

“A DEBATE ON INNOVATION SURVEYS”

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1 Introduction

After over a decade of innovation surveys and several versions of innovation survey manuals around the globe, we think it is time to evaluate the whole process and ask whether or not the Oslo Manual based system of surveys really supports the overall objective of providing useful information on innovation for policy makers and academics. Do these surveys provide reliable and consistent data on systems of innovation? Do they provide adequate information on individual industrial or local clusters? Are they sufficiently comprehensive that they enable analysis of national or regional systems of innovation?

We frame the debate on innovation surveys around the following conceptual and methodological dichotomies:

- ✓ *Manufacturing vs service sectors*: Do innovation surveys concentrate on the manufacturing sector to the detriment of understanding the role of innovation in other sectors, such as resources-based industries and the rapidly growing and increasingly complex service sector?
- ✓ *Private sector vs public sector*: Several studies have acknowledged that public service entities both can and do innovate and are often early adopters of new technologies. So why do innovation surveys ignore against the public sector?
- ✓ *High-tech vs low-tech*: Many innovation studies concentrate on high-tech industrial classifications; do the surveys provide adequate information on lower tech industries?
- ✓ *Industrial classification vs clusters*: Should innovation surveys be carried out on the basis of industrial “clusters” or should they continue to be based on standard industrial classifications?
- ✓ *New to the firm vs new to the market*: The degrees of novelty and innovativeness – new to the firm, the nation or the world - are categories normally used in these surveys. But what about new to the market that a firm serves, which may not necessarily correspond to that of the nation?

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- ✓ *Successful vs unsuccessful firms*: Most innovation surveys only study those firms who report an innovation in the past three years: what studies have been done on supposed non-innovators, which could be firms that have had no innovations but have undertaken innovative activities in that period?
- ✓ *Managers vs line innovators*: Most surveys assume that the survey responses reflect the corporate opinion of the firm; but do the surveys actually reflect the opinions of the respondent (or respondents) who may, or may not, be the contact point for the surveying organization?

This paper will start with the so-called Oslo Manual first published in 1992, which is the OECD guideline for collecting and interpreting technological innovation data. It is probable the manufacturing bias was established then. At the time, most OECD countries were mainly manufacturing-based. But the situation is changing, with the services industries becoming more important and the resource-based industries not adequately covered. During discussions around what later became the Oslo Manual, the first experiments of innovation surveys took place in Europe. The European Community (through DGXIII) and Eurostat delivered a standard questionnaire, which now is on its third version. Statistical organizations of non-European OECD countries designed their own questionnaires using the Oslo Manual as the theoretical, conceptual, and methodological framework. Did the involvement of statistical institutions introduce a “bias” of using industrial classifications instead of other concepts such as clusters or value chains? Did this develop into the second trend of looking mainly at high-tech sectors, with the possibly un-stated assumption that low-tech traditional sectors are not innovative?

Innovation surveys were designed to measure the “degree” of innovativeness at the firm level, and the resources (financial and human) devoted to innovation. Since the purpose was to analyze innovation, the focus was on innovative firms meaning, in effect, successful firms. It is common in economic literature to concentrate on success stories, but arguably we should learn not just from achievers but also from losers. Consequently, the surveys focus on results (the product or process innovation as such), rather than on the process of innovation (how the firm reaches the innovation and the innovation environment).

Innovation surveys in their traditional form are designed to help policy-makers and researchers have a better understanding of innovation processes. But do they actually help? Are they misleading because of their inherent biases to structural determinants rather than innovation agency? We will try to answer those questions based on a critique of different innovation surveys. For the purposes of this paper we will analyze, in the light of the dichotomies presented above, the Statistics Canada innovation survey of 1999²; the European Community Innovation Survey (CIS II and CIS III³) - both based on the Oslo Manual (OECD, 1997); the questionnaire included in the Bogotá Manual (Jaramillo, Lugones, & Salazar, 2000); and the Canadian Innovation Systems Research Network (ISRN) questionnaire.

² Statistics Canada conducted in 2001 a survey on biotechnology firms, and in 2003 a new innovation survey was launched.

³ Both questionnaires will be taken into account, since to date few results regarding CIS III have been released.

This article consists of three main sections: a historical review of innovation surveys and manuals, a critique of innovation surveys, based on the dichotomies set out above, and finally, proposals for a future research agenda.

2 A review of innovation surveys and innovation manuals

The OECD and its member countries involvement in innovation surveys started in 1988 when they attended a meeting to discuss a Scandinavian initiative by the Nordic Fund for Industrial Development to collect regional innovation data. The basic paper of the workshop, written by Keith Smith from the Innovation Studies and Technology Policy Group of Norway, set out a conceptual framework for developing innovation indicators. The framework was revised during a second workshop in Oslo in 1989 and presented to the OECD Group of National Experts on Science and Technology Indicators (NESTI). After that meeting NESTI recommended that the Nordic Fund prepare a draft manual for the OECD member countries. K. Smith and M. Akerblom (from the Central Statistical Office of Finland) drafted the document. The theoretical development and analysis that went into the preparation of the Oslo Manual guidelines has been described by Smith⁴ (Smith, 1992). The draft was discussed and amended by OECD member countries in 1990 and 1991, and adopted and published in collaboration with Eurostat in 1992. The manual underwent a first revision in 1996 and another revision is currently underway.

