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INNOVATION-BY-AGREEMENT: ACTIVATING THE LISBON AGENDA
The Lisbon Agenda of 2000 confidently assumed that Europe could combine competitiveness with reinforced employee rights. When it was re-launched in 2005, convinced believers in the former EU-15 were hard to find. Globalisation and enlargement had hollowed it out. Besides which, different actors with different interests saw it differently. Some saw it as a call for more flexible production with reinforced rights, or flexibility-by-consent, notably, the ETUC, whose general secretary John Monks, forwarded a proposal on these lines to the employers' federation UNICE in 2004. Others took it as a call for more flexible labour markets and reduced employee rights, or flexibility-by-constraint. The ‘consent’ view focussed on promoting innovation by reinforcing rights; the ‘constraint’ view focused on cutting costs and reducing them. Given the choice, most management preferred the constraint option.

The Lisbon Agenda has been more cited than read, especially by much of the European press. In fact it called for:

‘giving higher priority to lifelong learning as a basic component of the European social model, including encouraging agreements between the social partners on innovation and lifelong learning; by exploiting the complementarity between lifelong learning and adaptability through flexible management of working time and job rotation (and) furthering all aspects of equal opportunities, including reducing occupational segregation, and making it easier to reconcile working life and family life (European Council, 2000).

In these senses, Lisbon was a call less for reform of labour markets than for a renewal of the European social model based on both economic efficiency and social consent (EU Commission, 1993). The background case behind this call was for innovation-by-agreement between social partners, which had been argued in an earlier report to Jacques Delors (Holland, 1993), and invited by the Portuguese Presidency of the European Council (Holland, 2000). This paper extends this reasoning and draws upon methodologies which we have independently and jointly developed, including a project for the European Commission to follow through the commitment of the Lisbon Agenda to lifelong learning (Oliveira, 2003).

It does so first by considering contrasts between flexible labour market theory and flexible production theory. Second, it addresses the widespread presumption that the ‘flexible production debate’ is over, or its claims exaggerated, suggesting inversely that its implications for western economic and management theory and practice have been understated. Third, it addresses the degree to which effective flexible production depends on explicating tacit knowledge, latent abilities and implicit skills within organisations. Fourth it suggests that social dialogue on the basis of principles of feasible mutual advantage for organisations and their employees can operationalise the principles of Lisbon Agenda and enhance both economic and social efficiency, before drawing some