

Encouraging government-academe collaboration

Text: Petra Houghton, Photo: Markku Ratilainen

A series of three international seminars in London, Helsinki and Berlin bring together academic researchers and policy-makers to encourage collaboration in venture capital, risk capital and international financing of new firms.

The initiators of the seminar series, Professors **Gordon Murray** from the University of Exeter, UK, and **Markku Maula** from the Helsinki University of Technology, Finland, both have considerable experience in working on policy-based issues with governments. However, they have found that, regardless of the benefits, getting policy-makers and academics to share their collective experience and knowledge is not at all self-evident.

“The two parties speak different languages, and the commonality of their interests is sometimes not obvious. While in science issues are explained in numerous articles and books, policy-makers often need the same thing explained in a couple of sentences,” says Maula.

Murray agrees: “Policy-makers are almost invariably under a burden of having to find quick solutions that satisfy their political masters. They need to see and understand a direct route from academic theory or empiricism to policy action. Academic research rarely provides such easy prescription.”

ROUTES FROM THEORY TO ACTION – AND BACK AGAIN

The seminar series funded by the ERA-NET project NORFACE, with further financial assistance from UK and Finnish host governments as well as the European Investment Fund, is important not the least because of its classic networking effect. Murray explains:

“The issues we’re dealing with – such as the nature of appropriate funding for nascent, new knowledge-based businesses or the implications on national policies of the rapid globalisation of capital markets – are highly complex. In these circumstances it seems to us that academically rigorous analysis and interpretation of contemporary data is of increasing importance in determining effective policy choices and actions.”

“Also, through our international research, we can often bring together policy-makers from different countries who previously wouldn’t have known each other.”

GOING GLOBAL, LOST TO THE WORLD?

Policy misinterpretations based on faulty or redundant assumptions happen easily and are not that uncommon.

“Take Finnish software companies, for instance. The Finnish software industry covers less than one per cent of the global software market. It’s obvious that if you want to grow, you have to become global,” says Maula.

“And this is where the trade and investment flows of a modern economy are misinterpreted. It’s easy to think that other nationalities should keep their hands off our best, young companies. It’s still widely believed that if a foreign corporation buys you, you are lost to the world, and that the only way a company will benefit the national economy is if the company is financed domestically and essentially remains Finnish or British etc. This parochialism in global technology markets is understandably populist, but highly dangerous,” elaborates Murray.

THE DIALOGUE AND RESEARCH MUST GO ON

The venture capital industry is still very young, and the body of knowledge and theory is limited. Most business owners have no idea what venture capital finance is or does. Murray and Maula believe, however, that as the global interest increases, the understanding of the significance of this industry will grow rapidly. Murray explains:

“Entirely new areas such as China, are setting up



According to Professors Markku Maula and Gordon Murray, many business owners still have no idea what venture capital finance really is or does. However, the understanding of the significance of this industry will grow rapidly.

venture capital systems. An OECD conference on venture capital issues was held in Brazil in March 2006. What are the real opportunities? Could the venture capital industry transform a developing region the way it has transformed the economy of the Silicon Valley region? It's possible, but knowledge and experience will be at a premium for policy-makers and practitioners alike."

Stopping governments making mistakes by sharing international policy and research experience is obvious and desirable. But it happens surprisingly rarely as the NORFACE seminar has shown.

"Based on the feedback received from scholars and policy-makers alike, there's a real need to see this forum continue. In the global sphere of venture capital, risk capital and international financing of new firms, novel and complex issues will continue to emerge at a growing pace. These phenomena will attract the attention of researchers. That academics and policy-makers can discuss freely and candidly what we know, what we don't know and what we should know, is in everyone's interests." ■

NORFACE, New Opportunities for Research Funding Agency Co-operation in Europe, is a five-year ERA-NET project coordinated by the Academy of Finland. NORFACE receives funding from the EU 6th Framework Programme. The core objective of NORFACE, which is a partnership between twelve national funding agencies, is to create added value in high-quality research activity that crosses national boundaries. Further objectives are to develop new transnational funding instruments, to increase cooperation between national programmes and to develop transnational research programmes between the partner organisations.

The NORFACE Seminar Series, funded by the partners in the NORFACE ERA-NET project, has been set up to promote academic cooperation and innovative research as well as to create opportunities for young academics to get involved in international research cooperation. NORFACE is currently funding a total of five series of seminars:

- Illuminating Theory/Guiding Practice. Formal and Informal Venture Capital Instruments for the Financing of Innovative Young Firms
- The Transatlantic Relationship and the Struggle for Europe
- Social Aspects of Language Diversity
- Challenges of Immigration for Smaller European Countries
- Migrant Labour in the Eldercare Sectors (MILES)