

EARTO Innovation School

Module 6: The Internationalisation of RTOs



31st January 2017



JOINT RESEARCH CENTRE & EARTO

EARTO INNOVATION SCHOOL

THE INTERNATIONALISATION OF RTOs

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INSTITUTO DE POLÍTICAS Y BIENES PÚBLICOS

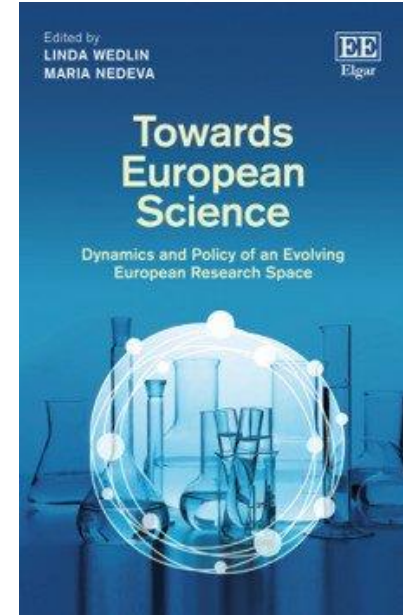


INTRODUCTION

- Very fast evolution of R&I over the past 20 years, with a strong influence of the globalisation and digitalisation.
- RTOs are no exception in this regard
- Aims of this policy brief:
 - (1) To come to a guiding document for RTOs
 - (2) To facilitate mutual learning
 - (3) To provide benchmarks to policy makers

INTRODUCTION

- Information provided in the report stems from 2 main sources:
 - (1) Theoretical input: Cruz-Castro, L, Jonkers, K.. & Sanz-Menéndez, L. The internationalisation of research institutes, in Wedlin, L., Nedeva, M. (2015) *Towards European Science. Dynamics and Policy of an Evolving European Research Space*. Edward Elgar Publishing
 - (2) Empirical input:
 - Joint workshop organised by the JRC and EARTO on 21st June 2016.
 - Circulation of a survey to EARTO members. 22 European RTOs provided responses
 - Revision of the policy brief by EARTO members.



RTOS AND INTERNATIONALISATION: CONCEPTUAL FRAMEWORK

RTO refers to a broad and heterogeneous category of research organisations with some similar characteristics:

- Focused on applied R&D
- Not for profit
- Targeting client technology service provision
- Close links to firms, universities and governments
- Both public and private funding

The **internationalisation of RTOs** is conceived as "a process of increasing involvement in non-nationally based operations by the [RTO] and an increasing openness to 'non-national' influences, with the effect of transforming the attributes of the organisation and of modifying its resource dependence features" (Cruz-Castro et al., 2015).

DRIVERS & MOTIVATIONS-WHY DO RTO'S ENGAGE IN INTERNATIONALISATION?

- Access to foreign knowledge base, collaborative partners and lead clients
- Access to new markets, clients and funding
- Strengthening the domestic consumer base
- Access to European, international public funding and national support programmes

BARRIERS AGAINST INTERNATIONALISATION

Internal	External
Strategic orientation, mission and autonomy of the RTO	Lack of collaboration framework at international level
Effective internationalisation investment as well as the efforts and adjustments needed for running a multinational RTO	Higher levels of competition at the international level
Resource constraints, funding arrangements	Funding dependence from national/regional governments
Capacity problems: lack of competences, capabilities, experience, intercultural knowledge	Legal aspects, IPR, tax aspects, fiscal barriers
High Costs of internationalization, also in terms of administrative support	Diversity of international markets: different interests in different regions
Strategic barriers: 'know how' drain; inappropriate research topics for the domestic market; inappropriately large benefits to foreign firms	Need/ size of domestic market

STRATEGIES – HOW DO RTOS INTERNATIONALISE?

Phases	Strategic actions
Risk/capability assessment	<ul style="list-style-type: none">- Assessment capabilities- Assessment needs and risks
Market exploration	<ul style="list-style-type: none">- Market research- Partnering with foreign counterparts- Specialisation approach- Country selection- Recruitment and mobility- Developing capabilities and contacts
Market consolidation	<ul style="list-style-type: none">- Inclusion of internationalisation in a strategic R&D agenda at business development level- Collaboration with foreign RTOs- Establishing a physical presence abroad- Establishment of representative offices and of R&D units abroad- Bidding for public projects

POLICY RECOMMENDATIONS

FOR POLICY MAKERS

- (1) National and regional governments, should carefully consider to support rather than hinder internationalisation processes.
- (2) Maintaining and developing favourable framework conditions, and supporting the exploration of new markets would be a strong asset for the development of transnational networks.
- (3) Too little discretionary core funding and other support from national governments can limit RTOs in their internationalisation strategies. RTOs call for "proper funding dedicated to the internationalisation of RTOs."
- (4) One of the barriers to the internationalisation of RTOs is a capacity problem. Programmes supporting RTOs to join forces would considerably lower this capacity problem.

POLICY RECOMMENDATIONS

FOR RTOs

- (1) Building critical mass and networks is essential in order to be competitive and an attractive partner at the international level.
- (2) RTOs may search international expansion to reduce their dependency on domestic funders and clients.
- (3) RTOs which depend significantly on client firms that either export or consider engaging in foreign direct investment may consider it their role to facilitate this process by expanding themselves to these countries as well.
- (4) Each RTO needs to make an assessment of its own capabilities, the risks, the costs and potential benefits of internationalisation on its activities.
- (5) The use of representative offices as listening posts to scope new technological developments may be especially fruitful in view of any future international settlement.

THANK YOU FOR YOUR ATTENTION

QUESTIONS?



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