



ROTTERDAM SCHOOL OF MANAGEMENT, ERASMUS UNIVERSITY

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Why firms should focus on social innovation

In conversation with Kevin Heij

Management innovation is as important to a company's success as any other form of innovation. Yet with companies in the Netherlands investing less in social innovations than ever before, researchers at RSM's INSCOPE – Research for Innovation centre are focused on developing new tools to help Dutch companies become management innovators, the real game-changer when it comes to competitive performance.

When Resato International was named the Netherlands' most innovative company of 2015 based on the results of the Erasmus Competition and Innovation Monitor, among the innovations listed was its development of an industry-changing ACM waterjet cutting system. Also on the list of the innovations that earned it the coveted Erasmus Innovation award were the company's high tolerance for mistakes by employees, its scope for employees to explore their own initiatives, and its emphasis on knowledge sharing.

These latter characteristics fall into the category of social innovation, also called "management innovation", and are the non-technological determinants of innovation. Social innovation in an organisation is a measure of its flexible organisational forms, dynamic managerial capabilities, the development of its human capital, and co-creation.

Does social innovation matter? It most certainly does. The "levers" of social innovation act as sources of competitive advantage by leveraging a firm's knowledge base, and by facilitating higher levels of productivity and other forms of innovation. Social innovation is at least as important as technological innovation as a source of competitive advantage. And the best results of all are unleashed when both technological innovation and social innovation are present together, prioritised, synchronised and coordinated in the optimal way.

Why then is social innovation at an all-time low in the Netherlands? This situation, which Professor Henk ▶



Why firms should focus on social innovation *(continued)*

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Volberda, a pioneer of research into social innovation and academic director of RSM's INSCOPE – Research for Innovation, describes as a 'threat to the competitiveness of Dutch businesses,' is the impetus behind much of the work conducted at INSCOPE, where scientists are dedicated to helping companies increase their levels of social innovation: and they are developing new ways to achieve this.

Examples of social innovation include the introduction of self-managed teams or total quality management. Movares, a railway consultancy and engineering firm in the Netherlands, introduced innovation studios specifically as venues within which employees can turn ideas into new solutions. The introduction of cross-functional teams enabled Claymount Technologies Group to come up with the SmartBucky DM,

days have R&D-labs – only a few firms have a dedicated infrastructure for social innovation, such as social innovation labs,' says Kevin Heij, a manager at INSCOPE.

Increasing understanding

The main aim of INSCOPE is to increase the fundamental understanding of social innovation and its influence on technological innovation, productivity and competitiveness of firms and within networks of firms. The research centre is a consortium of affiliated researchers from various universities: Rotterdam School of Management, Erasmus University; Maastricht University; University of Twente; Utrecht University, and TNO, and brings together an unprecedented combination of expert academics and applied researchers in the field of social innovation.

The division of INSCOPE within RSM is partner institute of the World Economic Forum in the Netherlands. INSCOPE scientists collect data and disseminate the findings of various reports published by the World Economic Forum, including the Global Competitiveness Report. The Erasmus Competition and Innovation Monitor and the Erasmus Innovation Award are also activities of INSCOPE.

One part of the Erasmus Competition and Innovation Monitor consists of a survey across a broad range of industries in the Netherlands. This is one of the largest annual innovation surveys in the Netherlands focusing on various types of innovation. Researchers affiliated to INSCOPE also host or present at numerous seminars and conferences to disseminate theories and findings on social innovation and business model innovation.

Researchers affiliated to INSCOPE are cooperating and have cooperated with numerous organisations, industry associations and governmental institutes to address specific questions or issues those organisations face. These organisations include, ActiZ, Avéro Achmea, the Dutch Ministry of Economic Affairs, FME, the Port of Rotterdam Authority, Rabobank, Shell, and VNO-NCW.

'INSCOPE catalyses synergies between state-of-the-art strategic management and innovation theories and managerial issues faced by organisations, industry associations or governmental institutes,' says Heij. 'Rigour and relevance are key in doing so. If management wants to know

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Kevin Heij, manager, INSCOPE – Research for Innovation.

a detection system used to digitalise analogue mammography images.

Yet in spite of its relevance, social innovation has received relatively limited attention compared to technological innovation. 'In contrast to technological innovation – you see that most large organisations these

Rick Hollen, for example, specialises in strategies that increase the competitiveness of port authorities and firms operating in a port context. Kevin Heij specialises in how social innovation and business model innovation contribute to a firm's (innovation) performance.

how to improve their level of competitiveness and innovativeness, we can help. For example, we can diagnose the current situation, and provide new insights in relevant levers to improve their competitiveness and innovativeness.'

The vast amount of data INSCOPE has collected over time provides a powerful tool for benchmarking various indicators of innovation, and factors influencing a firm's competitive position. Managerial and organisational characteristics such as the level of decentralisation of decision making, the degree of structural separation within a firm, transformational leadership, human capital, and co-creation with various external partners are examples of those factors.

Benchmarking enables those firms to compare their firm's position of those factors and various indicators of innovation with the average scores in the industry and the national average. Depending on the specific question or issue an organisation, industry association or governmental institute faces, INSCOPE also collects new data in a tailor-made way.

New initiatives, new tools

Innovation is fundamental for organisational survival. Understanding this, INSCOPE itself also develops new solutions. Recently, INSCOPE launched new activities in which it supports or helps organisations to conduct pilots on innovation with an emphasis on social innovation and business model innovation. 'We work in close cooperation with the firm in question to develop

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Kevin Heij, manager, INSCOPE – Research for Innovation.

plans to introduce a certain social innovation,' says Heij. 'We provide support to help them realise that introduction, and we measure the effect of introducing the social innovation.'

As for those managers pondering the potential of innovation for their company, 'Watch out for fragmented initiatives,' says Heij. 'Introducing a part of a certain social innovation may make things worse instead of better. This applies in particular to larger organisations.'

If you are interested in finding out to what extent your organisation compares in social innovation relative to your industry, participate in this year's Erasmus Competition and Innovation Monitor (in Dutch). Send us an email with your contact details and you will receive an invitation this spring.

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For more information on the activities of INSCOPE, visit **WEB** www.inscope.nl

