

Building Innovation Capability: The Irish Experience

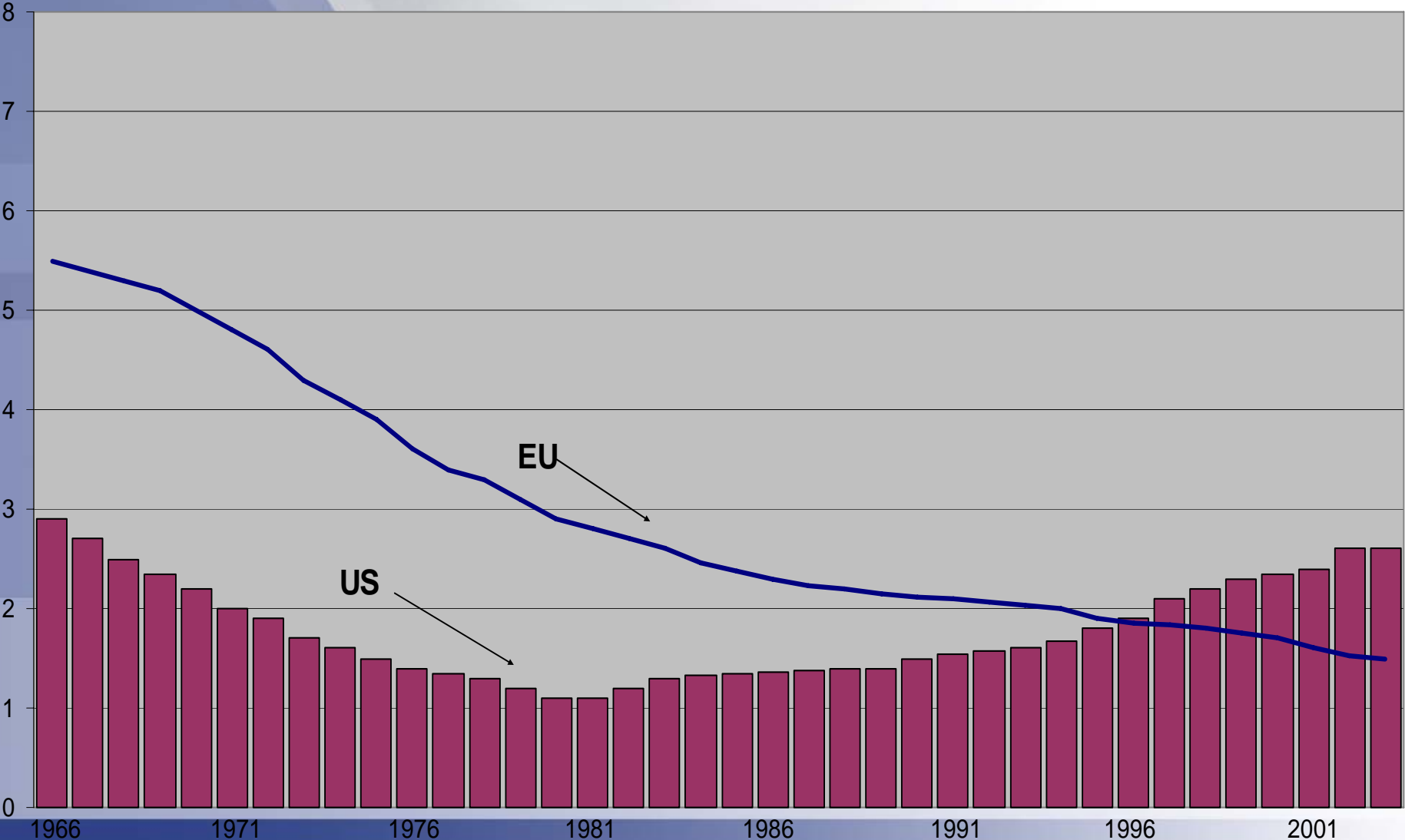
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EU Lisbon strategy

- Europe to be the ‘most competitive and dynamic knowledge-based economy in the world’ by 2010
- Yet concern about decline in EU labour productivity growth from the mid-1990s, compared with US
- EU report cites failure to meet targets for ‘national innovation capacity’, including *skill development*

Growth in labour productivity (per hour, moving average)



“The problem is... that the Lisbon strategy has become too broad to be understood as an interconnected narrative. Lisbon is about everything and thus about nothing. Everybody is responsible and thus no one. The end result of the strategy has sometimes been lost. An ambitious and broad reform agenda needs a *clear narrative*...”

