

Informal Innovation System Indicators – a Note based on selected SE-Asian Case Studies

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Innovation is being considered increasingly as an essential component for the competitiveness of organisations, business or otherwise.

Innovation – can be seen as the ability to combine, recombine and commercialize knowledge – is not limited to developed countries or to “high tech” industries.

Hence it is considered essential, not only for developed but also developing countries, to foster innovation, especially at the firm level, since firms (not countries) are the ones that have to compete internationally (Patarapong 2007).

Innovation:
Formal and Informal in products or
processes (changing Value chain),
Social Innovations, etc

Social Responsibility (CSR, CR etc)/Sustainable Decisions
(3-Bottomline) practices are not just what firms/orgn's do
with profits made but how the profits are made

- National Innovation Plan
 - New economic plan bases growth on “innovation” of two types
 - S&T Driven Innovation – where knowledge from S&T institutions will be commercialised
 - Market led innovation – where “markets” are identified by entrepreneurs – who will be helped in acquiring needed S&T/Knowledge
- Constant discussion of drop in ‘innovation ratings’
 - But Indicators are still focused on R&D and related variables

Anecdotal evidence indicates quite a few firms that have emerged that are considered “innovative” and going international eg. Air Asia, Nirvana, Digi, F&B Sector firms, etc.

For this presentation 3 Cases chosen - a hotel, a jeweller and a health services provider

Main aim is to gain an understanding if there could be “other indicators of innovation” ?

Overview of the Case Firms

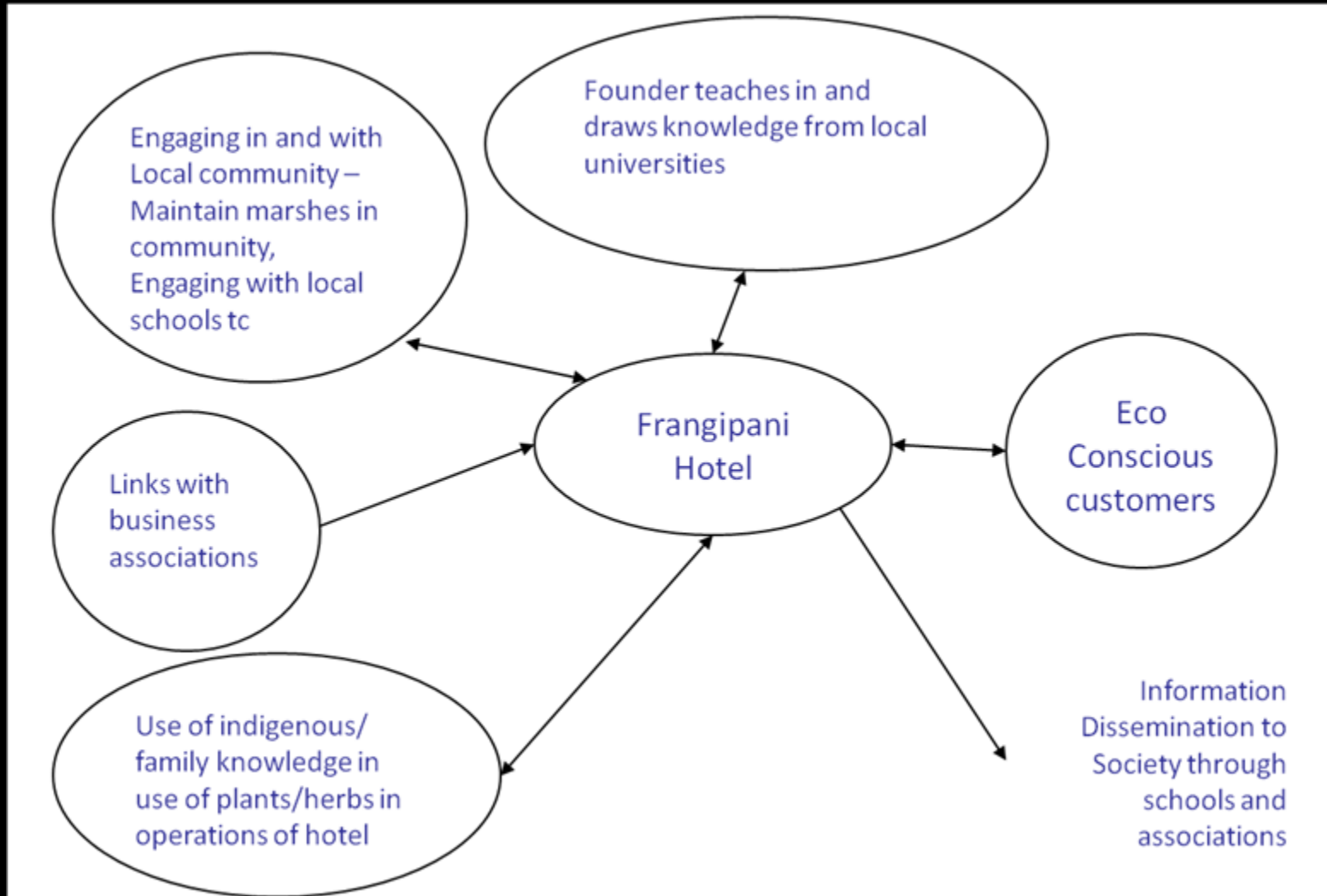
F-Hotel – A 117 room resort in the island of Langkawi, Malaysia .
Owner buys a budget and transforms it

