

The Next Big Thing?

Trends Shaping Nordic Innovation

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Nordic co-operation

Nordic cooperation is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, and three autonomous areas: the Faroe Islands, Greenland, and Åland.

Nordic cooperation has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe.

Nordic cooperation seeks to safeguard Nordic and regional interests and principles in the global community. Common Nordic values help the region solidify its position as one of the world's most innovative and competitive.

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Conclusions

The Next Big Thing? Future Trends Shaping Nordic Innovation is not a crystal ball revealing all that we can expect to happen during the next five to ten years and beyond. It is more of a description of some of the important driving forces and developments which are likely to shape events both globally and in the Nordic region. The array of driving forces highlighted here is by no means exhaustive. The article could equally well have focused on critical technologies such as cloud computing or the role of Sovereign Wealth Funds in the fields of global investment and competition.

This publication is intended to provide input to the discussion surrounding, and the formulation of, the Nordic countries' next generation of innovation policies.

In Chapter One, under the heading; "*New modes of globalisation*" we looked at how emerging economies such as India, China and Brazil, together with certain African countries, are changing the global economic landscape. Western Europe and the US dominated global economic affairs for more than 200 years, but this is no longer the case. China and India in particular are challenging this position with a combination of extensive access to talent, huge domestic markets, and an ingenuity for the development of new concepts and products which are adapted to both the "base-of-the-pyramid" (people with very limited financial means), and to the more affluent global export markets. In the words of Philip Kotler, we are embarking on a new chapter in global economic history, as part of what Freed Zakaria calls "the rise of the rest".

In Chapter Two, titled "*Leverage of Innovation Hot-spots*" we examined how access to specific knowledge has become an issue linked to the siting of enterprises in global hot-spots that match perceived needs. The Nordic countries have been pioneers in the establishment of innovation service centres in global hot-spots such as Silicon Valley and

Shanghai. However, this chapter also argues that the scope of the concept of a global hot-spot must be broadened, and that social communities such as Facebook should also be included together with the “base-of-the-pyramid” communities in poorer countries.

In the chapters “*Services and Innovation*” and “*Open Innovation*” we looked at the service economy and innovation. For about 20 years Europe and the Nordic countries have regarded manufacturing and high-end services such as research and innovation as separate entities. This is best illustrated by the prevailing belief in outsourcing as many manufacturing activities as possible to countries such as China, while at the same time retaining high-end professional services in the domestic environment. However, the interlinkages between manufacturing and the service sector are rather complex. It is by no means always clear at which point in the value chain these sectors can be distinguished, while at the same time retaining their competitiveness. Several examples are used to illustrate that a more comprehensive perspective will lead to winning business models in the competitive global economic environment. Throughout history, winning business models have often been anchored in superior management techniques. These two chapters provide an outline of how management models have radically transformed entire industries, and yet such models are not accounted for in current measures using innovation indicators. As regards open innovation it is still too early to say if it will play a major role in shaping modern management in the same that scientific management or divisionalisation has done in the past. However, open innovation is a promising concept, and constitutes a model that will have profound impact on future management practices in general.

In the chapter headed “*Innovation Indicators*” we described how the current trends in understanding global economic competition are based, at best, on flawed and, in the worst case, directly misleading indicators. Current industrial indicators are to an increasing extent failing to tell the whole story about what actually goes on within the major segments of the developed economies such as we find in the Nordic and OECD countries. No account is given of the service sector or of innovative activities in particular. The Nordic countries are, together with the US and the UK, among those looking into how to develop more appropriate statistical indicators for understanding what is going on within our economic systems.

In the chapter entitled “*The Value Chain as an innovation system*” we looked into how leading global companies from different industrial sectors manage and operate innovation based on their profound understanding of where the locus of innovation resides within their industries. In a rapidly changing global economy, the locus of innovation in any given value chain is also in a state of flux. Failure to understand these changes can be fatal for a company’s chances of survival, and innovation policies should reflect this.

In the the chapter headed “*Encouraging Entrepreneurship*” it was argued that entrepreneurship is the life-blood of a free enterprise society and that innovation and entrepreneurship are two sides of the same coin. It was also argued that entrepreneurship today has little to do with the often popular image of the solitary inventor in his garage. On the contrary, entrepreneurship can take place both within and outside an organisation, and companies which promote in-house entrepreneurship (intrapreneurs) will often display high levels of innovation performance.

The final chapter of this publication, which follows this conclusion, focuses in particular on “*Climate Change – Impacts for Nordic Industry, Technology and Innovation*”. The chapter served as the basis for a discussion and panel representations at Iceland’s session during the Nordic Climate Solutions conference held in Copenhagen on 7–8 September 2009.