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To better serve services **Innovation policy for services**

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Summary

The Ministry of Economic Affairs asked the Advisory Council for Science and Technology Policy (AWT) to issue advice on innovation in services. The aim was to determine whether current innovation policy serves to properly facilitate innovation in services or if adjustments are necessary.

In earlier recommendations related to innovation in businesses, as a general guideline for shaping policy the AWT pointed out the fact that innovation is more than knowledge development or technical development alone. 'Innovation' does not exist unless knowledge is being applied. When it comes to whether innovations will succeed, the non-technical aspects are becoming increasingly important.

In response to the request for advice, the AWT checked to see whether this general guideline also applied to service-related innovations, and whether additional action might be necessary. To help prepare an answer, the AWT commissioned a number of studies on the topic of innovation behaviour among service companies with 1-500 employees, and spoke with representatives of large service organisations (those employing over 500 employees).

The AWT's prevailing attitude is that non-technical knowledge is fundamentally important for innovations in services, and is usually at the core of service innovations. Therefore, this conclusion was also the impetus to argue for the previously mentioned guideline - namely that innovation is more than knowledge development or technical development alone - to be repeated with even more emphasis. The Council arrived at the following recommendations for service-related innovation policy:

- Broaden the scope of policy to include non-technical forms of innovation; remove the restriction to technical forms of innovation, not only in the Research and Development (Promotion) Act (WBSO) but also in other instruments.
- Adapt the mix of policy tools, use the economic value of innovations as the main pretext, focus more attention on utilising knowledge, and make room for demonstration projects.

Additionally, the AWT considers the following matters to be important for service innovations:

- Policy must place more emphasis on cooperation between businesses.
- Focal points must be formed in research in order to simplify cooperation between businesses and knowledge institutes.
- Special attention must be paid to improving the establishment of networks between universities of professional education and service providers.
- The absorption capacity of businesses must be increased: stimulate the hiring of more highly educated employees and continuing education.

The points listed relate to – and can be applied to – all types of service developments and all service sectors. Specific themes for each service sector also remain in place. The AWT recommends carrying out an analysis for each sector to identify the particular innovation-related opportunities and obstacles, and joining the companies in taking concrete action to stimulate innovation. In doing so, an approach similar to the key areas of the innovation platform could serve as an example.