High Level Group, Facing the Challenge, 2004

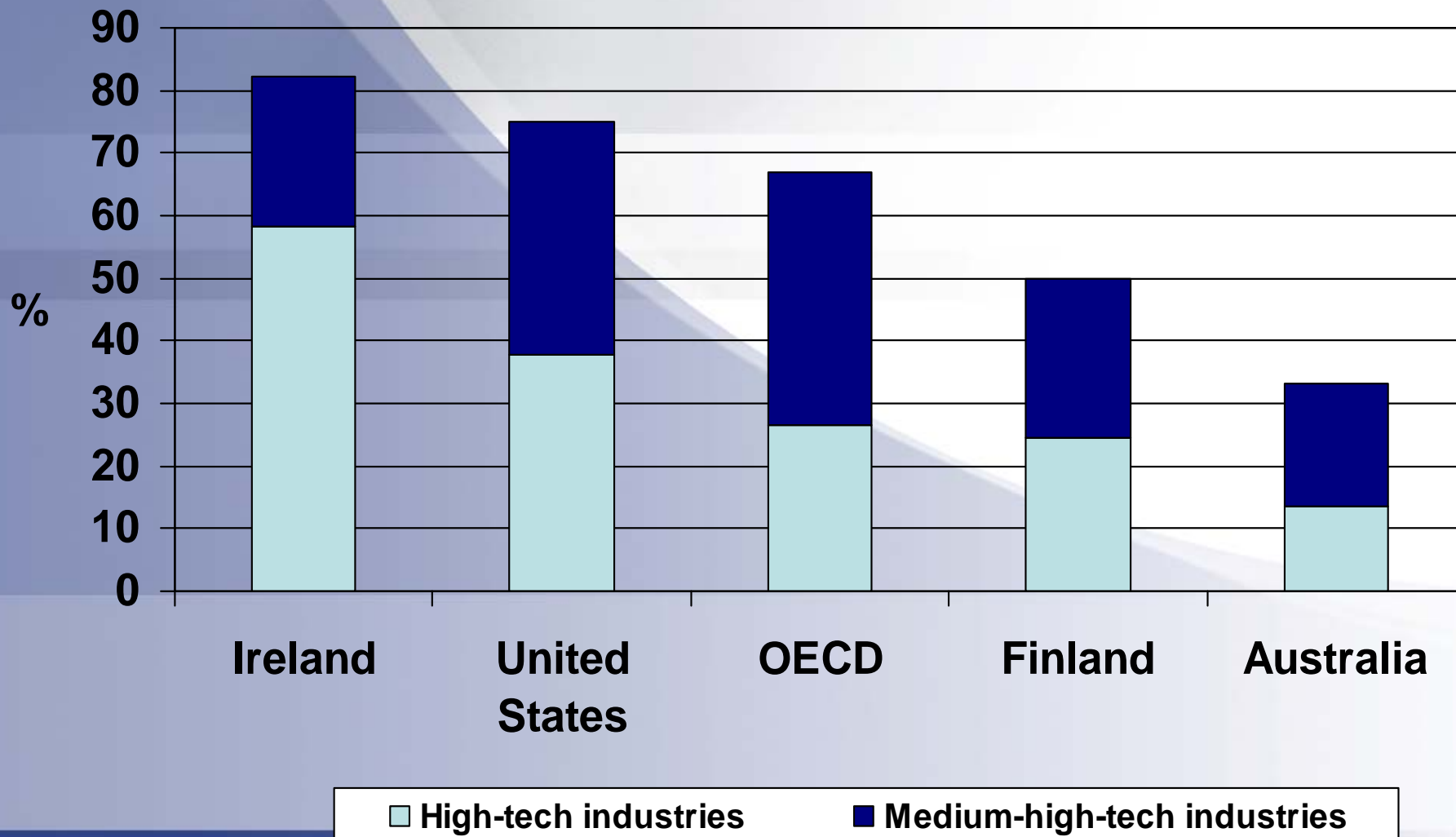
Ireland's narrative

Ireland's narrative is still evolving but focuses on the need to build innovation capacity through