

Service Innovation and Innovation Policy

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And

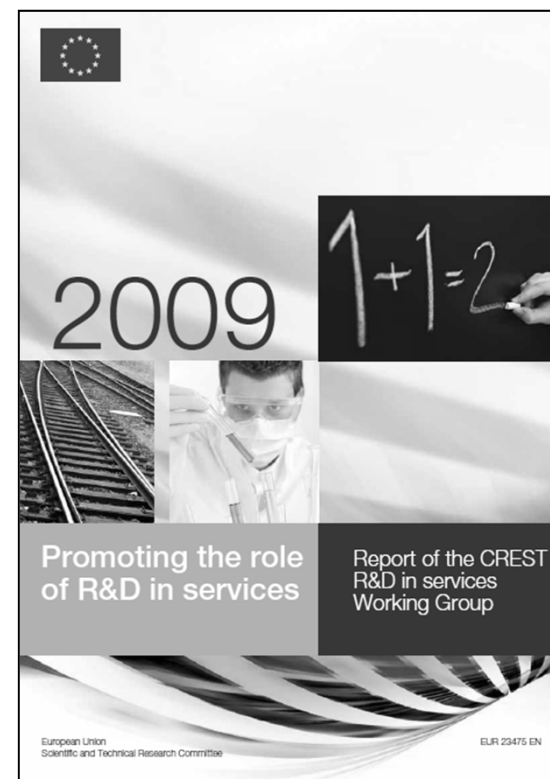
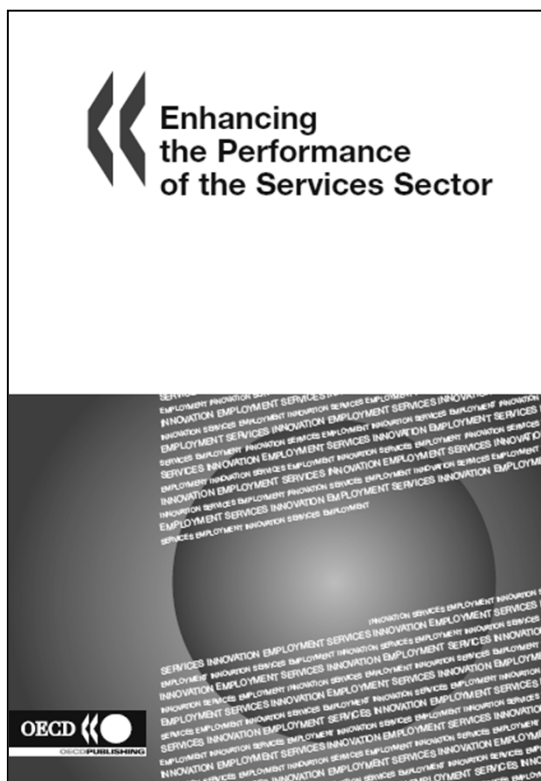
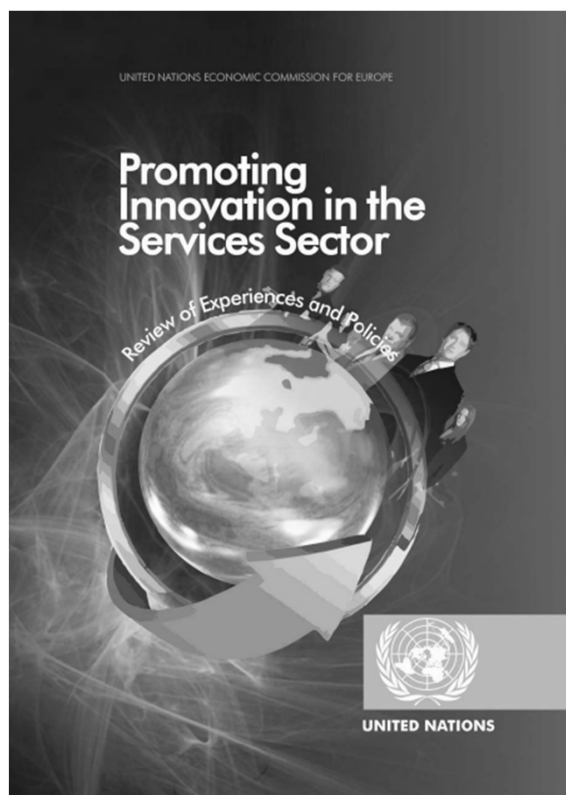
Laboratory for Research on the Economics of
Innovation, HSE, Moscow



