

# Policy Implications of Work Package 4

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# Objectives

- ▶ Distill implications and policy recommendations.
- ▶ Draw parallels to recent literature
- ▶ Frame policy incentives for creative-destruction and demand-side innovation **by** placing Gazelles (a la CKQ, ) - at the forefront of policy-making.

# Grouping of innovation policies & Institutions

- ▶ Group 1: Business environment, institutional & IPR Framework
- ▶ Group 2: State ownership *of* academic, R&D Institutes, e.g. US National Labs, Fraunhofer
- ▶ Group 3: State Subsidies *to* R&D/innovation in private companies
- ▶ Group 4: Public procurement *from* private companies

# Policy Instruments to support Gazelles

- ▶ (i) regulation of the external and environment: e.g. Eco system for VC, bankruptcy,
- ▶ (ii) direct subsidies to companies in order to stimulate high growth, and
- ▶ (iii) indirect support via financial intermediation e.g. Venture Capital (next)

# VC for hungry Gazelles

- ▶ Antonelli and Teubal retrace history of financial institutions as a means to raise capital for investment hungry entrepreneurs
- ▶ Lerner et al (2012) pivotal role of gazelles added urgency to governmental efforts to create a venture capital friendly eco-system
- ▶ Maital (2012) cites Israeli Angel Vardi: " I don't choose companies. I choose people"

# Why Mittelstand aren't Gazelles?

- ▶ "Mittelstand = backbone of German economy" – 40% of export
- ▶ Why don't mittelstand grow fast like gazelles? Dislike VC and IPOs. Why?
- ▶ Dilution of control, term of investment
- ▶ Recently VC industry has been adapting to the needs of Mittelstand

# Knowledge and Skills for Innovation

- ▶ **Ontology of knowledge, Antonelli 19/2011**
- ▶ **The importance of external sources of knowledge in the innovation process**
- ▶ **This is firmly established in the following empirical research in WP4:**
  - **Antonelli and Scellato 18/2011**
  - **Antonelli and Fassio 5/2011**
  - **Antonelli, Crespi and Scellato 6/2012**

# Knowledge and Skills for Innovation

- ▶ Investment in geographical clusters and national communities of innovators is a good idea
- ▶ But how exactly this can be achieved by policy requires more accurate policy evaluation
- ▶ Often these policies take place under a regional innovation policy paradox



# Knowledge and Skills for Innovation

- ▶ A tremendous need for re-evaluation of policies in the area of education, skills and migration to support innovation
  - Support the weak or strongest parts in regional perspective
  - Responsibility-based policies to prevent free riding and brain drain
  - Education and skills to target needs for more Gazelles
  - Greater investment in the hard sciences?

# Call to other WP leaders

- ▶ Feedback from each work package as to how they see their contributions can fit with this demand-led policy agenda?
- ▶ Where shall we look in your work packages for findings that have strong policy implications?