The Oslo Manual uses the systems of innovation approach, from a theoretical and conceptual point of view (Holbrook, 1997), but questionnaires based on the Manual collect little information on the dynamics of national or regional innovation systems⁵. It is important to note that the Oslo Manual initially presents a broad perspective on innovation, but in the methodological and procedures section narrows down the scope of what can be considered 'technological innovation'.

"Unlike its predecessor, the OECD Frascati Manual, which provides a precise set of definitions for the national statistical agencies of OECD member nations, the Oslo Manual is both a textbook on the nature of innovation and national systems of innovation, and a compendium of socio-economic questions on the nature of innovation in a free-market economy" (Holbrook & Hughes, 2001).

⁴ In this article Keith Smith analyzed some of the innovation surveys already conducted by several OECD countries. In this respect Smith noted that "although, many of the data gathering exercises were nominally independent, they were also affected by collective developments, discussions and workshops".

⁵ There is neither a single accepted definition of a national innovation system (NIS) nor of a regional innovation system (RIS). The most commonly used are:

- ✓ An NIS can be defined as the interaction of innovative capabilities of firms with a set of institutions that determine the firm's capacity to innovate. The interrelationship of these institutions is also important, since they do not always work in the same direction and easily together, nor is the system purpose-built (Nelson & Rosenberg, 1993).
- ✓ An NIS is "the elements and relationships, which interact in the production, diffusion and use of new and economically useful knowledge (...) and are either located or rooted inside the border of a nation state" (Lundvall, 1992).
- An RIS is a set of economic, political and institutional relationships occurring in a given geographical area, which generates a collective learning process leading to the rapid diffusion of knowledge and best practice (Nauwelaers & Reid, 1995).
- An RIS denotes regional clusters surrounded by supporting organizations (Asheim & Isaksen, 2002).

Eurostat, in collaboration with the OECD, has been working on a core list of questions that permit comparable innovation surveys in Europe. The first Community Innovation Survey (CIS) using a common questionnaire was launched in 1991 and carried out in 1992. A second version was started in 1997 and completed in 1999, and the third version was launched 2001, with the first results delivered by 2002.

Following the first round of innovation surveys in OECD countries, some developing countries, especially in Latin America, started the same process. The first country was Chile (1995), followed by Colombia, Venezuela, Argentina and Brazil (Sao Paulo region). These surveys were to a more or lesser extent based on the Oslo Manual. Shortly after these surveys were conducted, discussions started on the need to adapt the Oslo Manual to the particular circumstances of developing countries. The issue was not the design of questionnaires as such, but the type of questions asked and the implicit approach to innovation. Some of the characteristics observed in Latin American firms based in the survey results – which concerned analysts – were:

- ✓ informal organizational settings for conducting innovation,
- ✓ fewer R&D projects undertaken,
- ✓ innovation mainly based in the acquisition of technology embodied in capital equipment,
- ✓ the importance of organizational change in innovation processes,
- ✓ fewer resources devoted to innovation activities, and
- ✓ fragmented flows of information within national systems of innovation.

Colciencias, the Colombian Institute for the Development of Science and Technology, and RICyT, the Ibero-american Network on Science and Technology Indicators, secured funding from the Organization of American States, and a small group of experts was hired to write the Latin American Manual, based on several background papers and their own expertise. The first version of the Bogotá Manual, as it was called since the discussion started at meeting in Bogotá, was published in 2000 (Jaramillo et al., 2000). To date, the Bogotá Manual with its attached questionnaire has been used in Argentina, Uruguay, and Colombia (a pilot study in Bogotá). Results are yet to be published.

In a different approach, the Social Sciences and Humanities Research Council of Canada, the National Research Council of Canada and the Natural Sciences and Engineering Research Council of Canada have funded the Innovation Systems Research Network (ISRN), to create a network of researchers drawn from five regional nodes based in Atlantic Canada, Québec, Ontario, and western Canada. In 2001 the project “*Innovation Systems and Economic Development: The Role of Local and Regional Clusters in Canada*” was launched. This project is investigating how local networks or clusters of firms and supporting infrastructure of institutions, businesses and people in communities across Canada interact to spark economic growth⁶. Research is focused on more than 25 clusters across the five regions in Canada in newly emerging knowledge-intensive areas as well as in more traditional sectors. It includes case studies in covers large metropolitan settings located near research-intensive universities

⁶ To date, three books have been published with proceedings of the ISRN annual conferences, which include interim reports of the project, as well as contributions from international scholars (Holbrook & Wolfe, 2000, 2002; Wolfe, 2003). See also www.utoronto.ca/isrn

as well as rural settings. One of the objectives of the ISRN study is to develop a methodology to examine regional innovation systems and their constituent features, and to define the necessary and sufficient conditions for the continued existence of the clusters in the regional innovation systems. For this purpose, the research team has designed a set of interview guides (for companies, research institutes, government agencies and civic associations), based on the Oslo Manual and Statistics Canada innovation surveys.