investment in research, education and training:

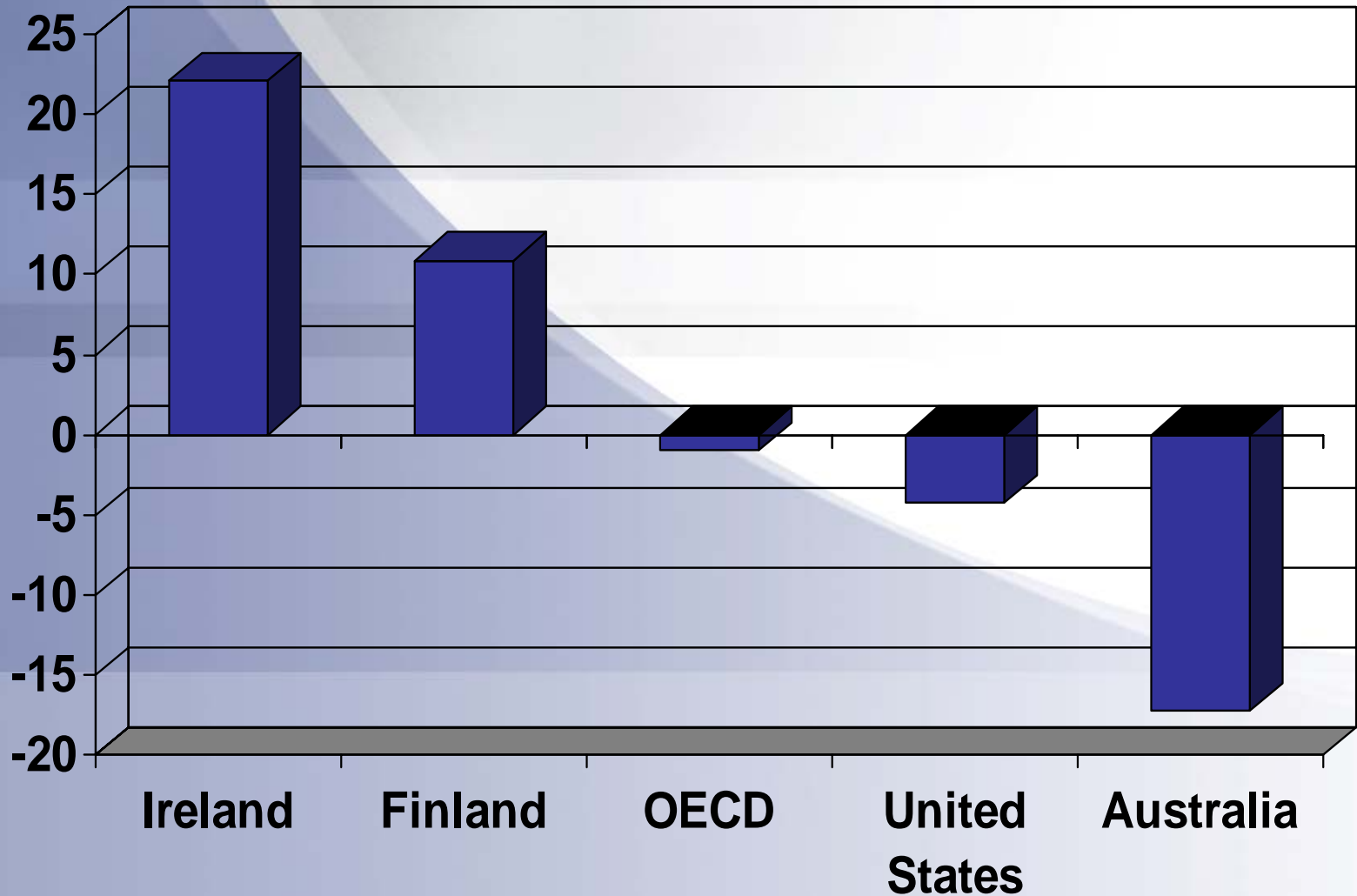
“Ireland's competitive advantage is no longer based on low labour costs but on the skills and ingenuity of people.”