Outline

- + Perspectives on Services and Service Innovation
- + Approaches to service innovation policy
- + Service innovation policy in the twenty-first century

Studies have spelled out policy rationales and instruments



Traditional view of service (sector) innovation

(with very few
exceptions)

Service industries
play little role in
(technological)
innovation

Dismissal

Thus services
are mainly
relevant to
innovation
policy in terms
of diffusion

Increasingly hard to sustain this
view as technology-based services
become important to innovation in all
sectors; while many of the more
traditional service sectors displayed
considerable technology adoption
and innovation

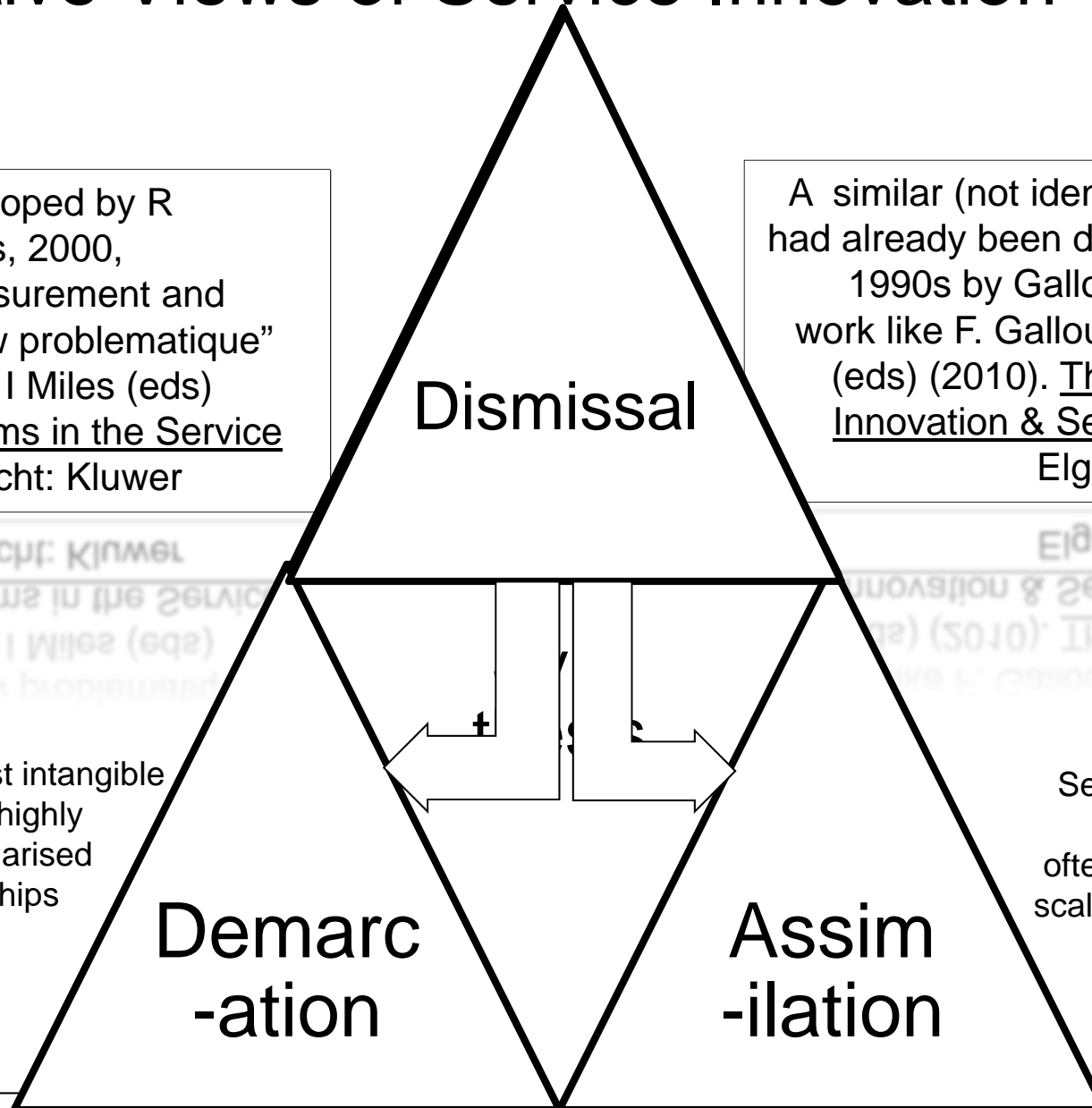
Positive Views of Service Innovation

Framework developed by R Coombs & I Miles, 2000, "Innovation, Measurement and Services: the new problematic" in J S Metcalfe & I Miles (eds) Innovation Systems in the Service Economy Dordrecht: Kluwer