3 Critique of innovation surveys in general

Key questions arisen from the dichotomies presented above:

- ✓ Do the surveys provide the information required by policy-makers in order to understand innovation process?
- ✓ Do the surveys provide adequate information to analyse industrial and regional clusters?
- ✓ Do the surveys provide useful information that facilitate the analysis of national and regional innovation systems?
- ✓ What should the unit of analysis be, the firm, the innovation as such⁷, or the innovation network?
- ✓ Should these surveys probe the functioning of innovation teams and other human capital issues within the firm?

3.1 Innovation surveys and innovation policies

There is no doubt that innovation surveys were set up to provide information to policy-makers and politicians. Public R&D and innovation policies are mainly directed to the supply side, which means more investments in R&D support for S&T capabilities at the firm level and creation of a favourable environment for innovation. For the most part, these policies use the linear model of innovation as theoretical background.

The literature recognizes that innovation is much more than R&D, but still the Oslo and Bogotá Manuals devote a lot of attention to R&D as one of the main inputs for innovation (e.g. questions about expenditures, formal unit of R&D, type of R&D projects undertaken). Additionally, innovation surveys are more concerned with measuring inputs and outputs of innovation occurring within a particular firm, and look marginally at the actual processes, dynamics, relationships, and interactions that affect innovation.

Edquist and Hommen have proposed that on the one hand, a linear model of innovation process supports supply-side orientation in innovation policies; and on the other hand, systems approaches on innovation support perspectives on the demand-side of technology policies (Edquist & Hommen, 1999). The linear model of innovation implies that science (scientific research) leads to technology (technological development) and new technologies satisfy market needs. From a policy perspective this implies a need for more emphasis on funding (basic and applied) research, since this will “automatically”

⁷ Tether et al (2002) propose that future versions of the innovation survey focus on a single innovation – the most important - within the firm. Though, the unit of analysis will be ‘something’ in between the firm and the innovation as such.

lead to technological development. Support for R&D is therefore is a supply-side innovation policy. The systems perspective of the innovation process:

“explicitly recognizes the potentially complex interdependencies and possibilities for multiple kinds of interactions between the various elements of the innovation process. It is also evident ... that a systems-oriented view of innovation accords great importance to the demand side, rather than concentrating primarily, if not exclusively, on the supply side. As an emerging current of thought on the economics of innovation, systems of innovation (SI) theorizing offers a non-linear perspective that is highly relevant to the formation of innovation policy. SI approaches are particularly appropriate to understanding the use of demand side policy instruments as public technology procurement” (Edquist & Hommen, 1999).

Holbrook and Wolfe have summarized the key characteristics of a national innovation system:

- ✓ Firms are part of a network of public and private sector institutions whose activities and interactions initiate, import, modify and diffuse new technologies.
- ✓ An NIS consists of linkages (both formal and informal) between institutions.
- ✓ An NIS includes flows of intellectual resources between institutions.
- ✓ Analysis of NIS emphasizes learning as a key economic resource and that geography and location matters (Holbrook & Wolfe, 2000).

As noted above the Oslo Manual make reference to the systems of innovation approach, but questionnaires based on it have collected little data on how these systems work, especially in the initial rounds of surveys conducted in Europe. Following the Holbrook and Wolfe framework, those areas which were not adequately covered by innovation surveys are:

- ✓ a focus on the creation of new technologies, but not on the diffusion;
- ✓ the importance of education, lifelong training and learning; and
- ✓ linkages between the firms and other agents of the innovation system.

Kim and Dahlman characterize S&T policy as a set of instruments that governments use in promoting and managing the process and direction of acquiring technological capabilities. Their definition of S&T is broad, including not only R&D policy but also industrial policy, as it affects S&T development. They divide technology policy into three major components:

- ✓ Policies designed to strengthen the supply side increasing S&T capabilities.
- ✓ Policies designed to strengthen the demand side creating market needs for technology.
- ✓ Policies designed to provide effective linkages between the demand and supply sides by attempting to make innovation activities technically and commercially successful (Kim & Dahlman, 1992).

