

Chapter 13

Perceptions of Extremaduran Firms Towards Innovation: Manufacturing vs. KIBS Comparative Study

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ABSTRACT

Innovation is an important source of economic growth and a key to the competitiveness of firms, which are the main agents of innovation systems. The main objective of this chapter is to analyse, in a deep sense, the perceptions of Extremaduran towards innovation and their relation with the financial public support received and the main public actions that firms demand in order to reduce such obstacles differentiating by manufacturing firms and Knowledge Intensive Business Sector (KIBS). To do this, we analyse specific questions of an ad hoc survey focused on issues not covered by other Spanish or international surveys about innovation. Data were collected in 2013 from a representative sample of manufacturing and KIBS companies in Extremadura. Among different sectors, certain differences were observed in the perceived obstacles and public actions sought by companies that can be considered to carry out modifications in current innovation policies, especially on a regional scale.

INTRODUCTION

In the present context of globalization, innovation is an important source of economic growth and a key to the competitiveness of enterprises, which are the main agents of innovation systems. Innovation is generally characterized by changes in a complex and interrelated system composed of product, service, market knowledge, actors and society. The current model of innovation is mainly focused on the role of

DOI: 10.4018/978-1-5225-3525-6.ch013

business as a driver of innovation, also paying attention to informal activities as sources of new knowledge and innovative processes. Innovation, in all of its expressions, is a highly important factor in the development of an economy due to its impact on macroeconomic (economic growth) and microeconomic (productivity and competitiveness of companies) point of view.

Innovation depends as well on the relationships and interactions between the different actors, the creation of networks, learning and dissemination of these processes and, for these reasons, it is essential to recognize the cultural role that defines us as a society (Delucchi, 2006). In this sense, innovation establishes a close link between the legal and the social context in which it develops and that implies to make an effort to determine its role in the economy without overlooking the geographical environment in which it operates. In this sense, there is agreement between scientists about the key role that innovation plays in the competitiveness of business and territories both in the medium and long term (Porter, 1990; Castillo & Crespo, 2011). The proximity (geographical, institutional, cultural, etc.) between actors of innovation in a country facilitates the establishment of close relationships (interpersonal, inter-firm, intersectoral) which lead to the creation, acquisition, accumulation and application of knowledge (González-Pernía, Martiarena, Navarro, & Peña, 2009; Asheim & Isaksen, 2002; Lundvall, 1992). Spanish regions have recently recognized the importance of managing their innovation systems and the allocation of resources to stimulate innovation capacity (Asheim & Coenen, 2006; Lundvall & Borrás, 1997).

That is why there is a special interest for the governments to promote scientific and technological research. In this sense, in Spain, the *law on Science, Technology and Innovation* (2011) shows the importance of knowledge generation, its dissemination and application in order to achieve a social or economic benefit. This law is articulated through two multi-annual planning instruments that are taken into account as a reference in all the Autonomous Communities: the *Spanish Strategy for Science and Technology and Innovation*, and the *State Plans for Scientific and Technical Research and Innovation*. In Extremadura, the regional law on Innovation (2010) regulates, for the first time, in a global and systematic way, the performance of the regional public administration in this type of actions. Within this framework, in 2014, the current V PRI + D + I Plan (2014-2017) is launched, being the first to be born under the Extremaduran Law of Science.

Despite all these activities aimed at the promotion of innovation scope for improvement still remains, especially through the public administration's knowledge of the needs required by companies in order to encourage and promote innovation, as well as trying to reduce the obstacles that companies reveal when developing projects and innovative activities. The main objective of this chapter is to analyze, in a deep sense, the perceptions of Extremaduran towards innovation and their relation with the financial public support received and the main public actions that firms demand in order to reduce such obstacles differentiating by manufacturing firms and Knowledge Intensive Business Sector (KIBS).

The interest of the study is twofold: firstly, Extremadura is a region with a number of innovative firms below the Spanish average. It is therefore very important to know what types of obstacles are found by companies in order to design regional public policies to boost these activities. Secondly, although the literature dealing with barriers to innovation is abundant, few studies have analysed this topic in Spain and they are mainly referred to regions with bigger innovative activity. Thirdly, to our knowledge this is the first study that differentiates among obstacles identified by KIBS businesses, as most of the reviewed literature focused on analyzing them for manufacturing companies only. In addition, this study analyzes obstacles related to public subsidies that are granted to the companies to carry out innovative activities. In this sense, this is an important aspect to link the perceived obstacles and the existence of specific instruments to reduce the main sources of market failures causing lower levels of business innovation

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