Evaluation brief: *An Analysis of Firm Growth Effects of the Danish Innovation Consortium Scheme* (Denmark)

Key words: innovation consortium, firm growth, control groups, science-industry cooperation, knowledge transfer

1. Introductory information

- Danish Innovation Consortium Scheme is a national measure in Denmark.
- The study was titled: *An Analysis of Firm Growth Effects of the Danish Innovation Consortium Scheme* and it was an interim evaluation, commissioned by the Danish Agency for Science, Technology and Innovation.
- The evaluation was carried out between September 2009 and April 2010 by J.M. Kuhn from the Centre for Economic and Business Research, Copenhagen Business School. The evaluation budget was approximately €40,200.

2. Summary

The objectives of the evaluated measure were as follows: through the creation of innovation consortia (consisting of a minimum of two companies, a research institution and a knowledge dissemination party), to promote joint projects that develop and bring research-based knowledge to maturity to the benefit of Danish companies and the Danish business community – especially SMEs.

The objectives and main questions of the evaluation were: to determine the economic impact of the measure (in terms of employment growth and gross profit) and on survival rates on participating firms compared to a control group of non-participants. The evaluation methodology was the culmination of a specific research project approach sponsored by the commissioning agency and the evaluator.

The approach and main research methods involved a control group comparison on specific growth factors (namely, gross profit and employment). The key information sources included information derived from programme monitoring data (on participants), earlier evaluations (in 2007 and 2008), company financial reports (from an external public domain dataset) and mergers and acquisitions data (again in the public domain).

The key findings of the study were that firms that participated in the Innovation Consortium scheme experienced significant increases in the growth of gross profit and employment when controlling for pre-participation growth and developments in the growth of firms in the control group. However, the effects were less marked for larger participating firms than in the case of smaller companies (gross profit <$20m or <150 employees). No differences in survival rates were detected.

In terms of the lessons for evaluating innovation support measures, the (relatively simple and limited) analysis approach was found to be favourable for this type of programme, although regular updates to the data might add additional sophistication – e.g. by identifying those firms that benefit most or which Innovation Consortia work better than others. Also, it was suggested that data on patents might give a better picture of the impact of participation with regard to innovation activities. However, given critiques of the use of patent data as a proxy for innovation activities plus the additional variability that could be introduced due to the impact of firm size on patenting propensity, it is not entirely apparent that this would be an appropriate methodology. It should be noted that other attributes of the measure (management

and process issues, participant interactions) were also evaluated through separate targeted evaluations.

3. Further information

- The full case study may be found at: (url)
- Link to the evaluation study: http://www.fi.dk/publikationer/2010/effektmaaling-af-innovationskonsortier/An%20Analysis%20of%20Firm%20Growth%20Effects%20of%20the%20Danish%20Innovation%20Consortium%20Scheme.pdf
- Link to the Managing Authority that commissioned the evaluation: http://www.fi.dk/tilskud/forsknings-og-innovationsprogrammer/samspil-mellem-erhverv-og-vidensinstitution/innovationskonsortier