Based on the Kim and Dahlman categorization of technology policy, we can see that innovation surveys have mainly focused on the first set of policies (supply side), taking into account the emphasis made on innovation inputs - activities, expenditures, and facilities. Today, the third category, policies that support linkages, networks and

collaboration between actors are the most important, but innovation surveys throw little light onto how these networks are created, function and develop over time⁸. Innovation surveys are moving in that direction, acknowledging the importance of networks, collaboration and cooperation in innovation. In future analysis of this data we will see if they take adequate account of those dynamics.

3.2 Manufacturing vs services

The principal dichotomy is that innovation surveys focus on the manufacturing sector to the detriment of understanding the role of innovation in the resource and the service sectors. Innovation surveys concentrate on 'technological' innovation, and especially on hard technologies, often disregarding other types of innovation based on soft technologies (i.e. management). As a result innovation surveys converge on manufacturing industries, where hard technologies are to be found, and where most innovation is supposed to occur.

Most OECD economies were until recently industrial economies, but things have changed. At present, services should be of major concern for innovation studies, mainly because this sector is predominant in most economies (developed and developing)⁹. In recent studies it has been acknowledged that contrary to the 'popular' belief not all services are technology backward and non-innovative (laggards or passive adopters); the service sector is a highly segmented and heterogeneous, and some services are highly innovative (i.e. telecommunications, software) (Tether et al., 2002). Miles notes that at present the issue is not if services can be innovative, but rather "how innovative are services? and which services are the most innovative?" (Miles, 2001).

The European Community started to appraise innovation in services in the second round of CIS. Several 'market' services sectors¹⁰ were included, but the questionnaire as such was not altered, except from the substitution of the word 'product' for the word 'service' (Tether, 2001). In CIS III more service sectors were included and the questionnaire underwent minor transformations. Nevertheless, the terminology is still biased to technological innovation, and organizational innovation is not taken into account, which can be highly correlated to innovation in services (Djellal & Gallouj, 1999; Tether et al., 2002). The focus on supply side innovation policies, mainly support for R&D, works against the service sector. For example, CIS II data confirmed that innovative service enterprises were less likely to engage in R&D than innovating manufacturers (Tether et al., 2002).

The issue now is how to define innovation in services, which generally is different from innovation in manufacturing. It has been common to adapt the definition of technological innovation for manufacturing by changing a few words, but it is still highly technology

⁸ CIS III and StatCanada 1999 innovation survey ask about co-operation in innovation, but analyses of these data are yet to be published.

⁹ In Europe, services account for roughly 2/3 of GDP and employment, according to Eurostat. In Canada, services account for also for 2/3 of GDP and 3/4 of employment, according to Statistics Canada.

¹⁰ The services that were included were: wholesale, transport, telecommunications, financial, computer, and technical. Electricity, gas and water distribution utilities were also included. These account for 20% of economic activity of European market services.

oriented. Here are some examples of why we need to differentiate between innovation in manufacturing and innovation in services:

- ✓ The distinction between product and process innovation maybe appropriate for technological innovation, but not for service innovation since services are often produced and delivered at the same time they are consumed.
- ✓ The exclusion of organizational/managerial innovation in the case of services is difficult, as many services are not embodied in technologies, but in (organizational) competences and routines.
- ✓ Service firms are characterized for having close relationships with their clients, so that the service provider tries to meet their client's needs. This focus on the client seems to be a critical feature of innovation dynamics in services. In this sense Tether et al ask: "*Does the provision of customized services equate to innovation, or is the innovation found mainly in the ability to provide customized services*"? (Tether et al., 2002). There is no easy and direct answer to that question.
- ✓ The distinction between products and services has blurred. In today's market it is difficult to say when companies are selling a product with a service (i.e. machinery with a maintenance servicing package)¹¹, or a service with a product (i.e. software bundled to a computer and with telephone support). Fundamentally, companies are creating 'solutions', they do not sell a product or a service, but a 'package' or 'system' of closely linked goods and services.

There has been some evolution in the way innovation in services is being studied based on quantitative methodologies (surveys). Djellal and Gallouj divide these changes in three phases: i) indifference (or ignorance), ii) subordination, and, iii) autonomy. Studies on service innovation, and more general, studies on services, were long excluded form economic analysis, because the sector was considered unproductive, not adding value to GDP. The engine of economic growth was considered to be manufacturing industries, and services were just a peripheral economic activity, less developed, and second-class. Thus surveys of innovation followed the same path 'ignoring' innovation in services, just focusing on manufacturing industries. The next phase was a timid introduction of services in the survey exercises, but looking at them from a manufacturing perspective (subordination), which meant concentration on technological innovation. Until very recently an attempt was made to design surveys specific to services (autonomy phase), adapting definitions, indicators and procedures of data collection (Djellal & Gallouj, 1999).

In the same line of discussion as Djellal and Gallouj, Tether et al propose three different approaches to studies on innovation in services:

- ✓ Assimilation: This approach sees innovation in services as being fundamentally similar to innovation in manufacturing, and it is therefore studied using methods and concepts developed for manufacturing

¹¹ Some companies that were known as manufacturing firms are now in fact genuine service companies, e.g. IBM and Benetton.

