Revisiting the Solow Paradox in Southern Europe: Innovation Dynamics and Policy Implications after the Crisis

Abstract

This research initiative investigates the persistent productivity stagnation in Southern European economies—particularly Greece, Portugal, and Spain—following the 2008 Global Financial Crisis. Despite substantial investments in innovation and digital transformation, these countries face deep-rooted structural barriers that limit productivity gains.

The project revisits the "Solow Paradox" through a multidisciplinary lens, integrating economics, innovation studies, management science, and public policy. It emphasizes firm-level and sectoral dynamics, exploring how financial shocks, institutional fragilities, and governance inefficiencies have interacted with technological and organizational deficits.

By bridging **Theory, Policy, Practice, and Politics (TP^3)**, the project aims to develop a coherent framework for diagnosing and addressing the productivity paradox, offering actionable insights for innovation-led growth in structurally constrained economies.

Project Lead: Prof. Anthony Bartzokas & Prof. Elias Carayannis

Expected Output

The project will culminate in a peer-reviewed special issue featuring contributions that examine post-crisis productivity hysteresis in Southern Europe. Key deliverables include:

- **Empirical and theoretical studies** on technology adoption, management quality, and intangible capital dynamics.
- **Policy evaluations** of national and EU innovation instruments, including R&D incentives and structural reform efficacy.
- **Conceptual frameworks** for hybrid governance, AI integration, and strategic foresight to enhance institutional resilience.
- **Recommendations** for addressing skill mismatches, financial frictions, and governance inefficiencies in the context of digital and green transitions.
- An **online paper development workshop** to support coherence and collaboration across contributions.