A similar (not identical) approach had already been developed in the 1990s by Gallouj – see recent work like F. Gallouj and F. Djellal (eds) (2010). The Handbook of Innovation & Services, Edward Elgar: Cheltenham

Services are not just intangible products, but often highly specialised/ particularised interactive relationships of coproduction

Services are simply intangible goods, often low-tech, small scale, craft industries



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Assimilation Perspective

Services are qualitatively distinctive, especially due to INTANGIBILITY, INTERACTIVITY, etc. → different forms of innovation & innovation process

Dismissal

Service innovation is not distinctive; it can be studied and organised in ways familiar from analysis of manufacturing

Demarcation

Assimilation

Emphasise technological innovation (though some theorists insist this is distinctive – e.g. Barras' Reverse Product Cycle)

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Emphasise service specificities (and diversity across services) in marketing and management as well as innovation studies

Synthesis (not homogenisation)

Exploration of Service Innovation has identified aspects of innovation that are generically important

Innovation analysis – and measurement and policy – needs to account for all of these aspects (or if not, to explain why some sorts of innovation are privileged)

All sectors have diverse features, and many “service” elements

Services become more technology-intensive and “industrialised”

“Servitisation” of manufacturing

“Productisation” of services

Dis-
missal

Synthesis

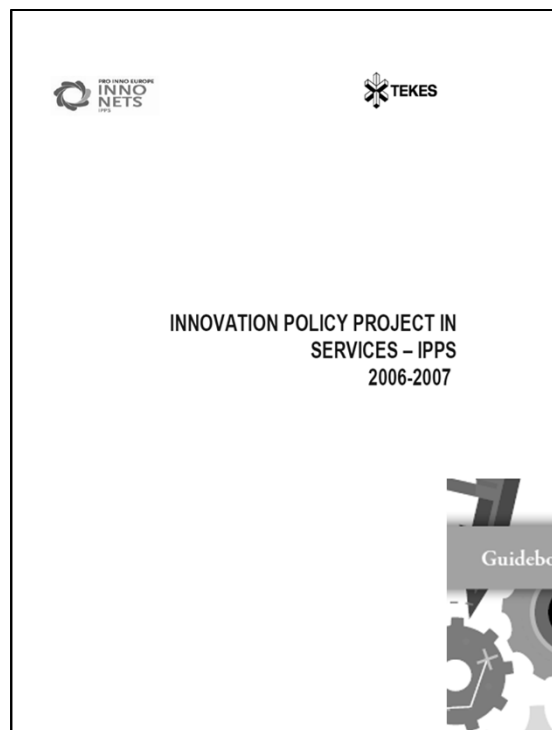
Demarc-

Assim-

(Knowledge intensive) service activities leading innovation
(Gallouj’s “inversion” perspective)