- ✓ Demarcation: In this case it is considered that innovation in services is highly distinct from innovation in manufacturing, and new theories and instruments are being acquired or developed to understand innovation in services dynamics.
- ✓ Synthesis: This approach recognizes that studies on innovation in services have thrown light on neglected aspects of innovation processes, highlighting different types of innovation, especially important in modern economies (Tether et al., 2002).

Do we need to compare technological innovation in manufacturing, innovation in services, and organizational innovation? Perhaps not; what is important is to acknowledge all of them, knowing that there are some synergies between them, that they feed each other. Innovation surveys should be able to account for activity in different sectors, using different definitions, methodologies and procedures for data collection. Traditional approaches to innovation in the manufacturing sector should not drive studies in other areas.

3.3 Private sector vs public sector

Statistics Canada (1996 and 1999) has conducted innovation surveys in the service sector, in both regulated and unregulated service industries. They used the computer services industry as a model of a service provided essentially without regulation in a free market, and the banking and financial sector as an example of a heavily regulated service sector. Mohnen and Rosa reported on barriers to innovation in regulated and unregulated service industries (Mohnen & Rosa, 1999). Additionally, Statistics Canada found – in the Survey of Electronic Commerce and Technology – that public and private sectors had equal rate of adoption in existing technologies that were new to their organization, but the development of new technologies was greater in the public sector than in the private sector (Statistics Canada, 2002).

The Centre for Policy Research on Science and Technology (CPROST) at Simon Fraser University has carried out a pilot study consisting of a number of structured interviews in the federal Public Service in the Pacific region on technological innovation activities in these units. There was clear evidence that most of the units had, as expected, adopted new technologies to improve their efficiency or increase the level of services they provide. What was surprising was that, in at least two cases, the innovations were new to the country and not just new to the “firm”, to use Oslo Manual terminology. The results from these proof-of-concept interviews suggest a need to carry out these studies on a larger scale and on a more rigorous basis.

While the Oslo Manual admits the possibility of innovation in some areas of government services, it explicitly only covers studies in the private sector. Studies on innovation in the public sector have focussed mainly on organizational innovation, and have left aside technological innovation. Holbrook has argued that “governments frequently innovate with new forms of organization. Sometimes it is a chicken and egg situation: a new technology, such as the Internet, results in new products or services, which in turn lead to new forms of organization which then lead to the adoption of newer technologies, etc.” (Holbrook, 2002). Often, their innovations are simply adaptations of existing technologies from other sectors, but governments can, and do, develop innovations that are new to

the country or even new to the world. Which comes first - technological innovation or organizational innovation? In another (orthogonal) dimension there is also the question - which comes first - technological innovations or policy and program developments that require new technologies.

It seems that inclusion of the public sector in innovation surveys would make sense, especially for innovation in services, since the public sector is a major service provider. As with any service industry, it can improve its levels of service, which is a social benefit. But it can also improve its productivity - an economic good. Public service managers need to innovate both to improve efficiency and to increase client satisfaction. In any case, it seems that the public sector is innovative providing services, especially due to the adoption of information and communication technologies, and that these can have an important demonstration effect on other economic areas.

3.4 High-tech vs low-tech

Innovation surveys have another structural bias: it is widely assumed that innovative sectors are the ones based on new technologies¹². This underestimates the innovativeness of traditional sectors of the economy. A good counter example is innovation in the resources industries, where many of the innovations used in the sector are the result of innovations in the machinery sector that supply the resource sector. In this sense, it is important to note the initiative taken by Statistics Canada, which included in its 1999 innovation survey, a set of questions asking if a company's products were used by natural resources industries - mining, logging and forestry, oil and gas extraction, and electrical utilities. These questions will begin to provide information about innovation linkages and dynamics upstream and downstream in competitive chains.

3.5 Industrial classification vs clusters

It is acknowledged that standard industrial classification methodologies have problems, whether ISIC (promoted by the United Nations), NAICS (the North American version), or NACE (the European Community version)¹³. A new version of ISIC was developed recently, but some industries (especially high-tech industries) are still difficult to classify. For example, the biotechnology sector is not shown as a distinct industry by the ISIC, and the services sector is not explicitly defined by industry classifications. The main problem arises when we start to analyze productive and competitive chains, industrial districts, and regional clusters. In which sectors does innovation originate and in which is it developed? How does one measure the synergies created within clusters and industrial districts? How is innovation diffused within them?

¹² For example innovation surveys in a number of developed countries were preceded by surveys of advanced manufacturing technologies.

¹³ The Voorburg group on services statistics has been working for quite few years in the development of a convergence between the NAICS and NACE (implicitly also with ISIC) regarding the services sector classification. This initiative has been undertaken by the statistical organizations of Europe, Canada and the US.

