

TABLE OF CONTENTS

SUMMARY	7
PART I: INTRODUCTION	9
Background.....	9
Intermediary findings of the NIS project.....	10
The objective of this report.....	11
PART II: INNOVATION THROUGH DYNAMIC SYSTEMS	13
Towards a dynamic, innovation-driven economy	13
The NIS approach: Managing knowledge, interactions and institutions ..	14
What are interactions?	15
Providing dynamism in innovation systems	16
Dimensions of growth in innovation systems.....	16
Implementing the NIS approach.....	18
PART III: DYNAMISM AND GROWTH IN INNOVATION SYSTEMS. 19	
The building block: Innovative firms	19
Firms grow through transitions	19
Firms have degrees of freedom in innovation.....	21
Reinventing the firm	23
Non-technological innovation is important.....	24
Clustering of innovative firms	25
The cluster concept	25
Different innovation patterns in different clusters	26
Key factors in cluster development.....	28
Networking in uncertain and rapidly changing environments.....	29
Collaboration is pervasive but the intensity and patterns of collaboration patterns are country-specific	30
Domestic and foreign networks reinforce each other	31
Networking extends to the science system.....	32
Government-induced international networking generates national and industry-specific spillovers	37
Competing for skills: Flows of human resources in innovation systems ..	37
The importance of skills and know-how.....	38
Labour mobility and economic performance	41
International mobility of human resources in science and technology ..	45
Complex interactions create resilient, dynamic and adaptive innovation systems	51
Summing up.....	53

PART IV: DYNAMISING INNOVATION SYSTEMS THROUGH COMPREHENSIVE POLICY	55
The need for coherent and comprehensive policy-making	55
Structuring and dynamising the innovation process	55
Enhancing firms' innovative capacities	55
Exploiting further the power of markets	56
Securing investment in knowledge	58
Promoting the commercialisation of publicly-funded research	58
Promoting cluster development	63
Promoting internationally-open networks	66
From public support to system management	70
Comprehensive, coherent and customised innovation policies	71
Prioritising and sequencing policies	71
Policy co-ordination to improve governance of the NIS	72
Policy learning	74
CONCLUDING REMARKS: NIS AS A BENCHMARKING TOOL	79
ANNEX THE NIS PROJECT	83
The OECD project on National Innovation Systems	83
The Focus Groups	84
REFERENCES	87