

## Connectivity policy instruments for innovation in firms

Connectivity policy instruments refer to policy instrument that foster collaboration between firms, higher education and research institutions, and other public and private entities. Connectivity policy instruments include grants for collaborative R&D and cluster policies. The main rationale for connectivity policy instruments is to overcome network failures, that is, problems in the interaction among actors in the innovation system, which weaken opportunities for innovation.

### What are connectivity policy instruments for innovation in firms?

Connectivity policy instruments refer to policy instrument that foster collaboration between firms, higher education and research institutions, and other public and private entities.

Connectivity policy instruments include:

- Grants for collaborative R&D (see [Grants for collaborative R&D](#) [1]). The objectives of these grants are to reduce the costs of collaboration and create, thereby, incentives to create or maintain linkages for innovation.
- Cluster policies (see [Cluster policies](#) [2]). These policies support clusters, defined as geographic concentrations of firms, higher education and research institutions, and other public and private entities that facilitates collaboration on complementary economic activities.

### What are connectivity policy instruments for innovation in firms?

The main rationale for connectivity policy instruments in support to innovation in firms is to overcome network failures. Network failures deal with problems in the interaction among actors in the innovation system. They relate to phenomena such as weak links between system actors and lock-in/path dependency failures (i.e. the inability to adapt to new superior technological paradigms).

### Examples of connectivity policy instruments for innovation in firms.

The table below provides a set of examples of connectivity policy instruments in support of innovation in firms:

Policy instrument	Objective of the policy	Condition/Node	Rationale	Mechanism
Support of regional knowledge-based clusters around universities	Encourage collaboration and knowledge transfer between innovative businesses, universities, and	<ul style="list-style-type: none"> <li>• Cluster policies (see <a href="#">Cluster policies</a> [2])</li> <li>• Interface with universities and</li> </ul>	<b>Network failure</b>	Economic

	PRIS	<p>public research institutes (see <a href="#">Interface with universities and public research institutes</a> [3])</p> <p>· Technological co-operation between firms (see <a href="#">Technological co-operation between firms</a> [4])</p>		
Grants for collaborative R&D	Reduce the costs of collaboration	<p>· Grants for collaborative R&amp;D (see <a href="#">Grants for collaborative R&amp;D</a> [1])</p> <p>· Technological co-operation between firms (see <a href="#">Technological co-operation between firms</a> [4])</p>	<b>Network failure</b>	Economic
Legal services for innovative businesses in support of international technological collaboration	Encourage international collaboration	Technological co-operation between firms (see <a href="#">Technological co-operation between firms</a> [4])	<b>Network failure</b> and <b>Framework failure</b> (deficiencies in regulatory framework)	Service or information
Loans and guarantee schemes for innovative firms in support of international technological collaboration	Encourage international collaboration	Technological co-operation between firms (see <a href="#">Technological co-operation between firms</a> [4])	<b>Network failure</b> and <b>Framework failure</b> (deficiencies in administrative framework such as costly procedures to enter in formal agreements with a foreign partner)	Service or information

**Related Link:** [Interface with universities and public research institutes](#)  
[Innovation networks and clusters](#)  
[Technological co-operation between firms](#)

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**Links**

[1] <https://www.innovationpolicyplatform.org/content/grants-collaborative-rd?topic-filters=12064>

[2] <https://www.innovationpolicyplatform.org/ipp/filters/result-page?topic-filters=12320>

[3] <https://www.innovationpolicyplatform.org/content/interface-universities-and-public-research-institutes?topic-filters=11978>

[4] <https://www.innovationpolicyplatform.org/content/technological-co-operation-between-firms?topic-filters=12057>