

Summary

The Netherlands currently finds itself in the position of developing into Europe's 'innovation delta'; it is a good country in which to live, work and transact business, and we conduct first-class research and are creative. However, our economy is slipping further and further behind the front of the leading pack; we are not utilising our innovation potential sufficiently in the international interplay of forces. That has mainly to do with the process of globalisation and the catching up that other countries are doing in response. While other countries are taking action and steaming ahead, the Netherlands is currently failing to make optimum use of its strong points and, as such, is losing its favourable springboard position in relation to other countries. In its advisory report, the Advisory Council for Science and Technology Policy (AWT) consequently recommends that action be taken quickly and to revise five points of its innovation policy, based on a strengths-and-weaknesses analysis and a number of trends in the school of thought and practice of innovation.

1 More attention needed for knowledge utilisation

Although the Netherlands conducts excellent scientific research, we do not know how best to turn that research into successful innovations in the marketplace. The bottleneck in our innovation system lies more in the area of the demand and the market, than it does in the area of research and R&D. Knowledge development, however, is currently receiving most attention in the innovation policy. This trend should be reversed so that the utilisation of knowledge – 'the fruits of the loom' – can occupy centre stage. This requires raising the knowledge level in businesses, and strengthening the creation of networks.

Raise the knowledge level in businesses – The human capital that selects, translates and applies research in business processes should be increasingly fostered. Accordingly, ensure that there are more highly qualified people in businesses, for example, by having a measure that enables SMEs to appoint more highly qualified personnel.

Strengthen the creation of networks – The transfer of knowledge occurs in networks of different companies and knowledge institutions. The policy should therefore focus on adequate, strong and short lines of communication between those who produce knowledge and those who can apply it. For example, by stimulating the mobility between companies on the one hand, and universities and polytechnics on the other.

2 Ensure a broad, lasting basis through adequate investment

More attention for utilisation should not, however, be achieved at the cost of the basis of the knowledge economy. The best achievements of the Dutch knowledge economy are a product of long-term investments made in the past. Besides excellent research, the Netherlands has a relatively highly skilled workforce with many knowledge workers compared with other countries, a substantial patent portfolio, many multinationals that are intensively involved in R&D within its borders, and favourable conditions for business development.

Reverse the downward trend – The current trend of declining investment in education and research should be reversed, particularly as education is currently undergoing a number of alarming developments, such as the increasing, premature drop-out rate at the preparatory secondary vocational education (Du: VMBO) level. Independent from the Lisbon objectives, now is the right time to invest in a broad basis for the Netherlands, as this is a crucial factor for determining the location of high-quality, knowledge-intensive business activity. Neighbouring countries are doing this better than we are at present.

Exploit the distinction in the knowledge infrastructure – This knowledge base should subsequently be properly structured, with separate tasks for the various research and technology transfer institutes. The current policy focuses on valorisation of knowledge by the universities – whereas they are the ones that are good in ground-breaking research. By giving the university tasks of the intermediate knowledge infrastructure (TNO, GTI) – such as, for example, the transfer of knowledge to businesses – the government is making the various institutes wear the same hat.

3 More attention to strengths in business activity

In the global economy, innovative business activity is becoming increasingly competitive. Consequently, excellence on a global level is becoming more important. The Netherlands, however, is too small to be able to excel in every field, and therefore we should try to take a stand on a limited number of areas. Besides the existing, mainly generic policy, it is therefore time to start backing winners, and for a more specific, tailor-made policy.

Make choices when stimulating business activity - Specific innovation policy should not be based on technology or knowledge that we have already acquired, but on the opportunities in the marketplace. It is therefore about strengths in innovative business activity. The government should facilitate this process by giving a number of potentially successful and already successful networks of companies and knowledge suppliers room to excel. The government can achieve a critical mass and momentum by offering specific support in a limited number of areas. This not only concerns the removal of obstacles, but also the seizing of opportunities.

Supply tailor-made solutions – Moreover, it is about offering a tailor-made solution; one cluster may require a completely different type of boost than another cluster. Where one cluster, for example, needs investment in a large test facility, the other cluster mainly requires management support from a neutral party. In addition, the involvement of the SMEs in cluster formation requires tailor-made solutions and insight into their specific needs.

4 More attention for non-technological aspects

Companies point out bottlenecks in the whole innovation process, not just those in the area of technology and knowledge development. Often obstacles to innovation are closely bound up with other issues, for example, design, marketing or management aspects. Current policy pays too little attention to these non-technological aspects of new products and to the innovation process itself.

Pay more attention to design – The importance of design and design aspects is patently obvious. The success of new products increasingly depends on their design – certainly in the consumer market. The Netherlands is lucky enough to possess high-quality expertise, training and competencies in the field of design, but the policy still pays too little attention to its importance to our innovative energy.

Stimulate the development of innovation competencies – Moreover, the innovation process in companies themselves often benefits from non-technological competencies such as management experience, marketing skills or knowledge of the market. The government ought to stimulate its development, for example, by means of a scheme for coaching the management of young, growing businesses.

5 A more active government

The consequence of the abovementioned recommendations is that the government must take a more active position.

After all, the AWT recommends that the policy should be more specific on a number of points; tailored to a variety of needs, oriented on opportunities and focused on strengths. There is room for customisation within the generic policy.

Be an active network player – The role of network player calls for an interactive approach and an awareness of the diverse needs of the various types of companies. It also assumes that the government can take rapid, concrete actions and is prepared to take risks. After all, not every potential innovation is realised.

Be an innovative customer – Besides the innovation policy of the Ministry of Economic Affairs (EZ), the government has other instruments at its disposal for stimulating innovation. Its generous spending on policy implementation enables it to stimulate innovative behaviour in various sectors. The departments should utilise the possibilities that they have more actively in order to play a stimulating role in their sector, for example, as a 'launching customer' when inviting tenders.

In short: innovation on all fronts

A thriving society continually innovates in all areas, and harvests the fruits of its labours. Strengthening our innovative energy is of vital importance to the development of the knowledge economy. But innovation is just as important for tackling social issues as it is for the public sectors involving mobility, health service, integration, crime prevention, education or sustainable development, for example. Moreover, a knowledge economy does not develop properly unless it is embedded in a creative and innovative culture. Hence, it is of vital importance that a permanent watch be kept on the public, social and cultural quality of our country.