

Abstract

**Development of Innovation Policy in Central and Eastern Europe:  
A Theoretical Framework**

The proposed paper will be the first chapter of the Thesis on innovation policy in Central and Eastern European countries (CEECs). As such it will set out theoretical framework for innovation policy research, which is later applied to analyse empirical case studies of innovation policy development in CEECs. The paper will discuss evolution of concept of innovation and theoretical understanding of innovation process, rationales for government intervention in innovation policy as well as different types and instruments of innovation policy.

During the last decades considerable evolution has taken place in understanding of innovation process, which include broadening of innovation concept and moving away from linear to non-linear (chain-link, networked, interactive, systematic) understanding of innovation process. However, in actual policy-making there is still a lot of inertia in favour of linear innovation model due to pre-existing institutions, dominant policy paradigms among national political elites as well as type of domestic constituency in favour of certain type of innovation policy.

In the literature various types of innovation policy are identified: policy can be either more science or technology or innovation oriented; it can be mission-oriented or diffusion oriented; it can be either laissez-fair or systematic innovation policy; it can also be more oriented towards large companies or small and medium-sized enterprises (SMEs) or towards high-tech or low and medium-tech sectors. In the case of small and “catching up” countries it is argued that more suitable would be diffusion-oriented RTDI policy which aims at building innovation capabilities in SMEs in a wide range of sectors including low and medium-tech sectors rather than narrowly defined science-based policy, which only address the needs of large companies in high-tech sectors.

Although many authors emphasise importance of innovation policy for long-term economic development and progression towards knowledge-based economy in CEECs, doubts have been expressed whether policies designed and implemented in the region so far address the real needs and bottlenecks in these small and “catching-up” countries. Emerging innovation policy in CEE has been criticized for being dominated by ‘high-technology bias’ (prioritising ICT, biotechnology and nanotechnologies), focused on strengthening science base and large companies leaving untouched majority of firms in their economies.