

Public Funding of R&D, Collaboration and Innovation Output Comparing Finland and Germany

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The stimulation of co-operations and networks has become very popular in R&D policies in recent years. This study examines the development and the impact of publicly funded R&D consortia in Germany and Finland. Due to a recent shift of policies to more competitive procedures in awarding public funds for R&D, we investigate empirically the impact of such measures on innovation output at the firm level. The microeconomic results show that collaborating firms generate higher innovation output than others. Within the group of collaborating firms, participants in publicly sponsored R&D consortia create higher innovation output than firms in non-sponsored networks. Especially SMEs seem to benefit from spillovers which increase their innovation output. **Data:** We use data from the most recent wave of the Community Innovation Survey (CIS 3) for Germany and Finland, which, among other firm characteristics, contains information about collaboration for innovation, public funding of R&D and the innovation output in terms of patenting. **Methodology:** In each country data set and for each of the analyzed groups of companies (cooperating companies, funded companies as well as funded and collaborating companies) we construct a control group by kernel based matching.

Application of the identical methodologies to the internationally comparable data sets supplied by the CIS allows us to discover patterns that are common in Finland and Germany. It also allows for the identification of differences that can be attributed to different layouts of funding policies.