



Understanding the value of innovation

Innovation has become a byword for progress and prosperity. If you don't innovate, you stagnate – so goes the received wisdom. To help further the understanding of innovation, and how it can be used to improve the competitiveness of Dutch firms and the Dutch economy, a new research institute, INSCOPE, has been set up.

By Catherine Walker

So how do Dutch firms stack up when it comes to innovation? "Holding their own, but could do better" is one possible verdict from the latest World Economic Forum's Global Competitiveness Report which ranked the Netherlands in tenth place, down one place from the previous year.

The newly established INSCOPE research institute hopes to change that. INSCOPE (Social Innovation for Competitiveness, Organisational Performance and Human Excellence) has a mission to show how technological innovation is only one part of the equation. Equally vital is social innovation: new forms of organisational structure and management techniques that enable companies to innovate on a sustainable basis and leverage the benefits of their technological knowledge.

"What matters is not only your investment in R&D but also what you put into managing the company," says Henk Volberda, the institute's Chair and Scientific Director, who is also Professor of Strategic Management and Business Policy at RSM.

"Do you, for example, have horizontal teams throughout the organisation? Is your organisation flat in form, or do you have a very hierarchical structure? And what about your investment in social capital – your employees? Do you really invest in knowledge workers? Our studies have shown that investment in social innovation accounts for around 75 percent of the innovation success of Dutch firms."

It was in recognition of the need for systematic study of social innovation that the institute was set up, at the behest of the Netherlands Centre for Social Innovation (NCSI), the social partners and the Dutch Innovation Platform, which is chaired by the Prime Minister, Jan Peter Balkenende. It was launched in June last year and is a joint venture between four of the Netherlands' top institutions: Erasmus University, the University of Amsterdam, Maastricht University, and TNO (the Netherlands Organisation for Applied Scientific Research).

The partnership offers exciting prospects for advancing knowledge in many complementary areas, Volberda explains. "It's a kind of national research institute which enables us to employ the Netherlands' leading experts on innovation research in a truly co-ordinated way."

"Our ultimate goal is for the institute to become the thought leader in social innovation."

Prof. Dr. Henk Volberda, Chair & Scientific Director of INSCOPE

Close links with practice are a key part of the mix, both for inspiring new areas of work and for sharing results. INSCOPE works closely with the NCSI, trade unions, employer organisations and many types of companies. As a World Economic Forum partner institute, it provides data each year on the innovation performance of Dutch firms, ►

drawing on information it has amassed through the Erasmus Innovation and Competition Monitor, an annual survey of over 10,000 Dutch companies.

Volberda acknowledges there's no shortage of innovation research, not least the many economic studies on R&D spend. But most have focused on 'invention' or technological innovation, without necessarily offering clearer insights into broader aspects of managing or improving the process.

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"Our difference is that we are focusing on the more organisational forms of innovation – what might be called the 'non-technological' aspects. Within academia there's been growing recognition that we've ignored for too long the 'softer' aspects such as management style, organisational form or employee benefits programmes. These are all important dimensions of innovation."

"One of the main things we're looking at is what the organisational forms will be for the innovative firms of the future," Volberda explains. "Here our research is focused on how firms can be highly efficient yet at the same time highly innovative. We call it 'flexible organisational forms', others term it 'ambidextrous organisations'. That's a difficult challenge for large companies that have not only to maximise efficiency but also need to be very agile, innovative and able to experiment."

"We're also focusing on management innovations: new techniques, tools and capabilities that can be used to speed up change and innovation."

INSCOPE's work is already giving researchers, companies and policy maker's food for thought. Earlier this year, for example, within its Innovation Monitor survey they investigated whether the practice of

offshoring is benefiting Dutch firms – and revealed that only 15 per cent of firms were actually able to make use of the learning gained from activities abroad. The difficulties derived partly from lack of experience, partly from problems in establishing co-operation with local partners.

Another study currently underway, for the Dutch employer organisation VNO, is examining 'corporate headquarters mobility' and the attractiveness of the Netherlands as a new corporate HQ location. Their research findings are being published in important academic journals, and details are accessible to companies via www.inscope.nl. Annual conferences are planned, as are seminars for academics and business leaders, featuring leading innovation thinkers from around the world.

"Our ultimate goal is for the institute to become the thought leader in social innovation," declares Volberda. It's an ambitious goal, but one that they are already heading firmly towards.

To find out more about INSOCPE's forthcoming events and current areas of work, go to www.inscope.nl ■

INSOCPE's key research themes

- Theme 1: Flexible Organisational Forms
- Theme 2: Dynamic Management Capabilities
- Theme 3: Development of Human Capital
- Theme 4: Learning Alliances and Open Innovation
- Theme 5: Management of Institutional Stakeholders
- Theme 6: Social Innovation
- Theme 7: Productivity Measurement and Impact Assessment



Research for Innovation