- Taoiseach (PM) Bertie Ahern

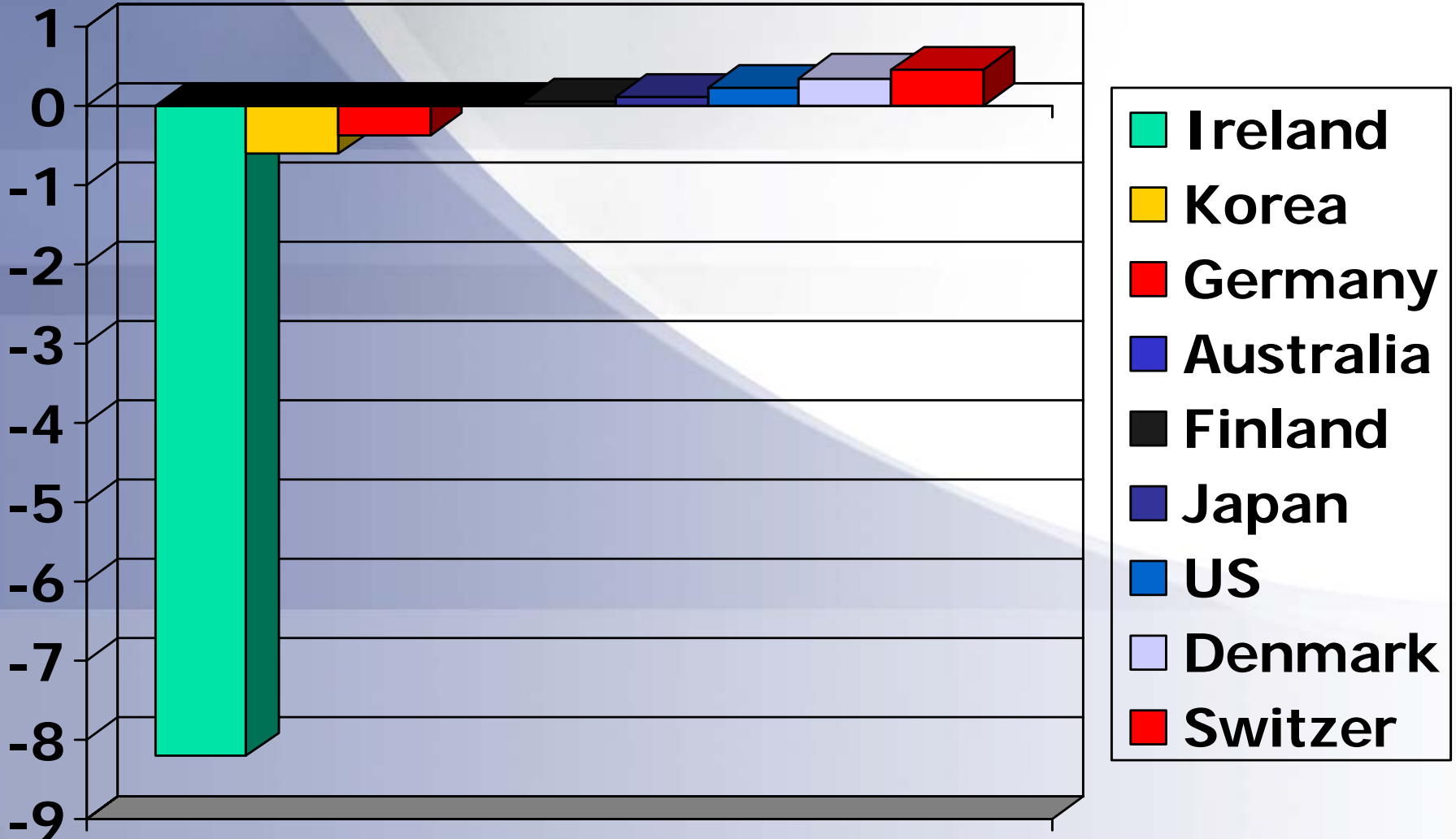
Share of high and medium high technology industries in manufacturing exports, 2001