The **unit of analysis**¹⁴ is an issue regarding surveys that is always under discussion, with no clear solution in the short term. Today, innovation takes place increasingly across networks of firms and other institutions, rather than within a single firm. R&D outsourcing, distributed models of innovation (for large multinational firms), networks of firms that collaborate or compete rather than individual enterprises, are becoming more common (Tomlinson, 2000). Based on these features, it seems that using the firm as the unit of analysis may be less relevant. Unfortunately, from the sampling and statistical point of view it is extremely difficult to adopt a different unit of analysis. What is needed is to include in questionnaires ways of tracking relationships (formal and informal collaborations) among firms and institutions, adapting from sociometric analysis the relevant economic mapping.

Innovation surveys should gather information of linkage capabilities – concept developed by Sanjaya Lall – that the firm possesses in order to be part of an innovation network. The concept of ‘linkage capabilities’ is the ability of a firm to establish collaborative and cooperative relationships with other firms, R&D institutes, universities, government agencies, consultants, etc., which are key to its competitive and technological performance (Lall, 1992).

CIS III accounts for collaborative innovation, asking about who (the firm alone) or with whom technology based product and process innovations were introduced. Additionally CIS III asks about co-operation in innovation, considering different types of partners, their relative importance, and location. Following the same reasoning, Statistics Canada innovation survey includes a section on collaborative and co-operative agreements regarding innovation, asking about why the firm engaged in those activities, the type of partner and its location. Location data will be useful for cluster studies, but unfortunately to date no analyses have been done or released based on these data for a number of reasons, including confidentiality requirements.

The Bogotá Manual also includes in its questionnaire few questions that try to characterize the networks and collaboration agreements (formal and informal) in which the firm is involved, how successful they are, and how frequent the firm uses these kinds of relationships with external organizations.

On the other hand, the ISRN survey is directed at this type of mapping: it is not a traditional innovation survey by any standard, since it is not trying to characterize innovation activities at the firm level. Its main purpose is to characterize clusters, how firms work together, the role of innovation-related institutions, and the linkages between firms and institutions. In doing this, ‘location’ of the enterprise as such, the clients, the suppliers, the competitors, and related R&D and technology transfer institutes, are the key features. Differential relationships with local and non-local agents become meaningful in this analysis.

3.6 New to the firm vs new to the market

The definitions of innovation used by the Oslo Manual, Statistics Canada, and the Bogotá Manual are all consistent. However, these definitions are neither consistent with

¹⁴ Statistics Canada has a “unique” unit of analysis, the provincial enterprise, that is a group of all establishments of a given firm in the same industry within a province.

theories of innovation, nor with the perceptions of innovation held by entrepreneurs and business people. The OECD and Bogotá Manuals propose three **levels of novelty**: new to the world, new to a nation, and new to the firm. This division facilitates data collection, but does not sufficiently address the competitive environment in which innovation occurs, that is the market where the firm actually performs. Indeed it raises some questions, as Holbrook and Hughes point out:

- ✓ A product or process that is new to the world is obviously innovative, but can a product or process that is new to a particular nation, geographic or political region also be considered innovative?
- ✓ A product or process new to one of the major industrial nations may well be innovative, but what about a product new to a developing nation? An innovation in Colombia may have been developed in Colombia, or it may have been imported, but still is new to the country.
- ✓ A product or process could be new to a firm, but is it necessarily an innovation? A company that introduces a product in response to a competitor's innovation is not innovative, it is merely responding to the market in order to stay in it (Holbrook & Hughes, 2001).

Novelty is an issue of innovation, but so too is the **degree of innovativeness** or uniqueness.

"It is commonly suggested that new is necessary but not sufficient for innovation. For a product or process to be innovative, it must have a sense of uniqueness to it. This does not mean that every innovation must be a world first. Nor does it mean that innovation must be radical, and that incrementally improving a product or process over time is not innovating. What it does mean is that innovation occurs within a competitive milieu, and firm-level innovation should not be considered in isolation from the competitive environment in which the firm exists" (Holbrook & Hughes, 2001).

Holbrook and Hughes argue that 'new to the firm' should not be considered the entry point for innovation. Instead **new to the market** offers a better approach, but poses a methodological problem for many innovation researchers, how to define and operationalize 'the market'. It seems that this is a problem for academics but not for business practitioners. To a business person, 'your market' has a specific meaning and he/she can well delimit it (Holbrook & Hughes, 2001). Interestingly enough, CIS III has incorporated a question regarding the enterprise's most important market, although the degree of innovativeness corresponds to 'new to the firm'. Innovation survey questionnaires are slowly moving in the direction of leaving the operationalization of novelty to the enterprise.

