Chapter 5
The Policy of Technological Innovation and Economic Trajectory of Portugal: Analyzing the Context of the Algarve Region

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ABSTRACT
This chapter is the result of an interuniversity exchange doctoral research project carried out in the Algarve region, Portugal, in 2017. Its objective was to discuss the economic trajectory of Portugal and its implications for those political strategies encouraging technological innovation. The empirical research used interviews and the analytical results were based on the path dependence theory. The outcomes of this study point to the dependence of the Algarve region from external investments.

INTRODUCTION
The objective of this article is to identify the trajectory of Portugal’s economic policy and its effects upon those policies for innovation in the Algarve region. The methodology used included interviews with representatives of five organizations, five enterprises and two incubators. In addition to the gathered important empirical data, the study has its base in the path dependence theory. For this, an analytical...
framework was developed based on the model presented by Hoff (2011), with the following elementary points:

a) It is based on the historical trajectory of the policies of incentive to technological innovation, with the reflexes in the technology-based incubators, in the organizations and in the companies of the Algarve region. For this purpose, interviews were carried out with five organizations, five companies and two incubators that, following this article, will be presented. In addition, a documentary research was realized to understand the relevance of the information collected to the context of the region.

b) Antecedent conditions and general laws were identified to historically characterize the economic policy of Portugal, from 1990 to 2015. This period was marked by discussions of the concept of science and technology policies and the economic construction of the unified Western Europe. For this stage the bibliographic research was adopted, crossing every moment that presented itself as important for the understanding of the Portuguese economy and its implications in the policy of technological innovation.

c) Along the trajectory, those moments that led to the choices in which it is possible to perceive a dependent path have been identified. Followed by a bibliographical research to identify those actions carried out throughout the history of the Portuguese economy. Possible implications were detected and its impacts for the public policy choices within the regional strategies of the Algarve region.

All primary data was collected through interviews and field notebook was used to facilitate the researcher’s perceptions and the interviewee’s environment to be better shaped. Secondary data were collected based on information presented in legislations, articles, theses, dissertations, books, websites and other disperse materials relevant to study. The information obtained in the interviews, along with the historical and economic trajectory of Portugal, with the strategies adopted to encourage technological innovation served as a basis for a more complete understanding the reality of the country and the particularity of the Algarve region to conduct specific policies in this area.

The technological development of Portugal took place through an integrated system of international scope. To better detect how the country is working on this issue and what strategies were adopted to implement policies of technological innovation, it was required to know the country’s historical trajectory, acceptance the importance of all the accumulated trajectory for the current scenario.

THE CONTEXT OF INNOVATION IN THE ALGARVE REGION

A population of 451,005 thousand inhabitants (INE, 2011) forms the Algarve region, an important tourist region in Portugal. The characteristics in relation to its climate, favoring tourism are milder in short winter and hot, long summers. This scenario is favorable because the Algarve region is in the southern area of Portugal and the closed contact with the Atlantic Ocean allows, and allowed for more than a century, tourism activity to prevail as a source or regional revenue. Currently considered the third richest region in Portugal, its economic activity is mainly focused on services. Hereby, some data of the employed population: 80.6% of the people work on services, 6.3% in industry, 9.8% in construction and 3.3% in agriculture (PORDATA, 2017).