Preface

This book reflects to a great extent work pursued in the Research Programme on the National Innovation System in Finland launched by Sitra (The Finnish National Fund for Research and Development). The aim of the book is to give a broad overview of the Finnish Innovation System and its recent development trends. Of course, while the various articles cover a great number of aspects, we cannot claim to present a full picture. This is partly due to the fact that the system model itself is a rather vague concept.

Instead of aiming for completeness, we have integrated a great variety of different levels of analysis. For example, two articles in the book deal with various organizational aspects on the firm and inter-firm level, which has not been a focal area of research so far. We have put great emphasis on the institutional level, including among others, labour market aspects and competition law. Some of these institutional aspects are not always dealt with in standard textbooks. To include the industrial level goes without saying, as Finland is the most specialized country in telecommunications. In addition, we have included traditional industries and the emerging sector of knowledge-intensive business services. But Finland also provides some examples of successful regional specialization processes, as the two articles on Tampere Region and Turku Region demonstrate. Last but not least, we have included an article on Finnish science and technology policy, which created a favourable environment for the emerging knowledge economy.

The title of the book reveals that a dynamic analysis is pursued. The aim is to demonstrate Finland's capability to create a new knowledge-based national development path, in a country that in the 1980s was known as a forest economy. Finland is one of the very few countries that managed to catch up with the most advanced industrial countries within a very short period of time. By applying a systemic transformation approach, Finland has become a leading country in the new knowledge paradigm. This was achieved without major cutbacks in the highly developed welfare state. Due to this very balanced development, Finland is described as a specific model of the knowledge society, being monitored very closely by other countries.

The intention of the dense description of the Finnish innovation system was not, however, to present a model that could be copied easily by other countries. During the last few decades we have seen too many models, such as the Japanese and German ones, which have failed in the end. The book can be seen, however, as a contribution to reflexive benchmarking. This means that by reflecting on the

solutions Finland has developed for specific problems and fields of the innovation system, other countries may be able to gain a better understanding of their own solutions, their strengths and weaknesses. Finland is definitely a good example of successful reflexive benchmarking, as many of its institutions and political processes have been developed in the light of solutions in other countries.

The authors who have participated in the book share an interest in the national systems of innovation approach. But they also share the view that the approach is often applied in a rather narrow sense. There is a need to take more seriously the open character of the innovation system, which means that research needs to focus more on relationships and interactions of the innovation system with other economic and social subsystems. As innovation and learning is not necessarily a positive-sum game, more attention needs also to be given to the negative aspects of a high innovation dynamic.

Finland, with its still rather high unemployment rate, can also be seen as an example of the fact that the transformation into a knowledge society does not take place without serious social problems. Therefore innovation can no longer be associated with economic growth only; instead it needs to be recognized also as a means with which to solve social and ecological problems. This implies that more emphasis has to be given to non-technical innovations, including social, organizational, service and regulatory innovations. The broadening of the innovation concept implies a great challenge for innovation policy and governance. The traditional idea of a sequential policy process, which first concentrates on supporting innovation processes and afterwards deals with the negative consequences, can no longer be applied. Policy-makers, being confronted with large-scale changes, have to deal with the various problems simultaneously, which demands cross-departmental co-operation and a highly flexible political system.

This book would not have been possible without Sitra's Research Programme on the National Innovation System in Finland, as most of the articles rely on material collected in this programme. Therefore Sitra deserves to be mentioned as the initiator of the book. I also thank the Work Research Centre and the Research Institute for Social Sciences, University of Tampere, for financial support for this publication. Also, Marjukka Virkajärvi has continuously accompanied the process of the book's production and has produced the final manuscript. Joan Lofgren has taken on the function of checking the language of the various articles. Both should be thanked for their patience in the preparation of the book. Dymphna Evans of Edward Elgar Publishers should be thanked for her encouraging support for the project. And what would have happened without Annikki's loving support in the sometimes very stressful process of editing this book?

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