Part III focuses on what we may call government failures by analysing the evaluated policy instruments.

The three chapters of Part III deal in detail with the 40 innovation policy instruments analysed under the SMEPOL project. Chapter 5, by Garofoli and Musyck, provides a detailed overview of policy instruments, according to a simple typology. Chapter 6, by Alfonso Gil, Sáez Cala, Vázquez Barquero and Viñas Apaolaza, summarizes the lessons learned from the evaluations of the instruments, distinguishing between short-term results and longer-term impacts for the various types of tools. By means of a benchmarking process, the most successful instruments are pointed out, within each category of tools. Chapter 7, by Christensen, Cornett and Philipsen, deals with the very important question of policy organization, discussing the multifacet notion of coherence of innovation policy. How to reconcile the need for, on the one hand, responsiveness and flexibility, and on the other hand, simplicity, transparency and stability in policy, forms a core question in this chapter.

Part IV contains the concluding Chapter 8 by Nauwelaers and Wintjes. This chapter presents a synthesized view on the state-of-the-art of SME-oriented innovation policies at regional level, as compared to the theoretical and empirical knowledge about SMEs, innovation and the regions. From this, it draws the overall conclusion that a new paradigm is needed for innovation policies, in which fostering interactive learning within the firms and within the regions plays the central role. Concrete suggestions for improving or reorienting individual policy tools, along the lines of this new paradigm, are delivered. Finally, the chapter calls for an interactive mode of policy intervention, as well as for more ‘policy intelligence’ in this complex field.

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