

*Annex A.*  
**Main findings of the 2008 OECD**  
*Review of Innovation Policy in Norway*

In 2008 the OECD reviewed the Norwegian innovation system, identifying main strengths and weaknesses of the country's innovation system and its underpinning policies. Among the most relevant findings of the 2008 review were Norway's low performance against conventional S&T and innovation indicators, notwithstanding its persistently high economic performance. At the same time the review also found that a strong "social contract" between the state, labour and capital that contributes substantially to social welfare, and a high level of acceptance of technological change in the labour force.

Overall, a key strategic task that had been identified was to maintain sustainable economic growth beyond the country's peak in oil and gas production. Restructuring the Norwegian economy accordingly would entail a shift towards other knowledge-based activities, and as such improve innovation capabilities that required increased investment in R&D, matched by the ability of policy to catalyze these investments into concrete and viable goals.

### **Main strengths**

Within Norway's innovation ecosystem, main strengths included a dynamic, high-performing private services sector, with innovative business models in many types of services as well as resource-based industries. Political commitment and institutional capabilities to foster science, technology and innovation had been a priority of successive governments, and well-functioning institutions encourage innovation via information flows and both direct and indirect financial support. Norwegian policy makers have over the years been very active in developing a broad portfolio of support instruments for S&T and innovation, and a critical mission of Norway's research institutes has been to support industrial development through applied research. Well-developed national sources of strategic intelligence on the research and innovation system facilitate policy formulation and delivery.

Additional factors that had been identified to be beneficial to Norway's innovation system include a stable, high-performing economy underpinned by disciplined macroeconomic management and substantial and well-managed natural resource endowments. Norway possesses a high level of social capital, education and skill levels and economic and socio-cultural framework conditions that favour technical change. The country has a strong political commitment to strengthen capabilities in science, technology and innovation, and a strong industrial base, especially in industries conventionally classified as low or medium technology are beneficial to strengthen the country's innovation base. A strong export-oriented resource-based industry, innovative

clusters around extraction, and a large and dynamic services sector are underpinned by segments of excellence in scientific research.

### **Main weaknesses**

On the contrary the country's main weaknesses were seen in the lack of benefiting sufficiently from R&D conducted abroad, while at the same time Norway does not attract enough R&D investment from abroad. A potential shortage of people with appropriate research skills due to a fall in the numbers of students opting for scientific and technical disciplines had been identified to be a challenge for the country's economic restructuring towards a more knowledge-intensive direction if the supply of people with scientific and technical skills remained unchained. Existing policy contradictions had been identified to possibly result in ineffectiveness, such as the conflict between building a critical mass in many fields of research, and the dispersion of research inputs through regional policy. Improving governance of the innovation system regards also a clear distinction between policy formulation and policy implementation.

Other weaknesses have been seen in the intensity of Norway's rate of R&D and innovation in manufacturing that was relatively low, and weak links between university and industry. The absorptive capacity of some parts of the industry has been limited, while potential skills shortages in the future might be evoked through a low share of students opting for mathematics, science and technology. Governance and direction setting in the country's innovation system is fragmented and overall weak, and insufficiencies in some aspects of the innovation system's internationalisation, e.g. international learning of firms and R&D internationalisation in industry exist.

### *Reference*

OECD (2008), *OECD Reviews of Innovation Policy: Norway 2008*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264043749-en>.



**From:**  
**OECD Reviews of Innovation Policy: Norway 2017**

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264277960-en>

**Please cite this chapter as:**

OECD (2017), "Main findings of the 2008 OECD Review of Innovation Policy in Norway", in *OECD Reviews of Innovation Policy: Norway 2017*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264277960-10-en>

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