

Policy intervention on innovation in firms

Advances in the understanding of the role of innovation in addressing socio-economic challenges have led to a different understanding of the expected contributions and outcomes of business innovation and related policy. The expansion of the number of deployed instruments, pursued objectives, and actors involved in innovation policy has increased the complexity of the policy landscape, and enhanced the risk of inconsistencies and redundancies between programs. Achieving coherence and balance in the set of policies affecting business innovation, and coordinating the various actors involved in these policies have, consequently, become increasingly important for policy efficiency.

What are the policy questions regarding policy intervention for innovation in firms?

Common policy challenges include:

- Where can public intervention be most effective in support of business innovation? (see [Policy rationales and objectives for innovation in firms](#) [1])
- What instruments can governments use to achieve the policy objectives they have set? (see [Supply-side policy instruments for innovation in firms](#) [2], [Demand-side policy instruments for innovation in firms](#) [3] and [Connectivity policy instruments for innovation in firms](#) [4])
- What policy capacities and resources are needed to achieve policy objectives? (see [Policy-making contexts for innovation in firms](#) [5])

What are main policy approaches to address policy intervention for innovative entrepreneurship challenges?

The main policy approaches to address challenges associated to policy intervention for innovative entrepreneurship deal with:

Institutional governance (see [Institutional governance](#) [6]) by:

- Ensuring the coherence of policies in support of innovation in firms.
- Involving various stakeholders from the business sector (including SMEs, start-ups, MNEs and large businesses) in the policy process for wider impacts.

Strategy and coherence of policies (see [Strategy and policy coherence](#) [7]) by:

- Ensuring co-ordination between the local, regional and national levels at different stages of the policy cycle and with other policies of the policy portfolio.
- Adapting the policy portfolio to country specific characteristics to the extent that they impact on innovation in firms

Policy-making contexts for innovative entrepreneurship (see [Policy-making contexts for innovative entrepreneurship](#) [8]) by:

- Developing expertise and integrating new competencies within the public administration, to adapt to policy needs and instruments (e.g. skills for innovation- and small businesses-oriented procurement).
- Using external competencies and expertise when necessary (e.g. using external experts to evaluate grant applications).
- Integrating evaluation into the policy process (including policy definition, implementation and improvement) by adopting a comprehensive approach to evaluation and taking into account interaction between policies.

References

- OECD (2012), OECD Science, Technology and Industry Outlook 2012, OECD Publishing, Paris. doi: 10.1787/sti_outlook-2012-en
- OECD (2011), Business Innovation Policies: Selected Country Comparisons, OECD Publishing, Paris. doi: 10.1787/9789264115668-en
- OECD (2010), SMEs, Entrepreneurship and Innovation, OECD Studies on SMEs and Entrepreneurship, OECD Publishing, Paris. doi: 10.1787/9789264080355-en

Related Link: Policy making contexts

Policy instruments

Measurement for Policy

Strategy and policy coherence

Public Policy and Governance

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[3] <https://www.innovationpolicyplatform.org/content/demand-side-policy-instruments-innovation-firms?topic-filters=12076>

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