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5. RESPONDING TO THE EU INNOVATION STRATEGY

The Need for Institutional Profiling in European Higher Education and Research

5.1 INTRODUCTION

In this chapter I will focus on the content of the innovation strategy of the European Union (EU) and its potential consequences for the European higher education landscape and more particularly on its higher education and research institutions. The EU innovation strategy is being developed and implemented in response to the ongoing process of globalisation, which, in the economic sense, is characterised by increasingly interconnected markets. Innovation is seen as a crucial response to the global economic crisis. And in innovation processes knowledge is assumed to be the new strategic production factor. Like elsewhere in Europe, the creation, transfer and application of knowledge are assumed to be of prime importance for a process of economic reorientation and further social and economic development. Higher education and research are interpreted as cornerstones of the larger overall European innovation strategy. To allow Europe to create stronger, sustainable lasting growth and more and better jobs, the EU has set an innovation agenda to which the higher education and research organisations must contribute. Hence, the EU has become more active and assertive in its efforts to influence the behaviour of these organisations and some major effects of this are already becoming visible. As I will argue in this chapter, this implies that European higher education and research organisations are being challenged to develop their ‘institutional profiles’ in an increasingly competitive European higher education and research system.

5.2 THE INNOVATION SYSTEMS PERSPECTIVE

Since the early 1980s the literature on the economics of innovation has reflected the emergence of a perspective on innovation policy being promoted by international organisations like OECD and the World Bank. This perspective takes an explicit policy position which emphasises the interactive character of the generation of ideas, scientific research and the development and introduction of new products and processes. Innovation perspectives have been discussed under various rubrics—the evolutionary approach (Nelson & Winter, 1977), the technological paradigm (Dosi, 1982), the technological innovation systems approach (Carlsson, 2002) and the concept of sectoral systems of innovation (Malerba, 2002). In this chapter I will
use the term ‘innovation systems approach’, inspired by authors such as Freeman (1982) and Dosi (1984) and which was further developed by Lundvall (1992), Nelson (1993) and Edquist (1997).

In the innovation systems approach the basic assumption is that the key to international competitiveness is national ‘factors that influence the development, diffusion and use of innovation’ (Edquist, 1997, 14). This perspective argues that industrial innovation is decidedly non-linear. Instead, innovation is an interactive, reciprocal process involving different actors and organisations (Nelson, 1993). From the outset, academic institutions were identified as playing a critical role in the innovation systems approach and the evidence suggests that, if anything, their influence has grown over time (Mowery & Sampat, 2004). However, while the tangible outputs of academic research—publications and patents—remain important, equally significant to successful innovation is the production of highly skilled human capital (Cohen, Nelson & Walsh, 2002). Most importantly, and in sharp contrast to the linear assumptions of the traditional ‘science-push model’, the innovation systems perspective stresses the role of linkages between the various actors and organisations in the overall innovation process (Edquist, 1997; Nelson, 1993). These linkages include not only formal knowledge transfer arrangements between universities and industry, such as science parks and joint university-industry research ventures, but also soft linkages – the many channels of communication by which knowledge is exchanged.

In the last decades, the innovation systems approach has clearly influenced policies and reforms in higher education and research (Laredo & Muster, 2001; Lundvall & Borrás, 2004; Rammer, 2006). Many countries are now implementing policies that aim to improve the effectiveness of higher education and research in the context of innovation. The EU’s innovation strategy clearly fits into this general picture. In several ‘Communications’ of the European Commission the innovation systems approach can clearly be recognised as a major source of inspiration. According to the theoretical bases of the innovation systems approach, innovation processes are assumed to be founded on both new knowledge and larger numbers of employable knowledge workers. In the EU innovation strategy the creation of knowledge should lead to new products and services, as well as to higher levels of productivity. The increase in trained knowledge workers should allow the EU to address the skills needs of the knowledge economy. The EU innovation strategy thus addresses higher education and research organisations both in terms of the ways knowledge creation processes are organised and as the producers of skilled human capital.

5.3 THE EU POLITICAL CONTEXT

The European policy domains of higher education and research are embedded in the broader European integration process. To analyse these policy domains one must first look at the broader European political context.

In the aftermath of World War II and during the onset of the Cold War, the wish to create peace and stability in Europe became a common aim, and the idea of pooling European countries’ interests seemed highly attractive. The results were the gradual