Reviews of policy approaches



Perspectives on service innovation policies

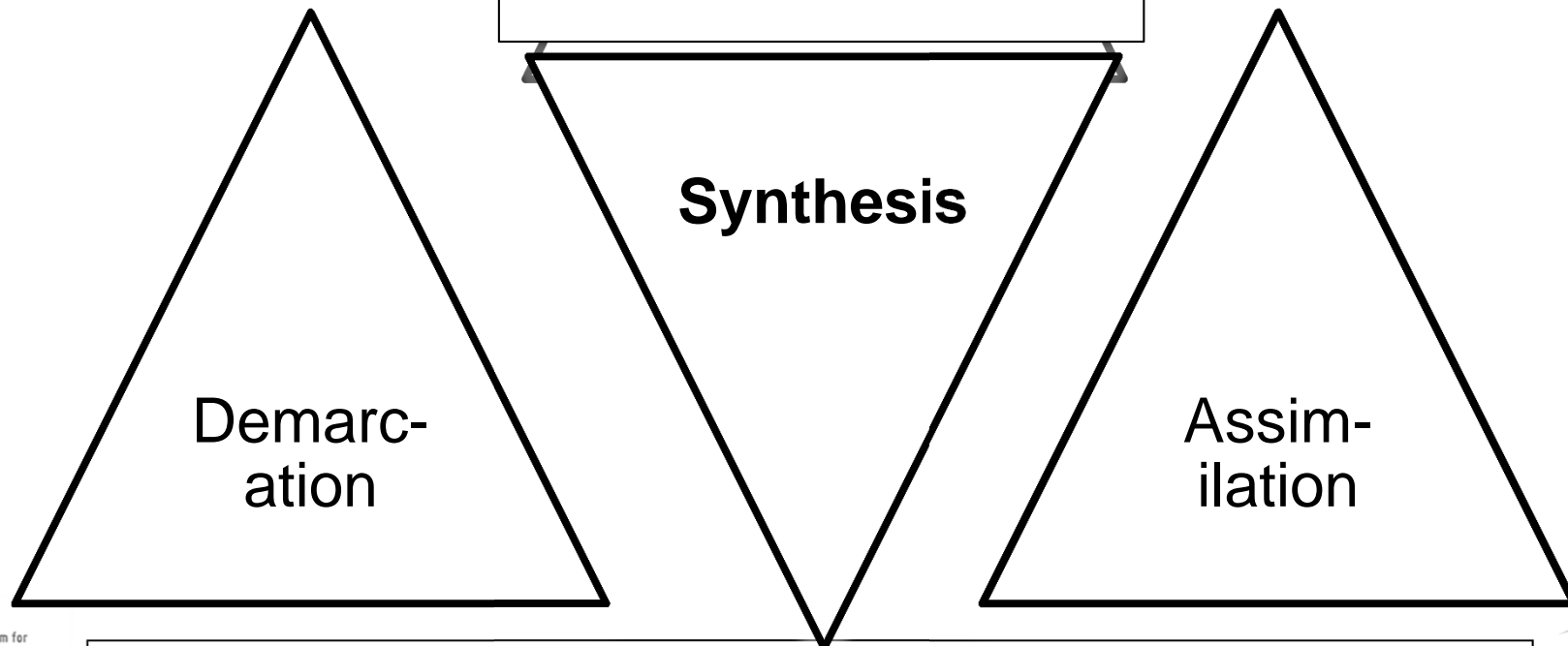
An earlier account:

P den Hertog et al (2006)

**Research and Development Needs of Business
Related Service Firms** (*RENESER Project*)

Delft: Dialogic innovatie & interactie

*Contrasted the three perspectives in terms of R&D,
wider innovation, and non-innovation policies*

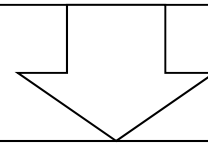


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Service innovation policies - Assimilation

Assimilation

Service innovation is essentially like manufacturing innovation – *but neglected in policies and innovation infrastructure*. “Sector neutrality” can be illusory. Service sectors are poorly integrated into innovation systems, require support with awareness, absorption capacities, network links. There may well thus be elements of system failure to address, before “sector-neutral policies” are genuinely so.



- Include service firms in R&D and innovation support programmes – may require some new targeting, formulation and networking
- Develop infrastructure and innovation systems to support service industries
- Support (SME) services in innovation management and entrepreneurship, develop relevant training.

Service innovation policies - Demarcation

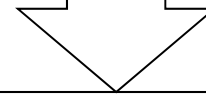


Demar-cation

Service innovation may take distinctive forms and use distinctive methods and tools.

These are overlooked in standard innovation indicators, instruments and support.

Need to address specific features of innovation (intangible, customer-interface, coproduction and interaction, and experience/content issues) and of innovation management.

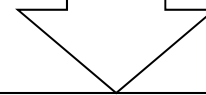


- Specific R&D and engineering programmes for service firms & public sector. Awareness raising
- Adapt R&D definitions and incentives (as applied in practice) to services.
- New tools, techniques, communities of practice to be supported, beyond R&D. Service design methods. Best practice and role models.
- Service innovation programmes and centres, with more emphasis on user-driven innovation, etc. Service labs.
- IP and Knowledge Management training and strategy support.

Service innovation policies - Synthesis

Synth- esis

All sectors liable to display multiple forms of innovation, combining technological, organisational, and business model innovation.
Service activities as elements in and beneficiaries of innovation systems.
Services as part of service systems [PSS] (including those confronting grand challenges).



- Integrate nontechnological and organisational issues into R&D and innovation programmes.
- Support innovation in service activities across all sectors
- Support KIBS in innovation systems and clusters
- User-driven, open, interprofessional and social innovation (including “living labs” and demonstrators). PPPs.
- Regulations, standards, procurement, legal and financial support (including accounting for intangibles).

