

Entrepreneurship policy report summary

Title	Hidden Innovation: How innovation happens in six “low innovation” sectors
Publish date	June 2007
Country and publisher	The United Kingdom National Endowment for Science, Technology and the Arts (NESTA)
Type of report	Action plan An earlier NESTA report (The Innovation Gap) identified a gap between how innovation happens and how policy supports it. This report helps to bridge that gap by taking a detailed look at the innovation systems of six “low innovation” sectors. Traditional indicators of innovation performance are heavily biased toward investments in scientific and technological invention. To uncover the innovation that is hidden by traditional indicators will be a defining issue in the development of successful innovation policy. The report focus on innovation and not on entrepreneurship.
Main message	Hidden innovation is described as innovation activities that are not reflected in traditional indicators, such as investments in formal R&D or patents awarded. The report identifies four different types of hidden innovation and innovations that matters most to the six “low innovation” sectors. It also provides some recommendations to general innovation policy.
Governments policy targets/goals	
Definition (How are they quantified?)	
Focus/policy areas	Six “low innovation” sectors: Oil production, retail banking, construction, legal aid service, education and rehabilitation of offenders.
Implemented/suggested policies	General innovation policy: <ul style="list-style-type: none"> - It’s more efficient and effective for government to improve a sector’s capacity for innovation than to support the creation of specific innovations. - The innovation that matters to these six sectors and the policy required to supporting it differs greatly. - Develop an annual Innovation Index. - The government should give high priority to innovation.
Key findings	Identified at least four different types of hidden innovation: <ul style="list-style-type: none"> - Innovation that is identical or similar to activities that are measured by traditional indicators, but which are excluded from measurement. - Innovation focusing a major scientific and technological basis, such as innovation in organisational forms or business models. - Innovation created for the novel combination of existing technologies and processes. - Locally-developed, small-scale innovations that take place “under the radar”; not only traditional indicators but often many of the organisations and individuals working in a sector. Innovations that matters most to the six “low innovation” sectors:

	<ul style="list-style-type: none">- Innovation rarely happens at one time in one place: it depends heavily on a sector's ability to draw on a "hinterland" of ideas from related sectors and is frequently a global process.- Innovation often involves melding existing technologies and matching those with organisational change to deliver innovative services.- Innovation is often stimulated or blocked by framework conditions such as taxation, skills and regulation, and wider political conditions. Despite their influence on innovation, the policies that shape these conditions are rarely considered "innovation policy".
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http://www.nesta.org.uk/assets/pdf/hidden_innovation_report_NESTA.pdf