

Key actors for innovation in firms

When analyzing innovation in firms, one needs to consider the diversity of firms that co-exist in innovation systems, ranging from large firms with structured R&D activities to small and medium sized enterprises (SMEs) that hardly invest in innovation or do so in a less formal manner. It is also necessary to consider innovative entrepreneurship, that is, the conditions under which new firms with an innovative profile are born and enter into the market.

SMEs represent a substantial part of GDP in most countries, and contribute substantially to job creation, but they are subject to more stringent barriers to innovation than larger companies with a more diverse portfolio of R&D interests and greater resources with which to support these. Some of these businesses, however, can be instrumental as drivers of change introducing new disruptive technologies. This might be more difficult for larger companies as these often face a more cumbersome internal structure (see [Large firms](#) [1]). Large multinational enterprises (MNEs) play a leading role in technological innovation, R&D investment and patenting. They can be critical elements for facilitating technology transfer from abroad. This is not only relevant for emerging and developing countries (see [MNEs](#) [2]).

To support innovation in firms, many national and regional governments around the world have established [innovation promotion agencies](#) [3]. These agencies may provide a wide array of incentives including not only direct funding of business R&D through grants and loans, but also other kinds of support services such as information exchange, awareness building, training, incubation services for start-ups, technology assessment, technology foresight, etc.

Each of the different types of firms faces specific challenges in pursuing their innovative agendas and requires different types of policy support. Some of the key questions that drive the design of efficient policies to promote innovation in firms include the following:

- What are the patterns of innovation in each specific group of companies?
- How do the different actors interact with each other?
- How can innovation promotion agencies best contribute to addressing the needs of each type of firms?

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- [1] <https://www.innovationpolicyplatform.org/content/large-firms?topic-filters=12252>
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