ICT sector trade balance (%)



Technology Balance of Payments (% of GDP)

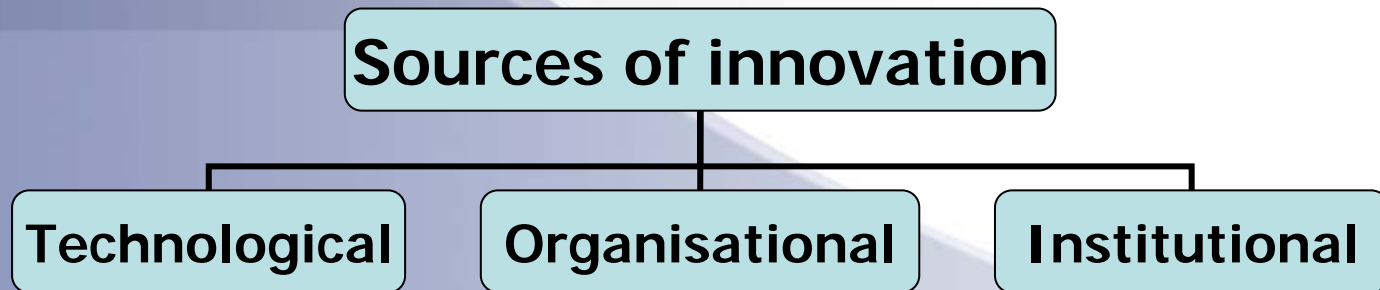


New enterprise model

“Whereas in the past, products manufactured in Ireland were designed elsewhere, in the future, more of the ideas, the designs and the technology must originate here. Companies in Ireland will have to innovate and gain leadership positions in their target markets”

Enterprise Strategy Group, Ahead of the Curve, 2004

Innovation is a complex,
non-linear process with
multiple sources...



NCPP Forum on the Workplace of the Future, 2004

Technological innovation

- Research in science and technology is at the core of the evolution of formal, codified knowledge
- Recent data shows that investment in research and education is a key driver of scientific output internationally
- Knowledge evolves more broadly through structured collaboration, networking, spill-overs and diffusion