John Hardy – a high-end jeweler firm – operations in Bali Indonesia – makets worldwide

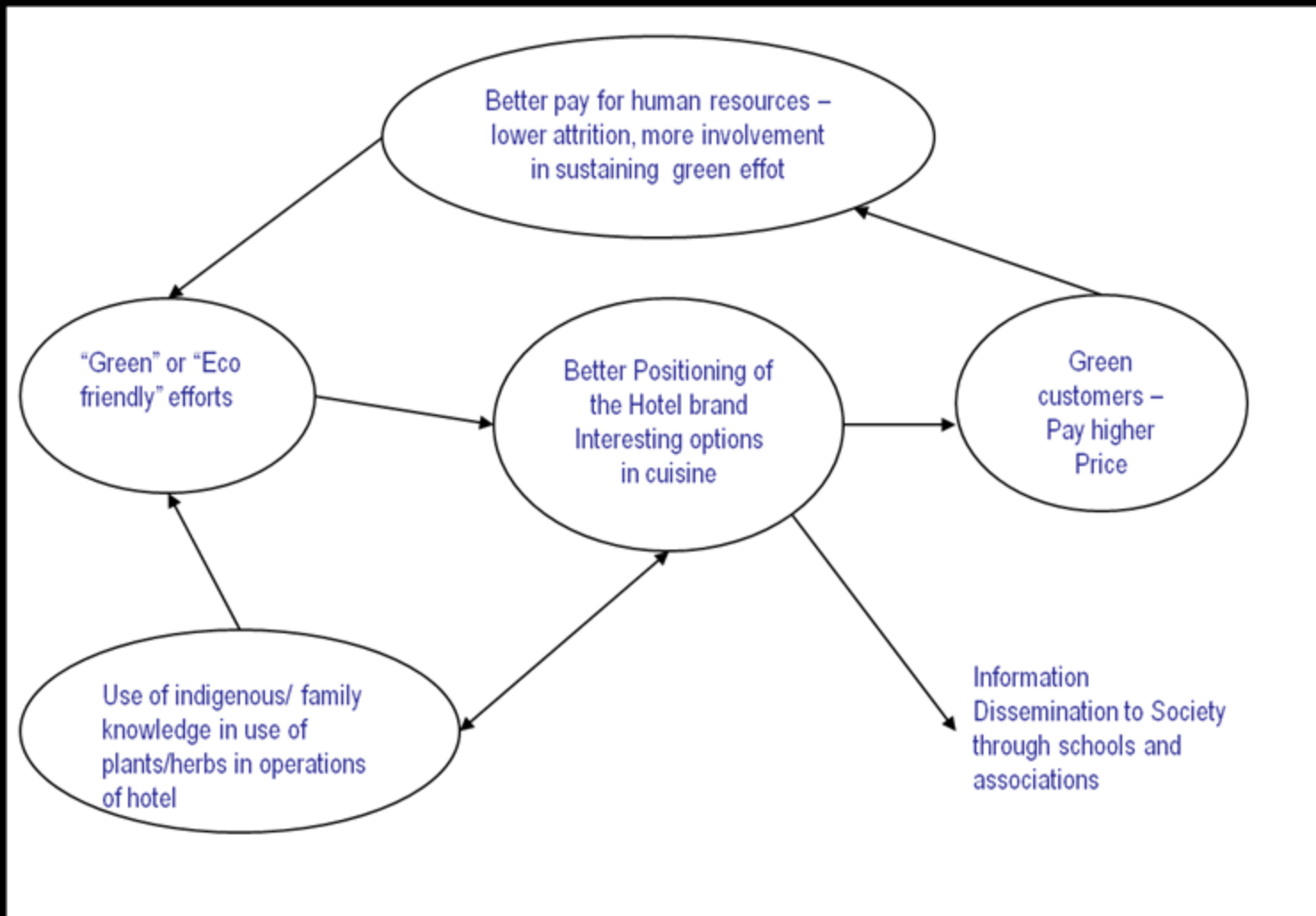
Pahang Bio-Science – Malaysia – an new firm in the health sector in Malaysia – strating with stem cell technology ---- intends to include local knowledge



