1. Innovation

1.1. Type of innovations

The ability to determine the scale of innovation activities, the characteristics of innovation firms and the internal and systemic factors that can influence innovation is a prerequisite for the pursuit and analysis of policies aimed at fostering innovation, at a local, regional, national or European level. The Oslo Manual is the foremost international source of guidelines for the collection and use of data on innovation activities in industry. This third edition, published in 2005, has been updated to take into account the progress made in understanding the innovation process and its economic impact, and the experience gained from recent rounds of innovation surveys in OECD member and non-member countries. For the first time, the Manual investigates the field of non-technological innovation and the linkages between different innovation types.

Both types have to be investigated and registered to properly reflect the innovative capacity of firms of organisations.

1.2. Plurality of definitions

In a recent literature review on innovation in the public or parapublic services (publications from 1995-2006), Landry and alii (Laval University, Quebec) have listed a large number of definitions of innovation.

Innovation is defined as (1):

– New ideas that work (Mulgan, 2006)
– The introduction of new and improved ways of doing things at work (West & al., 2003)
– The process of altering an established practice or objective (O’Toole, 1997)
– The capacity of organizations to renew what they offer the world (product/service innovation) and the ways in which they create and deliver that offering (process innovation) (Bessant, 2005)

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– A process through which new ideas, objects and practices are created, developed or reinvented and which are new and novel to the unit of adoption (Walker, 2006)
– The adoption of an internally generated or purchased device, system, policy, program, process, product, or service that is new to the adopting organization (Damanpour, 1991 quoted by Johnson & al., 1998)
– The adoption of an existing idea for the first time by a given organization (Borins, 2002; Osborne, 1998; Rogers, 1995)
– An idea, practice, or object that is perceived as new by an individual or other unit of adoption (Fleuren & al., 2004; Harrisson, 2002; Rogers, 1995; Young & al., 2001)
– A deliberate change in the arrangements for the design and delivery of public services where such changes are new to a specific agency or to the public sector as a whole (Boyne & al., 2005)
– Changes that are new to the organization, large enough, general enough and durable enough to appreciably affect the operations or character of the organization (Moore & al., 1997 quoted by Hartley, 2005)
– A decision-making process consisting of three broad phases of adoption, implementation, and post-implementation (Soh & Markus, 1995 quoted by Kumar & al., 2002)
– Having new ideas, developing the best ones, and implementing them in such a way that there is (at least) a good chance that they will improve the ways in which your organisation operates or performs (Bourn, 2006)
– The development, acceptance, and implementation of new ideas or processes that add utility or value to the organization (Siau & Messersmith, 2003)
– The creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes, efficiency, effectiveness or quality (Albury, 2005; Greenhalgh & al., 2004)
– The intentional introduction and application within a role, group, or organisation, of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group, or wider society (Fay & al., 2006; Länsisalmi & al., 2006)
– A political process that propels organizations to launch a significant new public project that alters rules, roles, procedures, and structures that are related to the communication and exchange of information within the organization and between the organization and its surrounding environment (Peled, 2001)
– The generation and implementation of new ideas about people and their interactions within a social system (Mumford & Moertl, 2003)
– The effort to create a purposeful and focused change in an enterprise’s social potential (Drucker, 1985, quoted by Davison & Hyland, 2006)

Creativity, invention and innovation are often used in an interchangeable way in spite of the fundamental differences which separate them: innovation does not only include generation of ideas but also implementation as suggested by definitions like new ideas that work or novelty in action.

Usually, innovation - and especially technical innovation - has been described by authors like Schumpeter in an purely economic perspective: innovation is intented to generate economic value and to provide a lasting advantage within highly competitive markets.

In the literature devoted to public services, innovation has been described in another way: a way for generating value through a better governance, through an improvement of efficacy and efficiency.

(2) Schumpeter J. (1934), The Theory of Economic Development, 1934, Harvard University Press, Boston
Drucker (1985, quoted by Davison & Hyland, 2006) has pioneered by highlighting the social dimension of innovation. This social dimension has opened up two important perspectives, one at a macro-economic scale, another at the micro-economic scale.

At the macro-economic level, social innovations are related to new responses or new solutions towards economic and social problems. The scope of innovation is pretty large: it covers the whole society, or a region, a territory.

