

**INNOVATION AND ITS ESSENTIAL CONTRIBUTION
TO THE GROWTH OF
THE PRIVATE SECTOR AND THE DEVELOPMENT OF A COUNTRY**

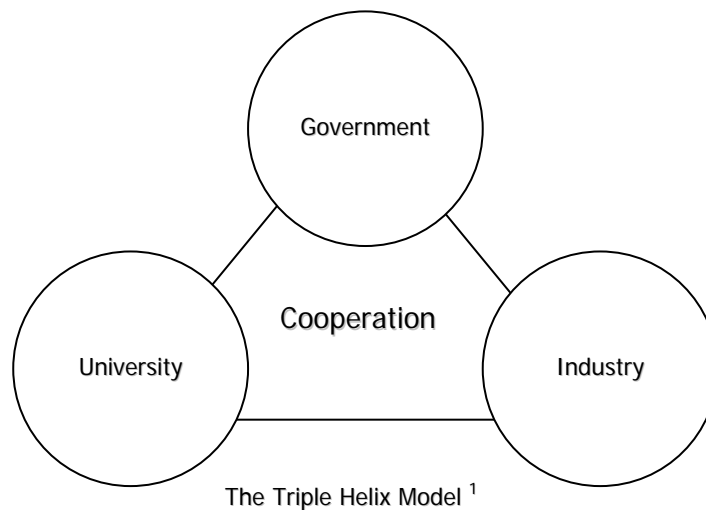
A paper presented by:
Dr. Arega Yirdaw, Chief Executive Officer, MIDROC Ethiopia
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INTRODUCTION

It is indeed enlightening and profoundly encouraging to observe that notable professionals with ample experience in and exposure to the inner workings of the academic institutions as well as the private and public sectors are engaged to design a system that can create an environment of collaboration and mutual benefit among universities, industries and governments by using what is known to us as "The Triple Helix Model"¹. It is a privilege and indeed an honor to be here today, in this respectful forum, to make few remarks about the role and contribution of the private sector, as one of the three institutions, and the expectations it has from the other two institutions.

At the outset, I would like to underscore the fact that this paper is based merely on the practical realities and experiences acquired in the day-to-day operations of the private sector.



Innovation in the context of this presentation is taken as any activity that deals with new or improved ideas related to science & technology, management & leadership, manufacturing & production, methods & processes, and the like. It is primarily about the adoption of globally or locally available ideas to enhance productivity.

In this globalized world, the private sector is faced with the challenge of providing quality products and/or services at competitive price to well-informed, savvy and educated customers/consumers. These customers utilize modern information systems to gainfully transact with manufacturers/suppliers and achieve the best possible satisfaction for their money.

- What must the private sector do to use innovation as one of the elements for productivity and growth?
- What must the private sector expect from the academia and policymakers (i.e., universities and governments) to achieve a

¹ (Etzkowitz et al, 1998)

modern, knowledge-based, technologically acceptable companies with sustainable growth and profitability?

This paper is prepared to shed light on the above two questions to help provide to the forum the point of views from the private sector.

RECOGNITION OF THE REALITY

In an effort to set aside generalities and focus on ideas and suggestions that may produce near term results, it is essential, at the outset, to recognize the realities faced by private, public and other institutions in any underdeveloped countries including Ethiopia.

First: To be part of the global market, such countries are required to conform to the demands of the international or global market and play an active role to survive and grow. This requires the availing of products and services that must meet international quality standards at a competitive price.

Second: To compete and be successful in the global market, the private sector needs to operate using resources which must, not only be compatible with the international standard, but also compete in a playing field where the other players have huge historic, technological and financial muscles to crush or knockout new entries from marginalized economies. It is obvious that the poorer a nation, the less its innovative resources, the stiffer the challenge for it to be in the global market.

Third: The private sector must also provide satisfaction to local consumers by providing products that can compete and win the invading imported products from countries privileged with own raw material, modern equipment and better innovative capabilities.

Fourth: The realities surrounding the infrastructure, financial strength, governance, health and the like are factors that hinder success in the ever-challenging and difficult local and international market that the private sector must participate.

Fifth: Globalization and its implementation has created a paradox in the activities of the private sector. On one hand, it is a fact of life to be a part of the global market for survival, growth and development. This, without a doubt, must be the goal of any institution that strives to succeed as an institution. On the other hand, the reality of the market requirements and the practical implementation of globalization in the third world create undue pressure on the private sector with technologically inadequate resources such as capital, machinery equipment, as well as skilled manpower.

