

ENTREPRENEURIAL EFFORT IN R&D: WITH OUR FEET ON THE GROUND

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It is increasingly common for Public Administrations to demand a greater commitment from the private sector, financing a growing percentage of investment in R&D to guarantee a greater connection of research with real social and business problems.

This is the case of the Basque Country, which in its new Science, Technology and Innovation Plan ([PCTI Euskadi 2020. A Smart Specialization strategy](#)) proposes as an objective for 2020 that private financing of R&D grow by two percentage points and go from 59% in 2014 to 61% in 2020, while the weight of public financing falls from 35% to 31%. All of this in a planned scenario of growth in total investment in R&D of 6.2% on average per year until 2020 (we want to go from an investment of 1,326 million Euros in 2014 to 1,909 million in 2020 with a total amount invested of 11,100 million Euros in the total period).

From a global perspective, this is undoubtedly a perfectly coherent approach, since it is very logical that in a market economy private agents and, in particular, companies are asked to have a broader and long-term vision in order to assume their own responsibility and invest decisively in their own future.

The proposed objective is, however, not very credible. In the first place, due to the very magnitude of the proposed objective. Just as a reference, reaching it happens because more than 1,100 companies that now do not do R&D decide to do so by 2020. This means increasing the number of companies that do R&D by 78%, when the number of companies that do R&D +D has remained stagnant at around 1,500 companies since 2008. Furthermore, they should do so under the same conditions as those that already invest (465,000 euros per year on average, financing 82% with their own funds).

Secondly, the objective of multiplying private investment in R&D so immediately is difficult to achieve also due to the very circumstances of the Basque productive fabric, which is recovering very timidly from a major economic crisis, and due to its structural characteristics (half of the industry is made up of companies with “medium-low” or low technological intensity in which R&D is not a first level competitive priority).

Finally, because the PCTI itself, which is led by the government, is highly oriented towards the scientific-technological offer (in particular, towards the transformation of the Basque Network of Science, Technology and Innovation, RVCTI) and much less towards the promotion of R+ business d. The implicit hypothesis for this is based on the fact that requesting and motivating scientific and technological agents towards a greater focus on priority areas (RIS 3) and favoring a growing pro-activity to approach the needs of companies and society will be enough to convince companies to invest much more decisively in research and development.

The need-oriented and efficient RVCTI must be a priority and is undoubtedly a necessary condition to move in the desired direction, but it is far from sufficient. If what it is about is reinforcing R&D in the Basque Country, a greater effort and private commitment will be required, but it will also require a greater institutional effort (at all levels, including financial) so that, among other things, the proposed recipes are not interpreted as a simple and elegant way of justifying the need to cut public funds dedicated to the promotion of research and development in the country.

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