At a micro-economic level, social innovation refers to the reorganization of work within an organization, in search for an increase of efficiency or for an improvement of life quality and occupational well-being.

1.3. Additional concepts of innovation

1.3.1. Open innovation

Once innovation occurs, innovations may be spread from the innovator to other individuals and groups. This process has been studied extensively in the scholarly literature from a variety of viewpoints, most notably in Everett Rogers’ classic book, *The Diffusion of Innovations*. However, this 'linear model' has been substantially challenged by scholars in the last 20 years.

Much research has shown that the simple invention-innovation-diffusion model does not do justice to the multilevel, non-linear processes that firms, entrepreneurs and users participate in to create successful and sustainable innovations. This non-linearity is more and more explored through the notion of open innovation.

A main characteristic of open innovation is that the innovation process not necessarily takes place within the boundaries of the firm. Instead, the innovation process is distributed among a larger number of actors. Some authors refer to this as a boundary spanning activity, others describe the borders of the firm as increasingly permeable (e.g. Jacobides & Billinger, 2006; Enkel & Gassmann 2007). In both cases, this means that innovation cannot anymore be referred to only taking place within the R&D department of a firm. Many of the authors state that open innovation requires cognitive changes in the mindset of the leader (e.g. Buijs, 2007) and others underline the need for new organizational structures and managerial practices to enable an efficient open innovation process.

Open innovation increases the potential creativity in the innovation process, it also increases the complexity involved in managing the process. From a territorial point of view, it requires to be able to give public support to an opening up of the innovative processes through networking, through clustering, through competitiveness poles, etc. The notion of regional system of innovation or ecosystem of innovation is very relevant in such a perspective.

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1.3.2. Hidden innovation

Innovation is essential to ensuring our future economic competitiveness and social wellbeing. NESTA’s work on *The Innovation Gap* (published in October 2006) developed the concept of ‘hidden innovation’ – the innovation activities that are not reflected in traditional indicators such as investments in formal R&D or patents awarded.

Despite not being measured, hidden innovation often represents the innovation that matters – the innovation that most directly contributes to the real practice and performance of a sector. For instance, it includes the development of new drilling techniques in oil production, back-office technologies in financial services, or new, more successful programmes for the rehabilitation of offenders.

Hidden innovation is often more about absorbing ideas than creating new ones – and is greatly affected by non-innovation policies. From a territorial point of view, hidden innovation requires a clear understanding on who, where and how innovation occurs in a territorial perimeter and an inclusive approach towards high tech and low tech sectors and actors (no matter whether they are private, public or third sector).

2. Competitiveness

The approach in terms of ecosystems of innovation / regional systems of innovation allows us to identify the main stakes and to establish an hierarchy among strategies to reinforce the competitiveness of a specific territory within the global context of knowledge economy. The role of innovation is largely recognised in the search for prosperity and growth.

Key factors of prosperity are nowadays access to knowledge, availability of talents, creativity. They have progressively replaced traditional advantages like natural resources or geographical assets. Intangible factors are gradually grasping importance within value chains of production.

3. Performance

The economic dynamics of a territory, i.e. the transformation in the time of its productive composition, basically depends on the capacity of its activities to develop their production taking into account their costs.

Performance of a territory is the ultimate result of the whole efforts of the territory. These efforts consist in making the good things, in the good way, quickly, at the right moment, at lower cost, in order to produce good results, to answer the local needs, and achieve the goals laid down by public decision makers.

Current debates on competitiveness, attractiveness of territories and regions strongly raise force the question of measurements and performance evaluations of the territories and that of the factors associated with "good" or "bad" performances. From which point of view can one speak about "regions which gain"? Which factors explain the fold of such region? progression of such other? the existence or not of process of convergence?

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5 NESTA Research Report (June 2007), "Hidden Innovation, How innovation happens in six ‘low innovation’ sectors"
Speaking about performance, one evokes the idea of comparison of results between at least two entities. Benchmarking poses a number of methodological problems, that of the diversity of measurements of the results, that of diversity and hierarchy of the results, that of the availability of data, that of the levels of analysis and the aggregation of the data and finally that of their interpretation.

4. Bibliography


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