

THE INNOVATION DILEMMA

Posted on 14/10/2013 by Naider



In a post [previous](#), we saw that the sectoral structure of our productive fabric with a very important presence of sectors that are technologically mature and not very intensive in knowledge is one of the reasons that explains why Spanish companies innovate so little. However, the question is not whether they innovate a lot or little, the question is whether they innovate less than necessary.

Spain, in my opinion, is in a great dilemma. The companies that are ultimately the ones that have to innovate do not feel the need to innovate, but the productive fabric and society as a whole face the increasingly urgent need to transform the productive fabric that shows important signs of structural weakness to compete in costs with many of the partners of the enlarged European Union and the emerging countries.

Thus, for example, the automobile industry in Spain and the same could be said of other industrial and service activities, faces serious relocation risks, not because their companies do not innovate enough, but because to a large extent, their maintenance depends decisions linked to the process of global optimization of the cost structure of multinational companies that compete based on prices. Vehicle assembly plants in Spain have the most advanced technologies and the most sophisticated management and organization systems (40% of companies carry out technological innovation compared to 12.5% on average in Spain and 36% non-technological innovation , compared to an average of 25% in Spain) that allow them to maintain a significant market share that employs more than 140,000 people. Is it feasible, however, to think that Spain could have such an important position in the manufacture of automobiles here? 10 years from now? -Competing on labor costs, clearly not! Because there are places in Europe to assemble cars where the workers are equally or better prepared than in Spain and have much lower wages.

In the context of an innovative logic, the answer, however, can be very different, because although the traditional assembly of vehicles moves according to costs and will continue to be so in the future, it is very likely that they will appear in the same chain of value or in other similar, industrial or service processes that are more intensive in talent and highly qualified labor in which the cost of labor is not a crucial implementation variable.

But in order to achieve a privileged position in this type of process, very bold innovation policies are needed that cannot be derived solely from the demand for innovation from companies and that will require the participation and active leadership of the different public administrations, of society civil and, especially, of the scientific and technological agents.

- Firstly, to bet on people and talent with the conviction that it is the main resource of a modern and advanced society and the only one on which solid and sustainable competitive advantages can be built over time. The educational system and training at all levels become of central importance in the policy to promote innovation.
- Secondly, to activate and promote technology and knowledge transfer activities, breaking the often deaf dialogue between the world of research (universities, research centers, technology centers) and business and society civil. Transfer that has to serve not only to take advantage of existing resources and capacities in both worlds, but in a very special way to create solid channels of co-creation and co-entrepreneurship that open up opportunities and enable ambitious and long-term innovative initiatives.
- Finally, take advantage of co-creation and co-entrepreneurship channels to define priority strategic lines that bring together existing capacities and give rise to the establishment of new collaborative initiatives with real potential to reach the market with new products, services and, in short, a new business fabric. In fact many new technologies are converging to build the bases of what in Europe and also in the world is already known as the new industrial

revolution based on green energy, clean transport, new manufacturing systems, new materials and intelligent systems of communication (see [A Stronger European Industry for Growth and Economic Recovery](#)). All of them lines that open up a great universe of opportunities.

People and shared work thinking about the future are the keys, but the fruits will be seen if all this is combined with solid leadership and a long-term vision that sets its horizon on the transformation of the productive fabric based on innovation.

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