

## Regional dimensions of Innovation Policy – lessons from a new EU member country

"There is no development without innovation.

A competitive society is one that has an ability to adapt to new challenges, to learn and to apply knowledge. A competitive economy is characterized by risk-taking and innovation, realised through new enterprises, new investments and the creation of new, competitive products, services and processes. States should provide support for these processes with conscious, predictable and coordinated policies.

Technology and innovation performance have become a key element of economic growth in developed countries over the past two decades. This general trend, however, was not, or hardly reflected in the economic policy of Central and East European countries (including Hungary), where economic trends accompanying the transition to democracy favoured more comfortable solutions or ones that seemed to be comfortable. But technological development is not only a tool of economy. It should help improving the quality of life, or in other words, the "quality of society". That is not possible without a growth in competitive economy which is a necessary, but not the only, condition of increasing prosperity. Indeed, it is only one of the methods of achieving prosperity. Future-affecting decisions can be judged on grounds of their degree of helping the fair distribution of growth-generated excess resources, thus promoting human development.

To determine the quality of life, the HDI (Human Development Index) is used. Its three main indicators can not be separated from the innovation performance of a given society. Research and development as well as innovation need to be strengthened to improve gross national product per capita, educational performance (literacy and the proportion of educational levels) and life expectancy (or, in a different approach, healthy life expectancy) in a country.

It would be impossible to tell the future global direction of research and experimental development, that is, *the main trends for research*. Therefore, when drawing up strategies, we set out to answer *the how* instead of the *what*.

The knowledge-driven economy affects the innovation process and the approach to innovation. The old fashioned idea that innovation is based upon research and interaction between companies and other actors is replaced by the current social network theory of innovation. In the knowledge-driven economy, innovation has become the key for competitiveness. With this growth in importance, organisations large and small have begun to re-evaluate their products, their services, even their corporate culture in the attempt to maintain their competitiveness in the global markets of today. At the same time, organisations in both the public and private sector have launched initiatives to develop the methodologies and tools to support entrepreneurship and the management of innovation in business. Higher education establishments, business schools and consulting companies are developing appropriate methodologies and tools, while public authorities are designing and setting up education and training schemes aimed to disseminate best practice among businesses of all kinds.

Yet innovation takes many forms. In addition to traditional technological innovation, there is innovation through new business models, new ways of organising work, and innovation in design or marketing. Managing and exploiting to best effect all these different kinds of innovation represents a major challenge to businesses today."

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