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The Role of Public Support in Improving Innovativeness and Enhancing Its Effects for Employment in SMEs

Abstract

Using a multivariate, multi-stage econometric model and data from the Community Innovation Survey 2014, the paper investigates the impact of public support for innovation activities on adoption of different innovation strategies, propensities to introduce product, process, organizational and marketing innovations and employment growth in small and medium enterprises. In estimating these effects, country and industry heterogeneities are taken into account. Effectiveness of alternative policy mixes is also evaluated.

Keywords: innovation support, SMEs, employment growth, policy mix, multivariate probit model

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