ORGANISATIONAL INNOVATION:  
A EUROPEAN PERSPECTIVE

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INTRODUCTION

In these couple of pages of reflections on the ‘European perspective’ of organisational innovation, three sets of issues will be briefly discussed. First, and corroborating the analysis by Coriat, one can, I believe, talk about a research ‘paradox’ today. Whether such paradoxical evidence is sufficient to argue that organisational innovation is the missing link, is an interesting research question, and one which many of the chapters in this book are devoted to. However, as far as I am concerned there are many competing explanations. Second, and following on from the previous point, once we believe that organisational innovation is indeed the crucial missing element, how does one go about studying it? Is the case study approach indeed the most appropriate one? Can ‘organisational change best-practice’ cases be transferred across sectors, organisations, plants? Or do we need more generalisable information and indicators of organisational change, which we can subject to the whole toolbox of statistical techniques? Third and inescapably, what are the policy implications of all this? Should policy makers force firms to change organisationally? What can governments actually contribute in this whole area?

I. PARADOXES AND ‘MISSING LINKS’

Europe’s technology and research situation has been described in the Commission’s White Paper on Growth, Competitiveness and Employment as suffering from a deficit with respect to R&D efforts (particularly in terms of business enterprise performed R&D), the valorisation of research results and uncoordinated, fragmented S&T policies in member countries.

An alternative way of putting this deficit is, as Coriat points out in his chapter, in terms of a research ‘paradox’: despite continuous efforts in supporting R&D in member countries both nationally and at the European
level, European growth and competitiveness, particularly in high tech sectors, has not improved and compared to the US and Japan even deteriorated. How to explain this apparent paradox? Does it just relate to ineffective or inefficient RTD policies? Or does it relate to the setting of wrong policy goals?

Clearly, the overall ‘pervasiveness’ of some new technologies, such as information technology, implies what could be called flexibility in uses. The latter limits practically by definition the process by which ‘routines’ are set up to ease learning processes. In other words, some new technologies such as information technologies bring about far more hazardous and coordination problems in learning practices than other less pervasive technological innovations. This coordination and learning problem as illustrated in some of the chapters in this volume is one of the main reasons for the often disappointing productivity gains associated with the introduction and use of new information technology at the level of individual organisations. While that evidence has also been recognised at the macro-level and been referred to as the ‘Solow-paradox’, it has not really filtered through at the policy, and in particular the research policy level.

Pervasiveness also means indeed a shift in the particular role of the various actors in the technology generation and diffusion process. Thus, the pervasiveness of information technology has led to a significant reinforcement of the contributions and role of intermediaries (banks, specialised services, telecommunications, networks, and so on.) in the transfer and diffusion process of technological know-how. At the same time, the internal organisational response in terms of its flexibility and readiness to adapt itself has become an essential feature of effective use and adaptation of the technology to the organisation’s own needs.

Both features point towards a somewhat reduced importance of the role and contribution of the ‘hard’ technology producers and suppliers. It is this latter feature that has so far been insufficiently recognised in an European RTD policy setting. From this perspective the study of organisational innovation represents indeed an essential complementary research element.

II. HOW TO GO ABOUT IT?

Studies on organisational innovation have an obvious tendency to focus on particular cases which illustrate successful organisational innovation. It is then assumed that such innovations can be transferred to other sectors, firms or organisations. The approach has to some extent much in common with the old ‘best practice’ technology or productivity plant studies popular in the 1960s and 1970s, and which have been instrumental in the rapid diffusing of best practice technology management practices.
The more fundamental question that can be raised, though, is whether the study of organisational innovations is so generalisable. In so far as organisational innovations involve unique combinations of human learning, crucially dependent on individual adjustments to particular new situations, each case of organisational innovation appears, to some extent, to be unique. The challenge therefore appears twofold: what can we learn from individual case studies, and is there scope for some taxonomic regrouping of cases of organisational innovation?

Den Hertog and de Sitter in the old tradition of socio-technical research have investigated in much detail the possibilities to learn from individual case studies. Obviously, as the number of case studies of organisational change and innovation further increases, the overall knowledge field expands and the question about the generalisability of such case studies can be addressed with examples, exceptions, and so on. At the same time the scope for developing particular taxonomies increases. Personally, I wonder whether, given the rich panoply of cases studied in this area, it is not time yet to try to develop more systematically success and failure studies of organisational innovation.

The notion of 'best practice' is to some extent antinomic to the concept of organisational innovation. The latter concept starts indeed from the idea that no single best practice technique exists; what one could hope therefore from pairwise studies of best and worst practice studies, is the identification of some key factors. Whether the latter can be quantified and transformed into an organisational innovation 'indicator' is at this stage probably an aim too far removed from the practical, 'advising' purpose of much of present-day research in this area. I would sympathise, though, with any attempt in this direction, if only to make the subject more popular with policy-makers.

III. ON THE ROLE OF PUBLIC POLICY

Having convinced policy-makers and politicians of the importance of organisational innovation for overall European competitiveness the most fundamental challenge to researchers in this area is probably to come up with some relatively simple proposals about what governments can do about it. Clearly if organisational innovation is the missing link, one would like to have some idea about what can be done to enhance such innovation in firms. Traditional concepts such as market failure do not help the policy debate here very far. If indeed, for example, small firms do suffer from lack of information on the particular way in which they should respond and adjust to the new opportunities offered by new technologies, how may government agencies assist. Through setting up or funding various technology interme-
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diaries/consultants? What if those firms are not interested? Should they be forced to listen?

An interesting view might consist of focusing on areas in which governments are themselves directly involved and which have suffered from low productivity growth, despite heavy investments in new technology. This could cover both manufacturing and service sectors, but it will be clear that the latter, as illustrated in the health case analysed by Kaplinsky, offers probably the largest number of new insights and scope for policy action.

The research agenda in this area is, however, far from final. The study of organisational innovation, despite its long historical tradition rooted in many European research groups and traditions, is still in its infancy.

NOTES

1. The recent European Science and Technology Indicators report presents more evidence on the poor productivity performance of the most R&D intensive sectors in Europe.