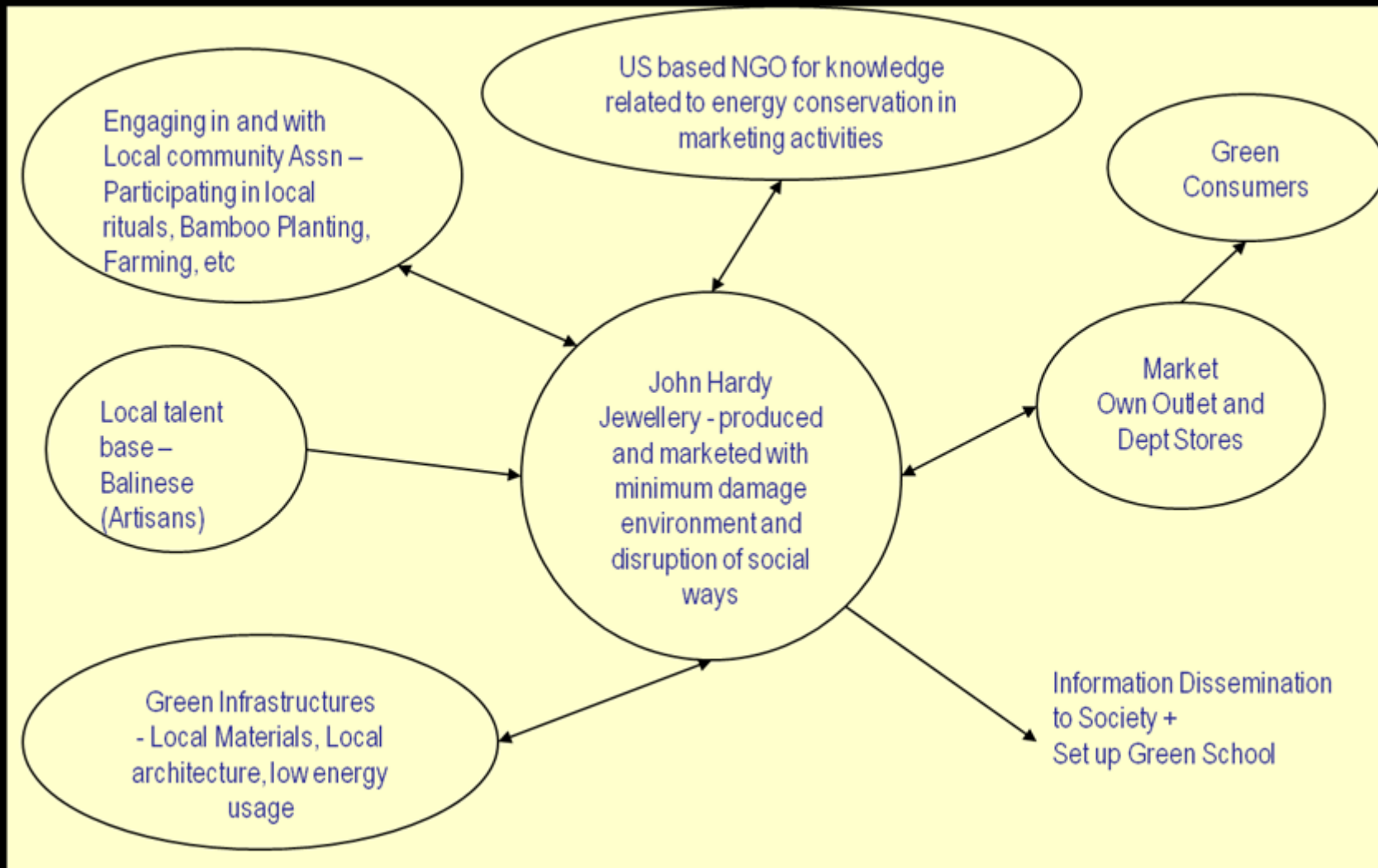
Roles of different players in F Hotel - Malaysia



