



INNOVA Measure Workshop: **Innovation, high-growth and internationalization of R&D**

Jointly organized by JRC and RTD
28 November 2017, 10:00-16:30
Brussels, CDMA building
(Rue Champs de Mars 21) 06/144

The aim of the workshop

...is to present recent evidence obtained in the context of the INNOVA Measure II and III projects on the topics of a) international research and development (R&D) investments and b) high-growth, innovative enterprises. The workshop provides a forum to engage representatives of relevant policy Commission DGs (DG RTD, GROW, REGIO, CNECT, ECFIN, Eurostat, etc.), different units of the Joint Research Centre (JRC), Eurofound, the OECD, as well as experts from the academia in a discussion on the topics from a diversity of angles. It should help identify future research directions, synergies with related research projects, as well as policy implications of evidence obtained from recent studies.

Below, please find the agenda of the workshop and some background information about relevant outcomes of the INNOVA Measure projects.

10:00 **Introduction**

Marnix Surgeon, Richard Deiss, DG RTD A4

Michaela Saisana, Dániel Vértesy (DG JRC I1 / COIN)

Session I: Internationalization of R&D (Chair: Davide Castellani)

10:30 **Introduction to the topic of internationalization of R&D**

Davide Castellani (University of Reading, UK)

10:45 **Recent developments and challenges in R&D internationalization (the ‘BERD Flows’ project)**

Bernhard Dachs (Austrian Institute of Technology, AT)

11:10 **Determinants of the location of FDI in R&D across time, industry and regions**

Giacomo Damioli (DG JRC I1)

11:35 **Knowledge-intensive FDI and international IP strategies of top R&D spender companies**

Sara Amoroso (DG JRC B2)

12:00 **Roundtable discussion – lessons for policy and research**

12:15 **LUNCH Break**

Session II: High-growth, innovative enterprises (Chair: Michaela Saisana)

- 13:30** **Key research & policy challenges vis-à-vis HGIEs -- intro to the topic**
Stefano Bianchini (University of Strasbourg, FR)
- 13:45** **Measurement issues: national, sectoral & US-EU comparison (main findings from the INNOVA II & III studies)**
Dániel Vértesy and Maria Del Sorbo (DG JRC I1)
- 14:10** **Firm strategies (with special focus on openness) and obstacles (INNOVA II & III studies)**
Claudia Ghisetti and Giacomo Damioli (DG JRC I1)
- 14:35** **Digital transformation and business dynamics**
Chiara Criscuolo (OECD)
- 15:00** **Coffee Break**

Roundtable on recent work related to HGIEs (Chair: Dániel Vértesy)

- 15:15** **Entrepreneurship and start-up/scale-up firms in Europe**
Fiammetta Rossetti (DG JRC, B6)
- 15:25** **Improving access to finance for young innovative enterprises with growth potential: evidence of impact on firms' outputs.**
Katarzyna Szkuta (DG JRC, B7)
- 15:35** **Framework conditions for high-growth, innovative enterprises**
Pedro Costa (Inova+, PT)
- 15:45** **Discussion – lessons for policy and research**
- 16:00** **Conclusion**
Marnix Surgeon, Kathleen Burkhardt, Richard Deiss, DG RTD A4
Michaela Saisana, Dániel Vértesy (DG JRC I1 / COIN)
- 16:30** **End of Workshop**

Background

INNOVA II project – related outcomes

High-growth, innovative enterprises in Europe. Counting them across countries and sectors

(by Vertesy, D., Del Sorbo, M. and Damoli G.)

The first work stream of INNOVA Measure 2 examined Community Innovation Survey (CIS) data to gain new insights on high-growth, innovative enterprises (HGIE) in Europe. Such firms are a key source of business dynamics, but little is known about their actual share in the enterprise population. This is due to an inherent uncertainty in how to distinguish high-growth firms from non-high-growth ones. Our study showed that the share of HGIEs in Europe ranged between 0.1 to 10% depending on the adopted definition. We observed a trade-off between high-growth and innovation performance at the country-level (differently than at the sectoral level), highlighting the importance of structural differences across EU Member States in terms of firms' innovation profile, size and associated high-growth performance.