Organisational innovation

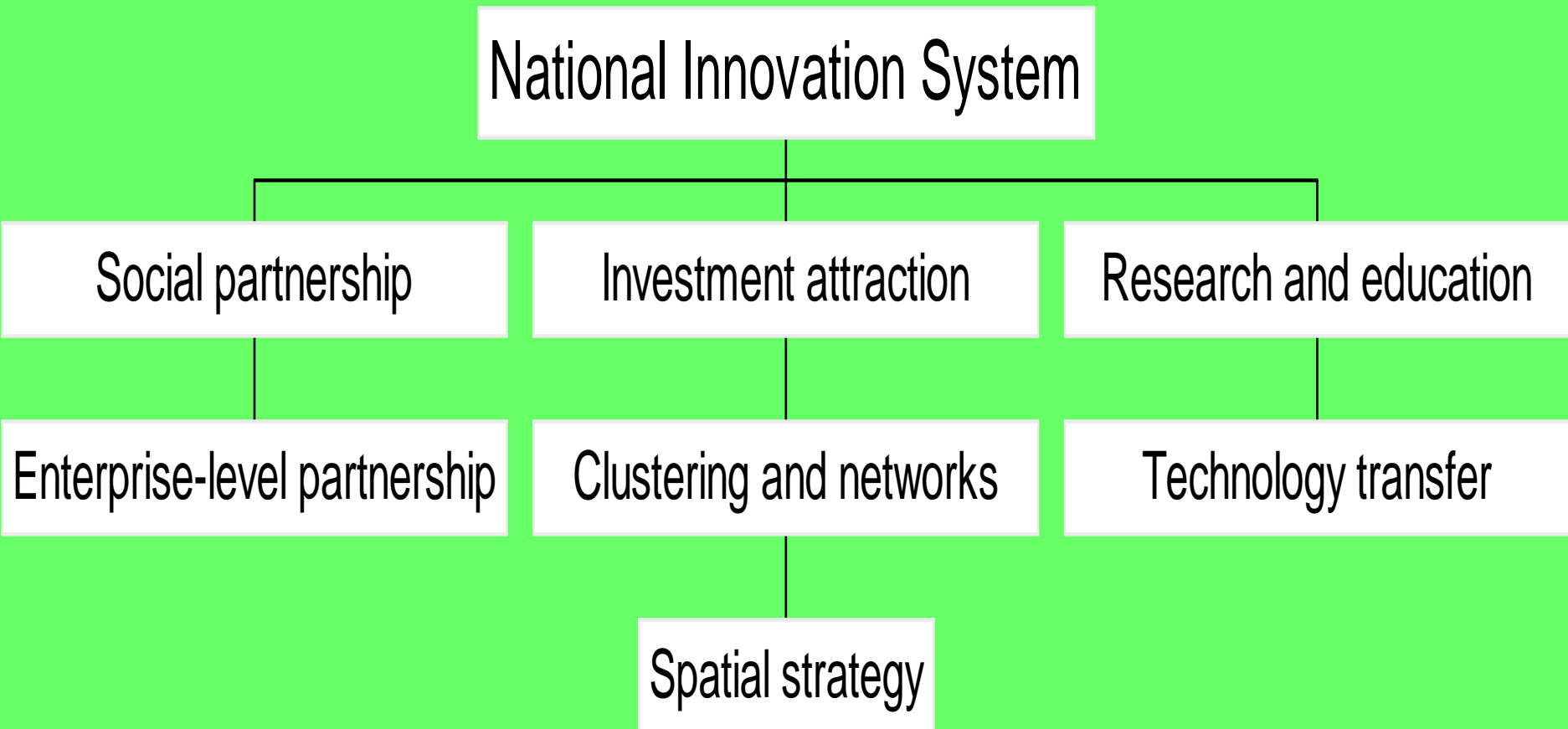
- Technological adaptation and workplace learning depend on human capital and organisational effectiveness
- High performance work systems are clusters of 'effectiveness attributes' which release creativity
- Organisational knowledge is generally tacit rather than codified and is a major factor in productivity

Institutional innovation

- Institutions are integral to the structure, development and governance of 'national innovation systems'
- NIS are constituted by linkages between government agencies, research and education and companies
- NIS can promote both generation and systematic application of knowledge within and across sectors

Building innovative capacity

Research suggests that national innovative capacity is as important as internal technological capability in achieving competitiveness.



