

The Next Big Thing?

Trends Shaping Nordic Innovation

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Nordic co-operation

Nordic cooperation is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, and three autonomous areas: the Faroe Islands, Greenland, and Åland.

Nordic cooperation has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe.

Nordic cooperation seeks to safeguard Nordic and regional interests and principles in the global community. Common Nordic values help the region solidify its position as one of the world's most innovative and competitive.

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Preface



In 2004, the Nordic Council of Ministers launched its first White Paper on Nordic Innovation Policies and priorities. The White Paper instituted the first generation of innovation policies at the level of the Nordic Council of Ministers. Since then, the world economy has experienced both one of its biggest upturns and subsequently one of its biggest downturns since the major recession of 1929. The global financial crisis and subsequent spillover into the real economy has radically turned the tables on a long list of performance indicators related to innovation and competitiveness all over the world. This has also been the case in the Nordic countries. They have all experienced the consequences of the global recession, where weaknesses have been exposed both among their financial and other important institutions linked to economic development. The challenge for the Nordic countries is to strike a sound balance between solving current problems and future needs for action. It might be prudent for the Nordic countries to view the current crisis as an opportunity to promote innovative concepts which will undoubtedly provide the basis for the future growth and prosperity of our societies. One should not forget Schumpeter's notion of "creative destruction" as the greatest force for innovation and competitiveness. One should also keep in mind that, as small open economies, the Nordic countries have gained considerable benefit from globalisation and the opportunities it has provided for trading, knowledge sourcing and innovation management tools such as open innovation. So what is this publication about? It will address some of the trends that will almost certainly have a major influence on the development of the Nordic countries in the coming years, and which will become significant driving forces for innovation and future change.

Icelandic Chairmanship

Nordic Council of Ministers 2009

Summary



Regions, nations and companies that are able to change and adapt to new circumstances will over time have the best chances of sustaining a healthy balance between growth and prosperity within their communities. It can by no means be taken for granted that the Nordic countries will be among the richest societies in the world. However, since the breakthrough of industrial and modern times the Nordic countries have shown themselves to be particularly capable of steady development and renewal. Co-operation between industry, government, academia and society as a whole has been one of the defining characteristics of the Nordic countries' development in these areas. Nordic co-operation is in this sense a natural ingredient of the Nordic approach to development.

In 2005 the Nordic Council of Ministers formulated a common Nordic innovation policy. The aim was to consolidate innovation within each of the Nordic countries, and in the region as a whole, including the Baltic countries and neighbouring regions. The intention of the Icelandic chairmanship and this publication is to point out future trends that are likely to shape the discussion on innovation, and to exert an influence on the Nordic countries' innovation policies and priorities.

This publication focuses on future trends which are likely to have an impact on the next generation of Nordic innovation policy. Thematically the chapters deal with the concepts of:

- The Transition to a Sustainable Economy
- New and Emerging Models of Globalisation
- The Value Chain as the Innovation System
- The Role of Organisation and Management
- Measuring and Managing Innovation
- The Confusion between Research and Innovation
- Leveraging Global Innovation Hot-spots

Without going into detail about the content of each chapter in this summary, these concepts influence the Nordic Council of Minister's globalisation initiatives in various ways. They also highlight future challenges and key issues linked to Nordic innovation policies. As mentioned above, the Nordic economies have historically been successful in adapting to changing circumstances and in the application innovative solutions. However, in order to sustain this development the Nordic region will probably have to

assume a leadership role, and not simply be a follower in many of the areas discussed under future trends. There are signs that this is already happening. For example, within innovation in the public sector and other areas, such as developing solutions for tapping into global innovation hot spots.

Nevertheless, two issues in particular have changed the way in which we can best approach and discuss the future role of the Nordic countries. These are global warming and the global financial meltdown. The global financial meltdown has shown us that the last 25 years of economic policies have failed in some important areas. A possible outcome of this is that we will have to rethink our role in the global economy, reassess how we access resources and, not least, how we utilise these resources. The second issue is global warming. This may be viewed either as an opportunity or a constraint. It can be seen as an opportunity in the sense that the Nordic region possesses a strong platform for the development of new solutions and jobs within existing and emerging areas linked to energy and the environment. However, in order to succeed, the Nordic region will probably have to re-evaluate central elements of the existing growth model, and thereafter also our perception of innovation. The departure from a fossil fuel based to an environmentally sustainable economy will require new forms of organisation, new means of global collaboration, new incentives for entrepreneurs, and new methods of state-market interaction.

In fact, the notion of an innovation economy might already be outdated. A more appropriate term might be the “wisdom economy”. This is an economy not solely based on the growth paradigm of the industrial and contemporary era, but rather on a debate related to how quality can be measured in other terms than financial gain, and within the ramifications of global warming and financial constraints.