

# Research of an innovation. innovation cooperation, which measures

[Business](#), [Entrepreneurship](#)



Research and development (R&D) is a key driver of innovation that responds to economic incentives and public policies. The more cutting-edge knowledge is produced, the more likely it is to spill over into new products and private R&D activities. In this regard, patents provide a valuable measure of the exploitation of research results and of the inventiveness of countries, regions and enterprises. Patenting has a strategic role in supporting the Europe 2020 strategy. Introducing innovative ideas to the market through patenting helps improve the EU's competitiveness and productivity, which underlie economic growth and employment, and brings long-term benefits to the economy at large through the wide diffusion of knowledge.

Thus, it is a major, long-term challenge for a country to identify, design and implement reforms needed to improve the quality of the research and innovation investments. EU countries, especially the peripheral countries (Greece) and new member countries (Bulgaria, Estonia, Croatia), should, follow a multi-annual overarching and holistic policy, prioritize growth-enhancing expenditure and invest, consistently and systematically, on the research and innovation fields. Governments play a critical role in funding higher education and basic research, the basis upon which firms can build their own R. But fiscal policies are also important to foster private R investment. Public and private sectors can work together in complementary ways to boost innovation and growth (IMF, 2016). Complex innovations with the highest potential for boosting productivity and growth often depend on the ability to draw on diverse sources of information and knowledge, or to collaborate on the development of an innovation. Innovation cooperation, which measures among other things the flow of knowledge between

enterprises and public research institutions and enterprises, provides an important indication of enterprises' innovation activity. Many times, private firms by themselves don't invest enough in R because, they often find it difficult to finance risky R investment projects, even if the projects are expected to yield high returns.

This is especially so during recessions when liquidity constraints are more prevalent. For that reason in periods of macroeconomic negative trends, fiscal policies that help stabilize output do significantly raise private R investments and support productivity growth. In many countries the process of private R investments is hampered by obstacles, such as permits and licenses, labor-market regulations, financial constraints and tax barriers. Beyond core innovation policies, such as the improvement of workers human capital, there are other policies whose impacts must be taken into account, e. g.

taxation policy, competition laws and regulations, etc., as they constitute the framework conditions for innovation (OECD, 2016). A dynamic business environment is essential for the promotion and diffusion of innovation.

The challenge is to make use of R by fostering entrepreneurship and creativity to trigger innovation and economic competitiveness. Therefore, measures targeting knowledge diffusion and absorption of ideas and innovations, for example, through the creation of technology markets and licensing schemes, are just as important as investment in knowledge generation. The higher the uptake and use of ideas from R, the more likely

innovative players are to invest in future knowledge generation through increased private R expenditure.

Innovators also help to create a more dynamic innovation system. In many cases they contribute to the structural and technological changes needed to adapt to new circumstances and challenges (Eurostat, 2017). European strategy should be based on the annual increase in public funding which could significantly enhance innovation; this can be done either by directly allocating public resources in HEIs and PRIs through grants or procurement, or by providing indirect support through subsidies and tax incentives on private R initiatives. The focus of public funding should be in sectors that combine the national economic priorities and the social interests with the international scientific and technological trends and perspectives. Additionally, it could introduce enhanced competition in the allocation of funding among institutions on the basis of their performance (e. g. scientific publications in order to attract external funding, peer reviews of the economic and societal impact for grants).

It should strengthen the cooperation between HEIs, PRIs and firms, through the encouragement of partnerships between the private sector and the R and innovation system. Priority should be given to the promotion of policies that can exploit tangible and immediate results, to the conjunction of the research with the production, and to the creation of innovative products and services that benefit the citizens and the competitiveness of the economy. In the long run, another policy target should be the alignment of the supply of knowledge and skills provided by the HEIs with the demand of the R sector. Generally,

many reforms are concerned, such as the establishment of an effective internal market, flow without restrictions for researchers, knowledge and technology, an improved education system, and a more productive innovation and research base. Europe needs to innovate in order to exploit research results and convert them into marketable products and processes which drive productivity and economic growth.

Regarding future research, this study could be further advanced in the investigation and evaluation of R quality, efficiency, effectiveness and productivity of HEIs and PRIs in EU countries. We believe that this is crucial factor in the direction of the country's development in the international competitive and dynamic environment.