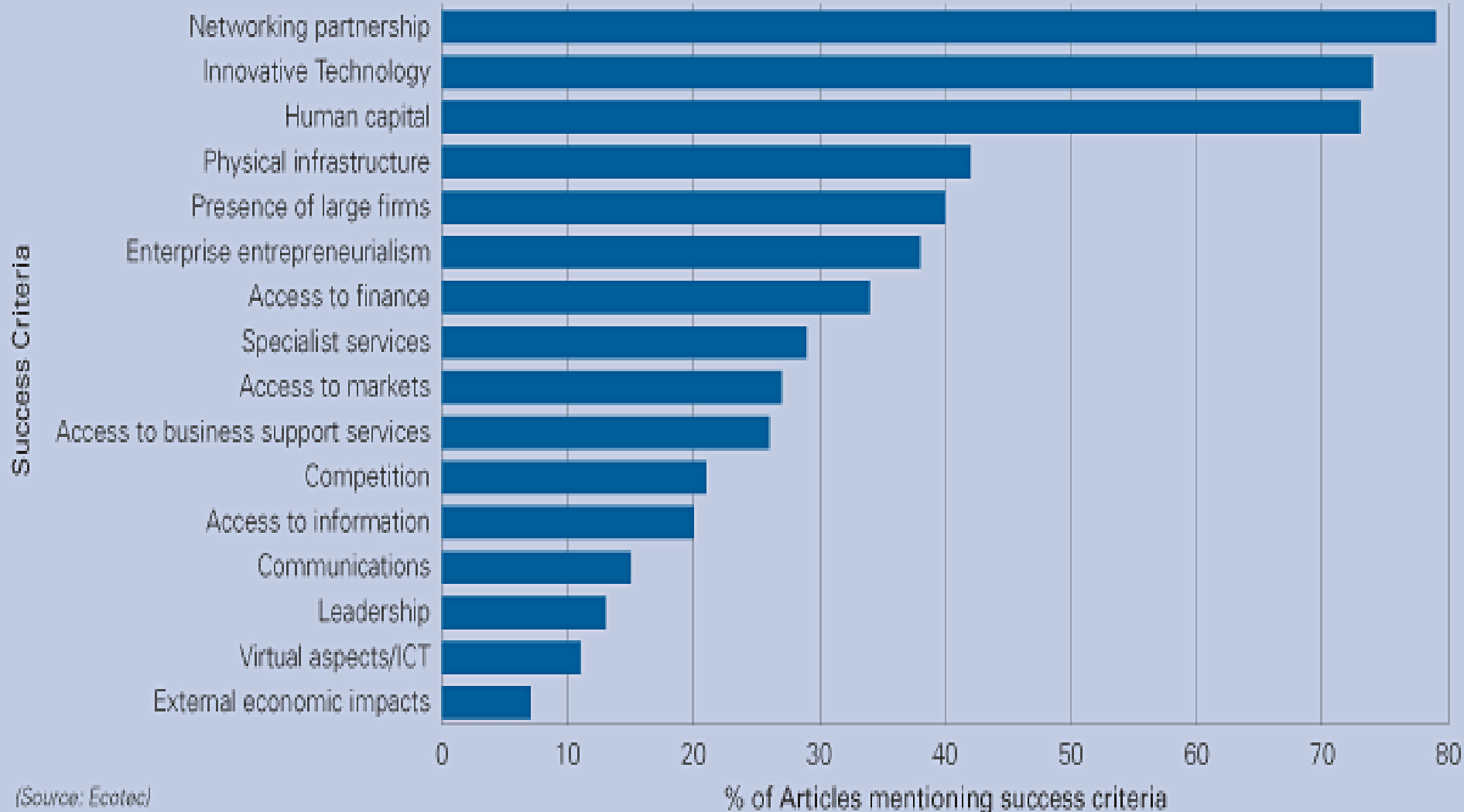
Knowledge economy

“There is a strong link between investment in the research and innovation base of the economy and sustained economic growth... The accumulation of ‘knowledge capital’ will facilitate the evolution of the knowledge-based economy.”

National Development Plan 2000/06

Success factors

Critical success factor identified within global literature search



(Source: Ecotec)

“Knowledge creation and diffusion are at the core of economic activity. Knowledge is embodied in people, and it is the quality of the human resources that will determine the success or otherwise of firms and economies in the years ahead.”

Enterprise Strategy Group, Ahead of the Curve, 2004