3.7 Successful vs unsuccessful firms:

Innovation surveys were commissioned by governments in order to measure the level of innovative activity in their countries as performance indicators, and the amount of financial and human resources devoted to innovation activities as input indicators. The focus was on innovative firms – usually just two types of firms are considered: innovators

and non-innovators - in other words, on successful firms in a specific period of time. One could argue that innovation surveys 'freeze the picture' of innovation processes, asking for the innovations obtained in the past three years, though categorizing as non-innovators those firms who are developing new products and process, but by the time of survey have not yet achieved the innovation. This approach resulted on a major structural bias, concentrating on the results of innovation – TPP innovation using Oslo Manual wording - instead of focusing on how the firm obtained that innovation. Even if we can argue that the Oslo Manual has a subject approach (the firm) rather than an object approach (the innovation), the main concern are the innovations obtained rather than innovation processes (actions). The unit of analysis of the Oslo Manual based questionnaires is the firm (that is why they claim it is subject approach), rather than to track specific innovations, which some would argue is the 'proper' object approach (Godin, 2002).

Pereirano in making a comparison between CIS III questionnaire and the Bogotá Manual questionnaire, and concluded that the main differences between the two are in the conceptual approach, rather than on the concrete one. The main differences with the conceptual approach are:

- ✓ CIS III: the focus of the survey is the results; innovative firms are the object of the study; and it has adopted a restricted definition of innovation (just TPP innovation).
- ✓ Bogotá Manual: the focus of the survey are the activities; the object of study are three type of firms (innovative, potentially innovative and non-innovative); and it has adopted a broad definition of innovation, including organizational innovation and commercialization as well as technological innovation (Pereirano, 2002).

Our argument, based on the discussion around the Bogotá Manual, is that the subject approach is much more than simply having the firm as unit of analysis. The subject approach should consider focusing on all the activities that the company undertakes to achieve innovation, and the enterprise's environment that enables it to be innovative. If the convergence is on the processes rather than on the results one can avoid the bias of just studying innovative firms at a specific period of time, and trying to see the 'moving' picture of innovation. Tether et al, in their methodological recommendations regarding CIS II, propose to eliminate an extensive definition of innovation and rather ask questions about the activities that firms have taken related to innovation (Tether et al., 2002).

The Bogotá Manual which was developed specifically for developing nations, adopted a broad definition of innovation, not just including technological but also organizational innovation. In addition, the acquisition of technology embodied in capital equipment was included as an innovative activity – even though for some innovation researchers this is not real innovation. The type of innovation activities developed by the firms, the degree of novelty, and the recognition that Latin American enterprises serve different markets compared to OECD firms, resulted on a new classification of firms. The Oslo Manual definition was adopted for innovative firms, but clearly making the distinction of the market being served (local, national or international). The new category refers to

potentially innovative firms¹⁵, that is enterprises that have developed innovation actions but have not yet obtained any results, or that the process of innovation was a failure¹⁶.

CIS III includes at the very end of its questionnaire a question regarding 'other' important strategical and organisational changes in the enterprise, contemplating "creative improvements" ranging from strategy, management, organisation, marketing, and aesthetic changes, although they are not yet considered activities linked with innovation, but correlations are being examined.

We argue that it is as important to study non innovative behaviours and failures¹⁷, as well as innovative behaviours and success stories, by means of indicators which account for processes rather than results. Innovation surveys should target as their object of analysis not just firms that obtained TPP innovations but also enterprises that undertake innovation activities: The Bogotá Manual and CIS III contemplate this possibility.

3.8 Managers vs line innovators

There needs to be a greater discussion of the role of the respondent to the surveys, which many official survey institutions assume to be the CEO, or another high-rank managers in the firm, rather than line innovators or middle managers, who deal with innovation on a daily basis. It could be argued that since a lot of information on innovation uses investment as an indicator, managers are better suited as target respondents. But then, are monetary indicators the best measures for innovation activities, or do we need to start looking for new non-monetary indicators? Perhaps some of these new indicators will take better account of innovation activities as a social and geographic process, not just as an economic process. Additionally, it is acknowledged that the Oslo Manual definition of innovation, allows different interpretations. Though two equally informed respondents in a firm may give different answers to whether the firm introduced 'significant improved' products or processes, and therefore, whether the firm was an innovator or not (Tether, 2001).

While Oslo-type questionnaires do not contain explicitly gender-biased language, some of the biases reflected above also have a **gender-bias** overlay, in that in many economies female employment is concentrated in the services sector, or that women innovators are far less visible and in less senior positions in organizations. The Women's Advisory Group on Innovation Studies (WAGIS) was set up, with Status of Women Canada funding, to test innovation survey instruments for gender bias. Results of focus groups testing carried out at CPROST during the summer of 2002, showed that the ISRN interview guide does not have a manifest gender bias in language, but a latent one

¹⁵ This new type of innovative firm was first introduced by the research team in charge of the analysis of the Colombian innovation survey (Durán, Ibañez, Salazar, & Vargas, 1998).

¹⁶ Eurostat has contemplated a type of 'enterprise with innovative activities' in the same line of discussion of the Bogotá Manual, but these are not considered part of the innovative firms (Tether, 2001).