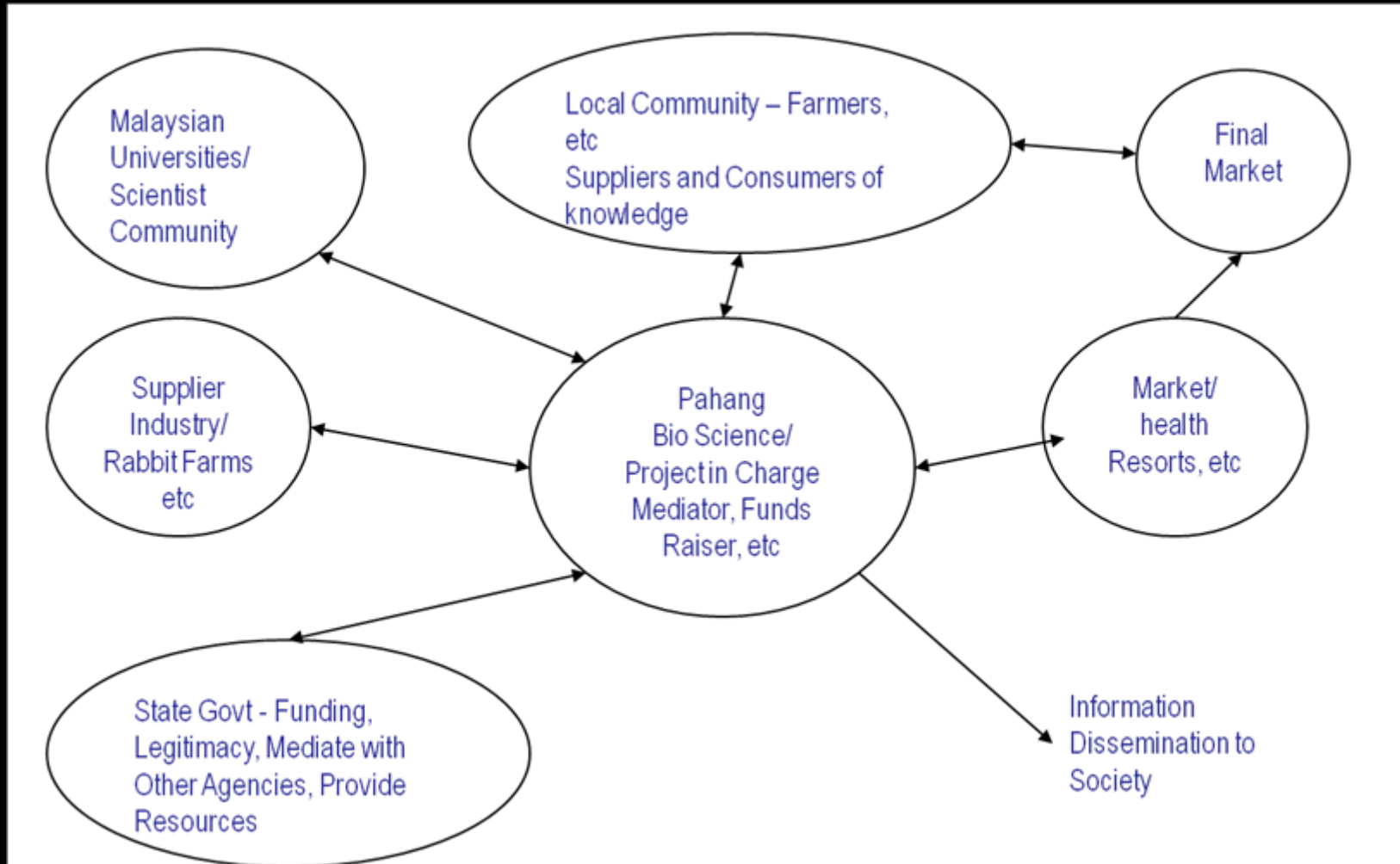
Benefits of informal innovation in F–Hotel - Malaysia



Roles of different players JH



Roles of different players in Pahang Bio Science





Some aspects that can be considered as first level indicators of innovation in these cases – one of them that is underlying all the three cases is the **“entrepreneurial intent”** (also mentioned in Oslo manual)- **in this case it’s the seeking economic profit along with social and environmental benefits**

This intent seems to be critical and can be seen as an aspect of indicating innovation.



There are a few “**Input**” **Indicators** of the informal innovation systems

– actors with of Indigenous Knowledge (Farmers, tribal/aborigines etc.,) / utilisation of indigenous knowledge (or also known as wisdom of elders in Asia).

Extent to which the organisations are embedded in the community,

their linkages to community organisations and linkages to non-government organisations as sources of informal knowledge, regarding markets or regarding inputs to the operations, are evident in the three cases.

