



Governance and Co-ordination: the Case of EU Innovation Policy

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Introductory Points

- A series of discussions about 'governance' began at the beginning of the 1990's (World Bank, 1994; Rosenau, 1995; Rhodes, 1996; Stoker, 1998; Jessop, 1998; Rhodes, 2000, Bache, 2003; Jordan et al, 2005)
- Governance: from *hierarchy* (command-and-control) to *heterarchy* (self-organising networks-and-inter-organisational co-ordination)
- Questions for investigation: whether specific factors of governance can be empirically identified? Which of them are the most critical ones? What is their role in heterarchical co-ordination? Are there driving and restraining forces of governance?
- Aim of presentation : provide some answers by focusing on the case of EU innovation policy

The Argument

Heterarchical co-ordination of innovation policy in the EU is affected by specific political and normative factors, including political leadership, shared vision, stakeholders' engagement, cultural values, fresh views and evaluation. These factors are not in line with the main assumptions of the theory of governance. The latter is concerned with non-political and non-normative processes and managerial mechanisms of co-ordination.

The Concept of Governance

- 'Governance' emerged from within 'government';
- The conceptual autonomy of 'governance' is due to the ideological and political critique of both the post-war *Welfare State* and *Neo-Liberal Government* of the 1980's
- Therefore the concept of 'governance' responds to:
 - the perceived decline in central government's ability to co-ordinate through hierarchies, achieving social legitimacy;
 - the lack of free market co-ordination alternative to hierarchical government.
- The 'governance' alternative: heterarchical co-ordination involving self-organised steering of multiple agencies, institutions and systems which are operationally autonomous from one another (Jessop, 1998).

Problems of the Concept of Governance

- Problem 1: focuses on bottom-up and/or horizontal policy-making mechanisms, totally abstracting from certain political and normative factors which play important role in justifying these mechanisms.
- Problem 2: serves the fragmented interests of particular sectors and customers increasing inequalities between citizens and regions (failure to serve society as a whole).
- Problem 3: governance appears to be a merely technocratic process, assuming mechanisms which are predominately managerial and aim at ensuring effective heterarchical co-ordination.

Heterarchical Co-ordination and Innovation Policy

- Working definition of innovation policy: industrial and technology policy that aims at accelerating innovation, economic growth and social development.
- Innovation policy constitutes the 'étatist-political' part of systems of innovation (SI); the other part is the 'national cultural' (Lundvall, 1992; Nelson, 1993; Freeman, 1995).
- Effective SI presuppose heterarchical co-ordination of innovation policy: bottom-up and/or horizontal steering of multiple policy actors and socio-economic institutions through heterarchical action systems such as *interpersonal networking, self-organisation of inter-organisational relations and inter-systemic steering*.
- Heterarchical action systems are also compatible with Mode 2 knowledge production (Gibbons, et al, 1994).

Research Methodology

- Qualitative data was gathered during empirical research for the *Trend Chart on Innovation* programme. The research took place in the second half of the year 2000.
- An electronic survey was conducted via e-mail. The following member states responded to the survey: Austria, Belgium, Denmark, Finland, Greece, Ireland, Luxembourg, The Netherlands, Sweden and United Kingdom.
- Empirical findings were verified in a benchmarking workshop during which further data was gathered and the most critical factors of effective co-ordination of EU innovation policy were identified.
- Finally, a forced field analysis was used to bring out the forces which drive and/or restrain the most critical factors of EU innovation policy.

The Case of EU Innovation Policy (1)

The context:

- Aftermath of the Lisbon Summit of March 2000
- Open Method of Co-ordination (OMC) based on heterarchically formed procedures or general standards of adaptation to diverse institutional contexts and national circumstances in the EU.
- OMC is considered to contribute to good EU governance: it is composed of EU guidelines, qualitative and quantitative benchmarks, national and regional policy targets and monitoring or evaluation.
- Although, in practice, policy instruments of OMC such as benchmarking do not always promote principles of good governance like openness and participation, in the case of innovation policy, they encourage member states to interact and compare themselves to one another, share information and learn good innovation policy practices.

The Case of EU Innovation Policy (2)

Specific factors identified by the pre-workshop survey:

- *Formality*
- *Diversity*
- *Institutional Interaction*
- *Government Power*
- *Informal Networking*
- *Stakeholders' Engagement*
- *Material Resources*
- *Outcome and Publicity*
- *Individual Values and Attitudes*
- *Evaluation*

The Case of EU Innovation Policy (3)

The most critical factors affecting innovation policy coordination:

- *Political Leadership*
- *Cultural Attitudes and Values*
- *Shared Vision*
- *Fresh Views*
- *Stakeholders Engagement*
- *Material Resources*
- *Human Capital*
- *Evaluation*

The Case of EU Innovation Policy (4)

Analytical Classification of the most critical factors according to their social, economic, political and normative nature:

Nature	Social	Economic	Political	Normative
Factors	Human Capital	Material Resources	Political Leadership Shared Vision Stakeholders Engagement	Cultural Attitudes & Values Fresh Views Evaluation

The Case of EU Innovation Policy (5)

Identification of driving and restraining forces of shared vision:

Driving Forces.