This phenomenon where industries are required to provide quality products meeting strict international standards, while lacking all the tools needed to do so, is a paradox that is currently being faced by the players. Likewise, it is also clear to the private sector that some strategy needs to be utilized to be part of the global market while making sure that such participation is implemented with full recognition of the stated paradox and the need for accelerated support in upgrading resources through innovation. The "Triple Helix Model", which promotes cooperation among key players, can help alleviate the problem. It is an undeniable fact that any lone player in a private sector will be doomed to failure unless supported by relevant institutions.

THE ROLE OF THE PRIVATE SECTOR

In order to successfully meet the challenges stated above, it is imperative that the private sector make the necessary effort to constructively engage with all those institutions that will make it possible for the sector to be productive.

The private sector, by its very nature, needs to be profitable. To achieve this, it is essential that the sector plays its role as a team member. It shall accomplish this by focusing:

- on the growth and expansion of the sector by introducing innovative ideas.
- on the growth of the country by being profitable thereby paying taxes to the country. This, in turn, will enable the government to provide the necessary fund for its regulatory and other services.
- on the growth and development of the community through its corporate citizenship contributions and participations.
- on the growth of the number of skilled and technologically advanced workforce by providing support to relevant academic institutions, and
- on the growth of foreign capital and investment by successfully rewarding investors with the necessary return on their investments.

To achieve the above, leaders in the private sector are required to accept the realities of the local and global economy, the competitive environment and the inadequacies that currently exist in the support and regulatory institutions.

This situation, hence, requires the private sector to re-double its efforts and meet its obligations by recognizing:

- the need to provide quality products and services marketable at a competitive price,

- the need to accept the realities of the market, adjust, adapt, re-engineer, re-align and change activities accordingly,
- the need to constructively engaging with the regulatory bodies/agencies to help promote and improve the working environment for the private sector, and
- the need to establish and work hand-in-hand with institutions that are organized to add values to the private sector through their innovative ideas.

In practical terms, at this stage in time, the private sector in this country, can engage with the universities and the government to help encourage innovative ideas.

A. With regard to cooperation and collaboration with universities and other similar institutions, the private sector can and must:

1. Participate in the formulation of curricula relevant to the enhancement of the private sector.
2. Participate in the development and implementation of specialized classes that will help add-value to the private sector in its effort to reduce cost, improve productivity, manage and lead companies for profitability, meet global challenges, adopt or create new methods and processes, and secure skilled labor force.
3. Participate in promoting "entrepreneurial university "for the university's own development as well as the private sector and the government.
4. Participate in the training of management, leadership and other relevant technical skills by placing the resource of the private sector at the disposal of the university.
5. Participate in availing industry leaders and qualified experts to participate in the entrepreneurial activities of the university in a form of research or classroom activities.
6. Participate in availing sponsorships to the universities to help accelerate the innovative process that will benefit all players.
7. Participate in studies that must be made by universities to help growth and development by bridging the gap between the private sector and the regulatory agencies with the prime goal of promoting the growth and development of the country by utilizing researched and useable data/information.

B. With regard to the cooperation and collaboration with the government/policymakers and regulatory agencies, the private sector must constructively work:

1. to ensure a healthy, productive and cooperative spirit between the policymakers and the industry.

2. to promote the country to foreign investors by demonstrating "showcase success" stories in the private sector that can help attract foreign capital and create the possibilities of securing an equitable portion of the pie in the market.
3. to facilitate the introduction of new or the revision of old proclamations, laws and regulations that help promote growth and development in the private sector.
4. to participate in the alleviation of the socio-economic problems and challenges faced by the government through the introduction and implementation of innovative ideas.
5. to assist the policymakers by providing relevant data as well as first-hand-experience that will be used to formulate rules and regulations, relevant to the growth and development of the country.

The private sector, therefore, can be an active partner in the "Triple Helix" cooperative effort by employing the above and other similar ideas and assumptions that can help promote innovative ideas for the benefit of the Nation.

THE PRIVATE SECTOR'S EXPECTATION

Any reasonable and well-informed leader in the private sector recognizes the national and international constraints and challenges faced by underdeveloped countries like ours. Such leaders do also appreciate the positive and constructive efforts that are being put forward by policymakers to help the private sector.

