

Innovation vouchers

Innovation vouchers, which refer to small lines of credit provided by governments to small and medium enterprises (SMEs) to purchase services from public knowledge providers (universities, PRIs), promote collaboration and stimulate knowledge transfer, supporting, thereby, SMEs' innovations. They aim at being a catalyst for the formation of longer-term relationships. Key elements in the success of innovation voucher schemes include: the capability of actors to recognise the benefits of interaction and their capacity to quickly identify possible partners, offering simple application procedure and their efficient administration by the public agency in charge.

What are innovation vouchers?

Innovation vouchers are small lines of credit provided by governments to SMEs (small and medium enterprises) to purchase services from public knowledge providers (universities, PRIs) to promote collaboration and stimulate the creation of small-scale innovations at firm-level. While SMEs tend to have limited exchange with public knowledge providers (due to information asymmetries such as the cost linked to the identification of relevant information providers), research providers on the other hand are more familiar with public agencies and larger companies. Innovation vouchers aim at building new relationships between SMEs and PRIs to stimulate knowledge transfer and to act as a catalyst for the formation of longer-term relationships.

What activities and outcomes do innovation vouchers seek to influence?

The voucher (generally below € 10.000) is meant to act as an incentive for SMEs to approach knowledge providers with their innovation-related problem. The target actors of the vouchers' scheme are PRIs, HEIs (higher education institution), SMEs, researchers and funding organizations, and its purpose is to establish linkages—advice and consultancy and R&D collaboration—between these actors. The scheme aims to address the following market and system failures: SMEs tend to lack leading-edge knowledge and typically have non-existent relationships with public sector research. PRIs and HEIs, on the other hand, have difficulties finding users of their research. The scheme therefore seeks to establish the role and status of PRIs/HEI researchers as direct providers of services to SMEs.

What factors should be considered for the introduction of innovation voucher schemes?

The scheme is dependent on government funding and there is a risk of deadweight loss, with support possibly going to firms that would have undertaken innovation efforts even without public support.

The key element in the success of such voucher schemes is also the capability of actors to recognise the benefits of interaction. As the vouchers represent a subsidised industry-university co-operation, it is unclear whether the vouchers create a one-off exchange, or whether they will allow altering the long-term attitude of SMEs towards R&D and innovation.

For implementation of the scheme itself, applications should be simple and “light-touch” for SMEs, considering the small “lump-sum” provided by the voucher. The voucher should also be directly administrated by a public agency (rather than a university) as it avoids potential conflict of interest, reduces the burden on the knowledge provider and may allow greater scope for follow through with other types of government support for innovation.

Geography will likely be another important factor, favouring relative proximity. The scope and scale of public research and its specialisation will be important in determining the opportunities for knowledge services (supply). The state of economic development, specialisation and industrial ecology (demand) is also essential to the success of the voucher programme. Finally, the effectiveness and popularity of the voucher programme will depend on brokering: the capacity to enable firms to quickly identify possible partners and reduce the load on knowledge providers.

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