1. Clear political leadership.
2. Supporting personalities.
3. Prime Minister's personal view.
4. Diversity as an opportunity of dialogue.
5. Open debate.
6. Foresight exercise.

Restraining Forces

1. Territorialism
2. Specific interest groups.
3. Upward phase of business cycle/not high priority.
4. Different Ministerial views/cultures.
5. Human resource background/education.
6. Short-termism of some stakeholders.
7. Limited view of the whole system.
8. Under-representation of key indicators
9. Lack of shared view between policy-makers and implementers (scheme managers).
10. Competitive behaviours between different stakeholders.

The Case of EU Innovation Policy (6)

Identification of driving and restraining forces of fresh views:

Driving Forces

1. In-process evaluation: continuous input, research.
2. exploring paradigms.
3. Cross-disciplinary work
4. Fresh view from new people in posts.
5. Temperament personality which welcomes fresh views.
6. Management qualities.
7. A structure of co-ordination which encourages generation of fresh ideas e.g. core group.
8. Ongoing research.

Restraining Forces

1. Experience, understanding consciousness.
2. Political controversy of stagnation suppression.
3. Novelty for novel sake.
4. Temperament which does not welcome fresh ideas.
5. Reputation of a person or organisational background.
6. Over-functional roles 'boxes'.
7. Everyone jumping on 'bandwagon'.

The Case of EU Innovation Policy (7)

Identification of driving and restraining forces of stakeholders engagement:

Driving Forces

1. Open discussion: proposals, debates, round tables discussions, Internet chat rooms, future research, etc.
2. Steering groups for R&D programmes.
3. Responsiveness of the public authority.
4. Surfacing the views of hidden minorities and majorities.
5. Design of involvement mechanism.
6. Early involvement.
7. Involvement of all stakeholders.
8. Minority of young, passionate people, novel ideas.
9. Proper moderation/facilitation.
10. Get independent people.
11. Use the same people.
12. Rules.

Restraining Forces

1. Not always the right/best people nominated.
2. Public authority ignores views of stakeholders.
3. Exclusion of certain stakeholders: 'exclusion by design'.
4. Dominant passionate minorities.
5. Political games/hidden agendas.

The Case of EU Innovation Policy (8)

Identification of driving and restraining forces of human capital:

Driving Forces.

1. Investment in learning and training.
2. Recruiting people with different background.
3. Taking into account co-ordination recruitments.
4. High quality working environment.
5. Equality of opportunities.
6. knowledge management in Ministries.
7. 'Matrix-like' organisational structure (project + contact link combination).
8. Practical approach within the public sector.
9. Transparency of interests.
10. Proportion of jobs from business sector.
11. Sabbatical to private sector.
12. Tough choices 'not to do something'

Restraining Forces.

1. Lack of budget.
2. Not use, not attention to people who have been trained outside.
3. Lack of incentive from people outside the context of Ministry.
4. Rotation without taking into account co-ordination.
5. Unclear boundaries of responsibility between Ministries and Agencies.
6. Tight sec approach.
7. Organisational fragmentation.
8. Lack of mobility.
9. Lack of promotion incentives for mobility.
10. Lack of reward system to bring people in public sector.
11. Innovation mainly related to manufacturing
12. Lack of prioritisation.

The Case of EU Innovation Policy (9)

Identification of driving and restraining forces of evaluation:

Driving Forces

1. Evaluation at an early stage and milestones.
2. Systemic and regular evaluation.
3. Define output as clear as possible in the beginning.
4. Evaluation of institutions and measures.
5. Identifying roles.
6. Transparent process of selecting criteria of evaluation.
7. Right Format/Vocabulary.
8. Professional evaluation.
9. Evaluation as a monitoring process
10. Built criteria for self evaluation.
11. Short reports.

Restraining Forces

1. Lack of overall evaluation.
2. One-off evaluation.
3. Evaluation of measures only
4. Time lack between evaluation and identifying impact.
5. Traditional approaches.
6. Partial evaluation (not independent).
7. Not reaching to a good evaluation.
8. Unrealistic expectations.

Discussion

- Efficiency and legitimacy of European innovation policy co-ordination, to a great extent, still depends on the factor of political leadership.
- Shared vision of innovation and stakeholders engagement are political factors reflecting the structures of democratic consensus and participation in innovation policy-making.
- Normative factors of cultural attitudes and values as well as fresh views and evaluation guide action towards consensus about innovation
- Most political and normative factors of governance and co-ordination of EU innovation policy are driven and restrained by a number of forces.

Conclusion

- Heterarchical co-ordination of innovation policy in the EU is affected by political and normative factors
- Among them, the factor of stakeholders engagement appears to be the strongest one, while the factor of shared vision appears to be the weakest one
- Despite the opposite assumptions of the theory of governance, it is those political and normative factors which provide justification to managerial mechanisms of co-ordination such as benchmarking .
- The most important implication is that the theory of governance can no longer insist to divorce between political/normative factors and reality of policy making. Bottom-up policy co-ordination is neither spontaneous nor unprincipled.



Thank you for your Attention