¹⁷ The focus group participants of the Women's Advisory Group on Innovation studies (see next section for a brief description of the study) "suggested there is a market or success bias in the (TPP) Oslo Manual definition because it does not necessarily include processes – such as trial and error, failed innovations and the methodologies used in their development – that create tacit knowledge and add to work place productivity. By "ignoring" failed innovations, the Oslo Manual definition excludes some of the factors contributing to future successful innovations" (Crowden, 2003).

in design; although, the failure to capture demographic information of the respondent is an obvious oversight¹⁸.

“There are many possible sources of gender bias in studies measuring innovation, from theoretical foundations to actual survey tools. Current studies of technological innovation rely heavily on responses of men and seem to ignore systemic barriers to women’s inclusion in the target survey populations. Innovation studies do not generally take into account or explicitly seek out the views of women on innovation processes or their roles in innovation, and they do not consider the possibility that women’s and men’s contributions to innovation may differ” (Crowden, 2003).

There are important gender-influenced assumptions made in the very first step of determining what type of person should be interviewed. The type of innovation (i.e. technological, organizational) an individual participates in depends of their position of power within the work place, which is inevitably influenced by gender, and sharply different across industry sectors. Since men and women often adopt different roles within the firm, women are less likely to participate in the ISRN project as they are not represented in the senior management positions - those who are being interviewed. Thus the gender of the individual interviewed by the ISRN project may have affected the responses, as their answers will be conditioned by the different types of innovation they are involved with.

Although the ISRN and the Oslo Manual based questionnaires are not directly gender biases in terms of questions - it is as a result of the nature of organizational structures that is inherently gender biases. Clearly, we need to consider the deeper level of bias that is rooted in social structures and social roles in the workplace constructed over time. The discussions in the focus groups supported findings in the current literature that women in high tech professions often occupy the ‘almost top level’ positions in the firm, and are more likely to contribute to innovation through supportive networking, collaborative thinking and adopting interdisciplinary approaches, rather than through radical, individualistic innovative actions. By focussing more on the process of innovation in the firm rather than the outputs, the consequence will be to include a more gender inclusive dimension in the measurement of innovation.

4 Conclusions: A proposal of a future research agenda

A more precise and clear definition of innovation should be the first target of any research agenda regarding innovation studies. It seems that not all researchers are talking the same ‘language’. The concept of innovation in different areas, including services and resource-based sectors, must be inclusive. Additionally, the concepts of innovation, novelty and uniqueness need further development. In doing so, we will come out with better definitions of innovative firms, seeing them in an evolutionary process of becoming or staying innovative, seeing innovation as a process rather than a result.

Innovation activities have changed, now it is a more collaborative, cooperative, globalized, and complex activity than in the past. We need to understand how innovation

¹⁸ As a consequence of this study the ISRN interview guide and the correspondent data base started to capture demographic data on respondents.

networks function, how knowledge is created and diffused within these networks. Innovation surveys as we know them, do not answer those questions, since their unit of analysis is the firm, but the firm does not work alone. To measure the inputs to innovation it may still be important, but we need to understand what happens within the 'black box'. Therefore we need to design new methodological tools that measure capacities and disposition to innovation, explaining firm's innovative propensity and ability to innovate, and that account for firm's most important assets: human capital. Part of this attempt will be to encompass different types of innovative firms avoiding the black and white categorization of innovators and non-innovators¹⁹.

As noted above one of the principal objectives of innovation surveys is to measure innovative activity amongst enterprises. After analyzing different surveys, even if manuals and questionnaires are standardized, the understanding of what constitutes innovation and the value of innovation expenditures are highly variable among economies (see differences of innovative firms in the European Community²⁰), among sectors in the same country, and even within firms (if we were to interview different people in the same organization). To what extent is it important to have **representative behaviour**, taken into account that innovation is about change, and all genuine innovations are different.

“(...) in one sense innovation cannot be directly compared, and nor can ‘the proportion of innovators’ be compared – this not philosophically the same as assessing the proportion of households with a car or a colour TV, for example” (Tether et al., 2002).

It is clear that innovation scholars need to keep refining their definitions of innovation, making the necessary distinctions between sectors (and countries). It seems that the past decade of experience may have not been very helpful trying to unify methodologies and procedures to collect data. Does that mean that innovation researchers should move away from innovation surveys and develop more diversity in the pursuit of more meaningful studies? The goal for researcher in this area is to improve innovation studies to better understand innovation processes, better understand collaborative innovation and the role of networks, better understand clusters and national and regional innovation systems, and better understand innovation in services.

¹⁹ See Tether (2001) for an interesting categorization proposal.

²⁰ Tether et al (2002) argue that a large proportion of the differences between innovators and non-innovators in European countries is due to differences in the interpretation of what constitutes innovation, among other reasons..

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