Most active countries have some policy mix

- Typical to launch studies (e.g. UK, Eire, Netherlands)
- Often sometimes specific sectors are addressed (e.g. creative industries in UK, public services in US, KIBS in Finland)
- R&D policy for services and related initiatives, including “service engineering” (e.g. Germany, US)



SEARCH

NSF Web Site



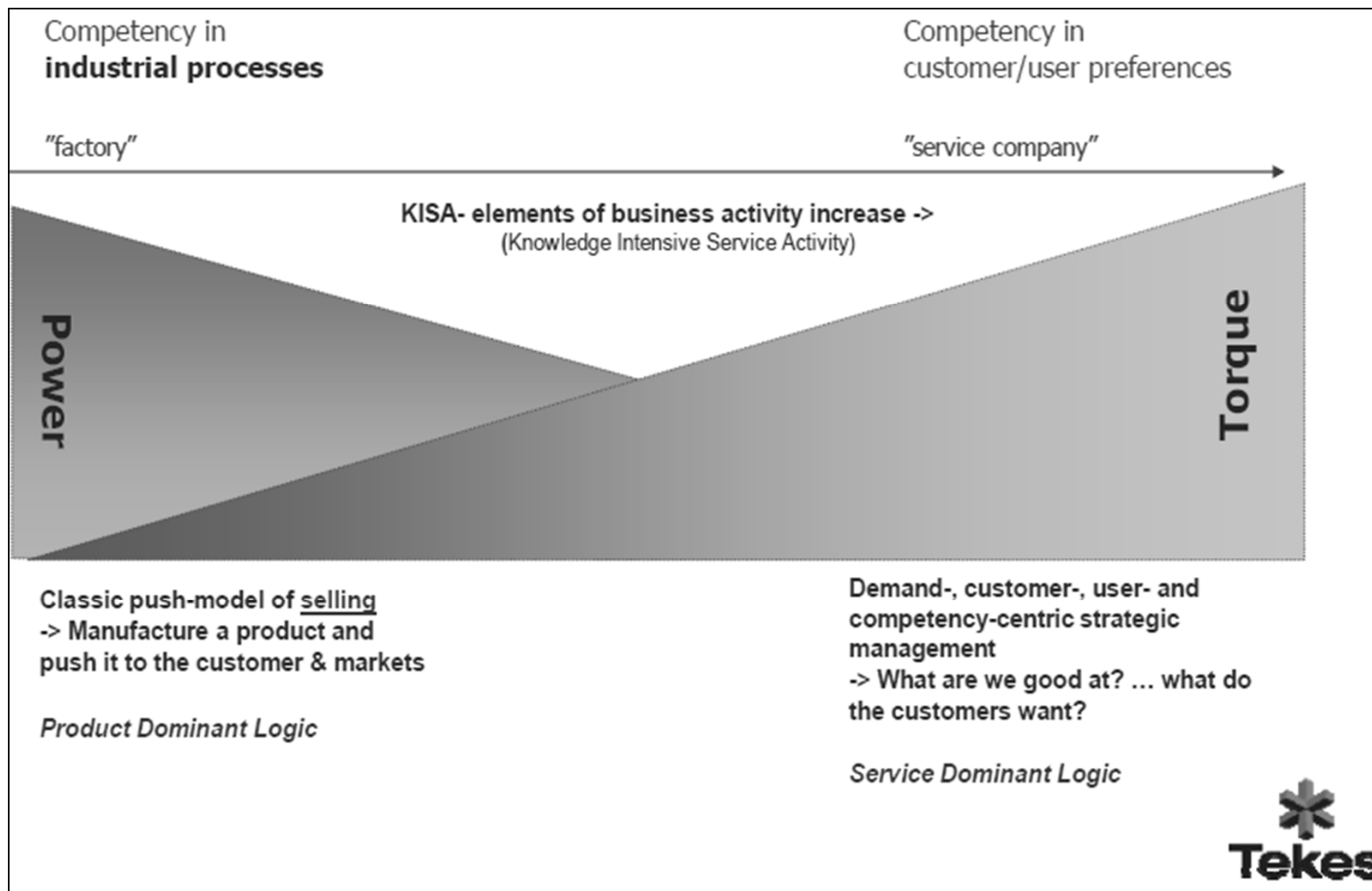
Civil, Mechanical and Manufacturing Innovation

Exploratory Research on Engineering the Service Sector (ESS)

CONTACTS



Finland features a rich mix



In general, there has been learning, but little published evaluation

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Service Innovation in 21st Century Innovation Policy

- From narrow policies to framework conditions, long term
- R&D AND wider innovation support
- Technological AND service innovation (broadly taken)
- Multidisciplinary and multiprofessional innovation team skills
- → (KIBS and other intermediaries, open innovation)
- Supply AND demand side – new instruments and focal points
- → User driven AND professional innovation intelligence
- → Tackling Grand Challenges



End of Presentation