

1. Introduction

Borut Likar

1.1. Innovation, research and development in the European environment

Global competition and new technologies indicate that the economy of the 21st century will offer new challenges for the economy. Knowledge is becoming the crucial success factor in any organisation. Unlike other assets, which lose value over time, the know-how actually increases in value when used and practised. Therefore, individuals at every level and in all industries are challenged to acquire new knowledge, to develop new ideas, and to pursue them as far as they can go.

With the integration of the European Union the companies and employees often lack knowledge and experience for co-operation among countries and a successful breakthrough on EU markets. A company performing in the European Union shall be able to manage its own innovation and research and development (R&D) processes as well as the transfer of knowledge at the national and international level. These complex types of knowledge are lacking not only in large but predominantly in small and medium sized companies.

Therefore, companies need to be encouraged to develop systemic approaches, new skills and competencies linked to the process of innovation, contributing to greater competitiveness, entrepreneurship and new employment possibilities.

According to the aims of Lisbon strategy from 2000 and statistical indicators from 2006 (Scoreboard, 2006), EU is still losing ground on the United States and Japan in the field of innovation and R&D. The situation in the countries in transition proves to be even worse. As the innovation is a cornerstone for achieving a competitive and dynamic knowledge-driven economy we are facing a growing 'innovation gap' between EU and US/Japan (Figure 1).

At the same time we can establish that innovation proves to be directly related to gross domestic products (GDP). Interdependence is indicated in the Figure 2.