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## **Effectiveness of polish innovation policy – extended abstract**

*This paper is aimed at:*

- *presenting the Polish innovation policy,*
- *analyzing the reasons of current state of Poland's innovation policy effectiveness*
- *proposing actions to be undertaken to improve the state of polish innovation policy effectiveness*

In recent years the stimulation of innovation has received top priority in Poland's economic policy. The government adopted the "Increasing innovation in Poland to 2006" plan in 2000. It has now been extended in a document entitled "Directives for increasing innovation in the economy during 2007-2013", which contains an assessment of innovation in the Polish economy, as well as policy recommendations for the future.

The Operational Programme „Innovative Economy 2007-2013” is one of the key instruments of the national strategy, which will mobilize EU Regional Development Funds of EUR 7 billion and an additional EUR 12,2 Billion from national public sources. This programme includes the following priority axes:

- Research and Development of New Technology,
- R & D infrastructure,
- Capital for Innovation,
- Investments in innovative undertakings,
- Diffusion of innovation,
- Polish Economy of the International Market,
- Information Society Establishment and Development,
- Technical Assistance.

International research indicates that innovation in the Polish economy has grown significantly since 2005. In Inno Metrics survey "European Innovation Scoreboard, Comparative Analysis of Innovation Performance 2006" Poland was grouped with countries

that are “catching up”: Portugal, Lithuania, the Czech Republic, Latvia, Greece and Slovenia. This marks a change, since in the previous year Poland was listed among countries that are “losing ground”. Most of the components of the SII have increased in Poland significantly. Notwithstanding the fact that the Polish economy is growing fast relative to EU-15 countries, it ranked last but one in the survey. It scored lowest in applications and export of hi-tech products (47) and in intellectual property rights (44). In knowledge creation and diffusion of innovation Poland ranked 39<sup>th</sup> and 38<sup>th</sup>, respectively.

Factors that limit the level of innovation in Poland include:

- low employment in KBE sectors (9.3% in 2000),
- insufficient cooperation between business and research institutions,
- small number of new technology implementations,
- small number of enterprises founded on new technologies.

The list of imperfections of Polish innovation policy is longer.

- Polish National System of Innovation has often been criticized

According to Metcalfe’s definition adopted by the OECD, the National System of Innovation is a group of institutions that work together and individually to develop and disseminate new technology and create a foundation, on which governments can build their policy designed to stimulate innovation. In other words, it is a system of mutually linked institutions, whose purpose is to create, store and transmit knowledge and skills that support new technologies. The National System of Innovation plays an important role in supporting innovation in the economy.

Polish NIS has often been described as fragmented. Many analysts point at a lack of horizontal coordination at ministerial level. There are three alternative models of governance of innovation in Poland<sup>1</sup>:

- several ministries are involved in NIS coordination,
- appointment of one of the present Ministries to perform the role of coordination,
- coordination by a high Level Innovation Council.

The current model is based on the first solution. However the idea to establish the high level Innovation Council has been resurrected. This is an opportunity as it may lead to an improvement of the services of business intermediaries.

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<sup>1</sup> Walendowski J., Miedziński M., (2006), *Annual Innovation Policy Trends and Appraisal Report, Poland 2006.*, European trend chart on innovation, p. 2, 12.

- Despite a significant increase in the number of innovation and enterprise centres in Poland, a proportional increase in the level of innovation in the Polish economy did not occur. These centres are mostly engaged in training activity, which has only limited potential to stimulate business innovation. Furthermore, the quality of the services provided is less than satisfactory. This situation is probably caused by financial difficulties experienced by these centres and by multiple barriers to their development, such as economic difficulties in a given region, lack of funds for growth and expansion of services and poor cooperation with local and regional institutions. Another reason for the poor quality of services provided by these centres is the shortage of experts with experience in innovation support, particularly technology transfer and commercial application of new technologies.
- As far as institutions supporting innovation are concerned, there is a structural gap in relation to EU and other highly developed countries, since there is a lack of organizations to support the implementation of innovative projects that have already emerged from the research and development phase but have not yet entered the implementation phase.
- Policy benchmarking (comparing innovation performance, policy making and delivery processes and methods) is not carried out systematically and no specific benchmark countries or regions have been defined. This does not mean that there is a lack of exchange of information with other foreign institutions, but there is still lack of bilateral or multilateral programmes on innovation<sup>2</sup>.

As we can see the Polish innovation policy is not the perfect one and possesses many shortcomings. The following recommendations to improve Poland's innovation policy mix have been proposed:

- strengthen the science and technology base, focus on excellence and critical mass,
- improve the incentives for business R&D and innovation,
- foster industry – science linkages,
- strengthen human resources for science and technology
- improve the governance of the innovation system<sup>3</sup>.

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<sup>2</sup> Walendowski J., Miedziński M., (2006), *Annual Innovation Policy Trends and Appraisal Report, Poland 2006.*, European trend chart on innovation p. 11.

<sup>3</sup> *Policy mix for innovation In Poland – key issues and Policy recommendations, Directorate for science, technology and industry, 27 June 2007, Warsaw, p. 4.*