Gleaning from the Cases

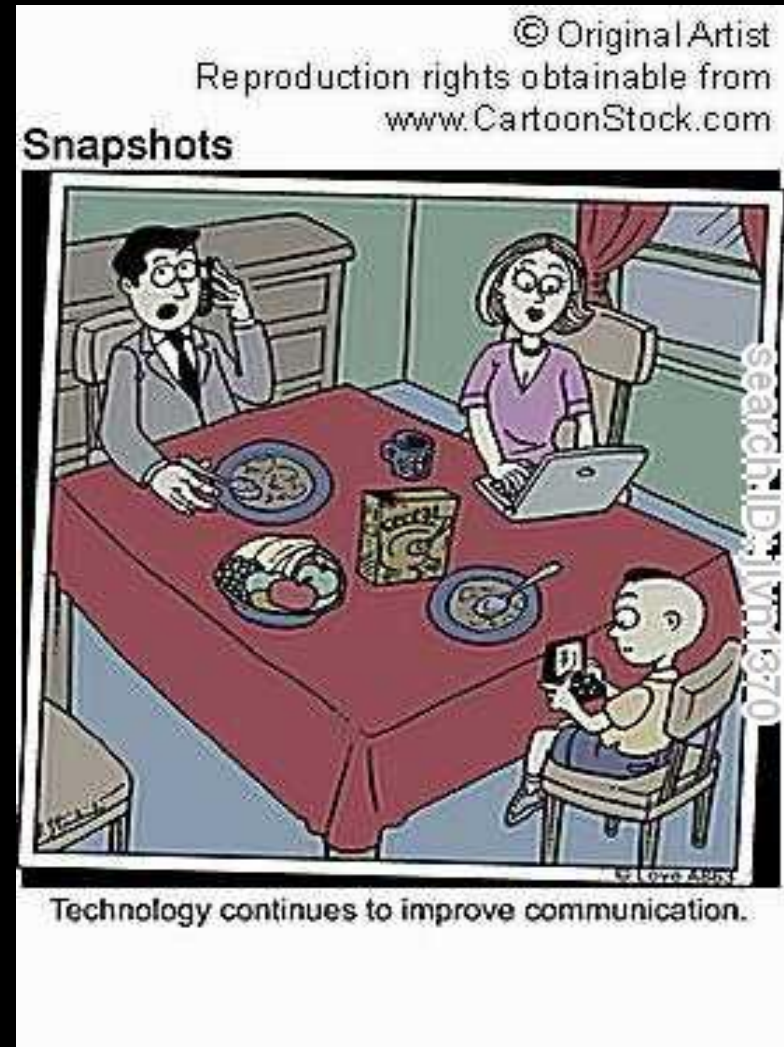
– Informal ?! Indicators of Innovation



Another indicator is the use of information and communication technologies (ICT) - given the location of the case organisations be it rural or far away from markets

– in the case of the John Hardy, ICTs have been used to bridge the distance between markets and the organisation and also among members of the organisation.

- the Pahang Bio Science organisation is also considering ICT to inter-connect the different actors in the community and in the cluster it plans to develop – these include farmers, aborigines in the forests surrounding the organisations activities etc.



Gleaning from the Cases

– Informal Indicators of Innovation

It is also possible to glean out some output / resultant benefits as Indicators in these informal innovation systems

Examples from the cases of JH and F-Hotel
– higher levels of (inclusive) employment

local artisans who have highly specialised skills
managerial talent
and lower level skilled human resources also in their peripheral activities

Gleaning from the Cases

– Informal Indicators of Innovation

It is also possible to glean out some output Indicators in these informal innovation systems

Another human resource related indicators is higher levels of pay and higher levels of retaining human resources.

There is also greater commitment among the human resources in the first two cases.

There is also a possibility for branding to target high end markets and seek higher profits/profit margins.

In the three cases – the key persons be it the CEO / owner also mention the importance of **diffusion of the Innovation** or the benefits of innovation to broader society / community.

This can be seen as another indicator – of an informal or formal innovation system.

It can be seen that both external and internal factors have been important for innovation.

External factors can be formal institutions or informal actors.

-> **interaction between the org'n and the informal actors has been critical** for the novel ideas to become innovation and hence the need for the indicators of informal innovations – particularly in developing economies with not so strong S&T infrastructure. Also in the three cases **finance was never discussed an important issue** compared to sources of knowledge and **access to sources of knowledge**

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For government policy analysts the results seem to suggest the need to move away from direct support programs centred around finance or grant to other support programs.

The informal innovation system seems to be an important aspect to help in developing innovation with economic, social and environmental benefits. For managers the cases indicate that t

These organisations need to be sensitive to signals from the market – and being linked to users and communities or community organisations can help to sensitise the organisations



Thank you and await your
feedback

Thanks to all at UNESCO