[See: <https://ec.europa.eu/jrc/en/publication/high-growth-innovative-enterprises-europe-counting-them-across-countries-and-sectors>]

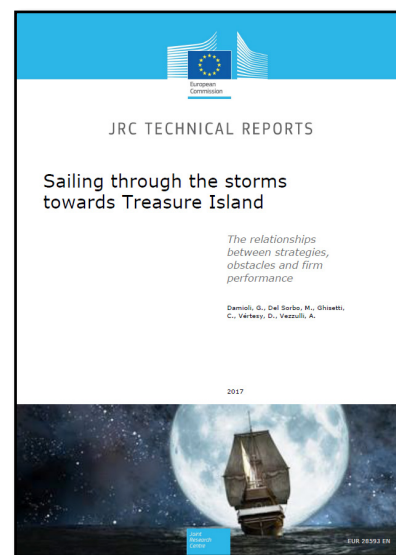


Sailing through the storms towards Treasure Island: The relationships between strategies, obstacles and firm performance

(Damoli G., Del Sorbo M., Ghisetti C., Vertesy D. and Vezzulli A.)

The first work stream of INNOVA Measure 2 examined Community Innovation Survey (CIS) data to gain new insights on high-growth, innovative enterprises (HGIE) in Europe. Such firms are a key source of business dynamics, but little is known about their actual share in the enterprise population. This is due to an inherent uncertainty in how to distinguish high-growth firms from non-high-growth ones. Our study showed that the share of HGIEs in Europe ranged between 0.1 to 10% depending on the adopted definition. We observed a trade-off between high-growth and innovation performance at the country-level (differently than at the sectoral level), highlighting the importance of structural differences across EU Member States in terms of firms' innovation profile, size and associated high-growth performance. The findings point out that the firms pursuing cost reduction strategies and perceiving the lack of demand and of adequate finance as important obstacles experience poor performance. By contrast, those pursuing adaptability strategies and perceiving the lack of qualified personnel as an important obstacle grow faster, and those with explicit product innovation strategies innovate more. Moreover, the results indicate specific needs of high-growth enterprises that, in comparison with other firms, appear less sensitive about financial constraints, more interested in the availability of skilled labour and benefiting more from cooperative strategies.

[See: <https://ec.europa.eu/jrc/en/publication/sailing-through-storms-towards-treasure-island-relationships-between-strategies-obstacles-and-firm>]



The seductive power of Irish rain. Location determinants of foreign R&D investments in European regions

(by Damoli G. and Vertesy D.)

Foreign direct investments (FDI) in research and development (R&D) are important catalysts of economic development. Through a diversity of direct and indirect policy measures, governments compete in attracting such investments. Our study investigates the factors that affect the degree of attractiveness of European regions from the perspective of a company investing abroad based on evidence gathered from all the FDI in R&D realized between 2003 and 2014. We use mixed logit models to assess: i) the relative importance of the factors influencing the choice made by multinational firms about where to locate foreign R&D investments to European regions, and ii) how such influences vary according to timing, investments' area of provenience and industry. On average, the fiscal regime and the size of destination regions as well as the sharing of a common language in the sending and receiving regions are the most important determinants. Labor costs, technological strength and R&D expenditure, especially performed by the higher education sector, are also important, yet to a lower extent. The strength of determinants still varies greatly across considered breakdowns.

[See: <https://ec.europa.eu/jrc/en/publication/seductive-power-irish-rain-location-determinants-for-eign-rd-investments-european-regions>]



INNOVA III project plans

The project aims: (a) to provide statistical support for the development and update of indicators used by DG RTD to monitor development on science, technology and innovation; (b) to carry out statistical and econometric analysis in order to better understand the nature, needs and determinants of high-growth enterprises, as well as the policy responses and the framework conditions needed to facilitate the growth of companies in innovative sectors; Open innovation modes and growth effects (c) to explore the relationship between inward and outward foreign direct investment flows in R&D and framework conditions such as the tax system/tax incentives (R&D tax incentives in particular); (d) to provide econometric and statistical support on ad-hoc requests by DG RTD on the topics analyzed in this proposal; and (e) to carry out a Counterfactual Impact Evaluation study in order to evaluate the impact of DG RTD research funding schemes on the knowledge basis, innovation activities and economic performance of private enterprises. The project builds on work carried out in the context of the INNOVA MEASURE I (FP7, 2013-14) and INNOVA MEASURE II (H2020, 2015-17) projects.

In particular, at the workshop we will focus on the ongoing research activities of the team addressing:

- Open innovation and growth
- Internationalization of R&D
- Evidence on entrepreneurship and growth dynamics in the EU and US

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If you would like to learn more about the activities of the European Commission's Competence centre on composite indicators and scoreboards (COIN), please contact:

European Commission

Joint Research Centre

Email: Jrc-coin@ec.europa.eu

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