The necessary focus and assistance, although not satisfactory by any measure, provided by the Ethiopian government to the private sector during the last four to five years is a testimony to the dedication and determination of the leaders to help promote growth and prosperity in the private sector.

Likewise, the universities, despite their limitations in resources, have been the major sources of trained manpower for use by the private sector.

One, however, cannot help but wonder how the private sector ought to operate in an environment where the two key allies in the promotion of growth and development are seriously under-funded. The fact that the industry, the universities and the government have serious limitations to meet the demands of the global market, makes it imperative that the three institutions need to join hands and network effectively to exploit each other's innovative ideas for the betterment of their own activities as well as the growth of the nation.

Some of the expectations of the private sector from the two institutions are provided herewith, not arranged in any order of importance, for possible considerations.

EXPECTATIONS FROM THE GOVERNMENT

In the context of innovative ideas and the growth and development of the sector, industries expect the government to:

1. Provide the necessary fund and support to government-run universities so that innovative ideas can be exercised for the benefit of all.
2. Provide necessary assistances to private educational institutions to help encourage their participation in the innovative ideas.
3. Provide and implement laws and regulations that are conducive to implement innovative ideas.
4. Provide supportive and enabling environment for the universities and the private sector to effectively network to advance the implementation of innovative ideas.
5. Provide incentives to help instill innovative culture and practice among the parties involved.
6. Provide the framework and policies that can help generate constructive and fruitful interactions between the private and the public sector.

EXPECTATIONS FROM UNIVERSITIES

Despite the fact that most universities are mainly part of the government thereby, subjected to several operational and financial limitations, it is, nonetheless, important for them to do what is possible to participate in the efforts to help cement the growth, expansion and profitable operation of the private sector. To achieve this, the sector expects universities:

1. to recognize the critical aspect of higher education in the development process and play the necessary role in meeting the demands of the private sector by availing them with graduates with marketable skills.
2. to enhance the traditional research and teaching functions by engaging with entrepreneurial activities that help promote economic development.
3. to promote and become the prime mover in the adoption of innovative ideas that can easily be implemented to assist the efforts of the private sector as well as the government.
4. to re-engineer the courses and re-direct the priorities to help focus on the activities that are currently needed to support the private sector to compete effectively. This requires products and services that are made available by knowledge-based companies supported by innovative ideas.
5. to foster innovative culture and practice in all social fabrics of the country thereby helping the private sector operate in a conducive environment.
6. to take advantage of the system of the market economy and help provide relevant and researched material that can be used not only by the private sector, but also by the government.

7. to focus on creating innovative solutions to improve or replace century old tools or other productivity related methods and practices.
8. to engage in the production of simple but useful "how-to-do" publications to help small or medium entrepreneurs so that success to failure ratio of entrepreneurship can be improved.
9. to ensure their existence as viable and relevant institutions with practical and result-oriented contributions to society through the implementation of technology and non-technology related specializations such as leadership, managerial and marketing skills as well as the use of electronic based communication systems.

CONCLUSION

In conclusion, if our goal is growth and development, then it is essential that the three institutions mentioned above recognize that they have no better alternative other than working together to meet the developmental needs of the country.

If we believe that any dynamic innovative system provides the means to utilize new ways of doing things through invention, technology transfer and the like, then it is imperative that the three institutions lead the way to exploit its usefulness.

Each one of the institutions can play their own roll by improving their activities within the limits of the realities they are confined with. This may not be of great challenge. The major challenge, however, is the development and implementation of a network system that can serve as a catalyst to create result-oriented relationship among the three players. This task may require the creation of a body that can take the challenge and help achieve the benefit that can be obtained from the use of the "Triple Helix" concept of collaboration.

No one will deny the challenges faced by underdeveloped countries like ours with regard to lack of infrastructure, skilled manpower, inadequate exposure to science and technology, red tapes, bureaucracy, limited access to finance and the like.

All developed nations, however, in one form or the other, have gone through such challenges prior to becoming industrialized and wealthy. Having said that, we have no choice other than working together in an environment where all institutions are employing better and innovative ideas to accelerate the implementation of changes that are required for the growth and development of the country. The private sector will constructively engage with the academia and the policymakers to help the "Triple Helix" concept become a reality in Ethiopia. This concept, perhaps, will test our resolve and determination to accept new techniques and methods for better and profitable use of our resources. The private sector welcomes the initiative and looks forward to positively participate in its implementation.