

Experimental innovation, entrepreneurship and growth policy

Three principles for delivering good innovation and growth policy

3. Judgment



1. Experiment



2. Evidence & Data



There is little credible evidence that demonstrates impact

All support schemes



Credible (2.4%)

+ Impact (0.6%)

Innovation schemes



Credible (3.7%)

+ Impact (0.4%)

Source: Charts based on the systematic reviews conducted by the What Works Centre for Local Economic Growth
(Credible: Level 3 Maryland Scale – Positive impact on employment)

**More
experimentation**



**Better
evidence**

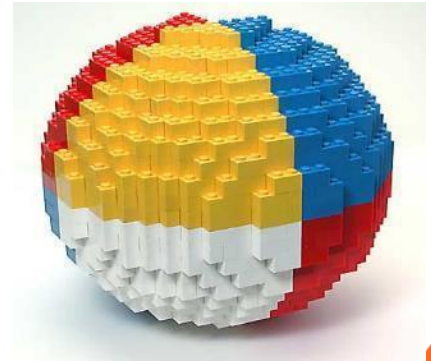


**More effective
policies**

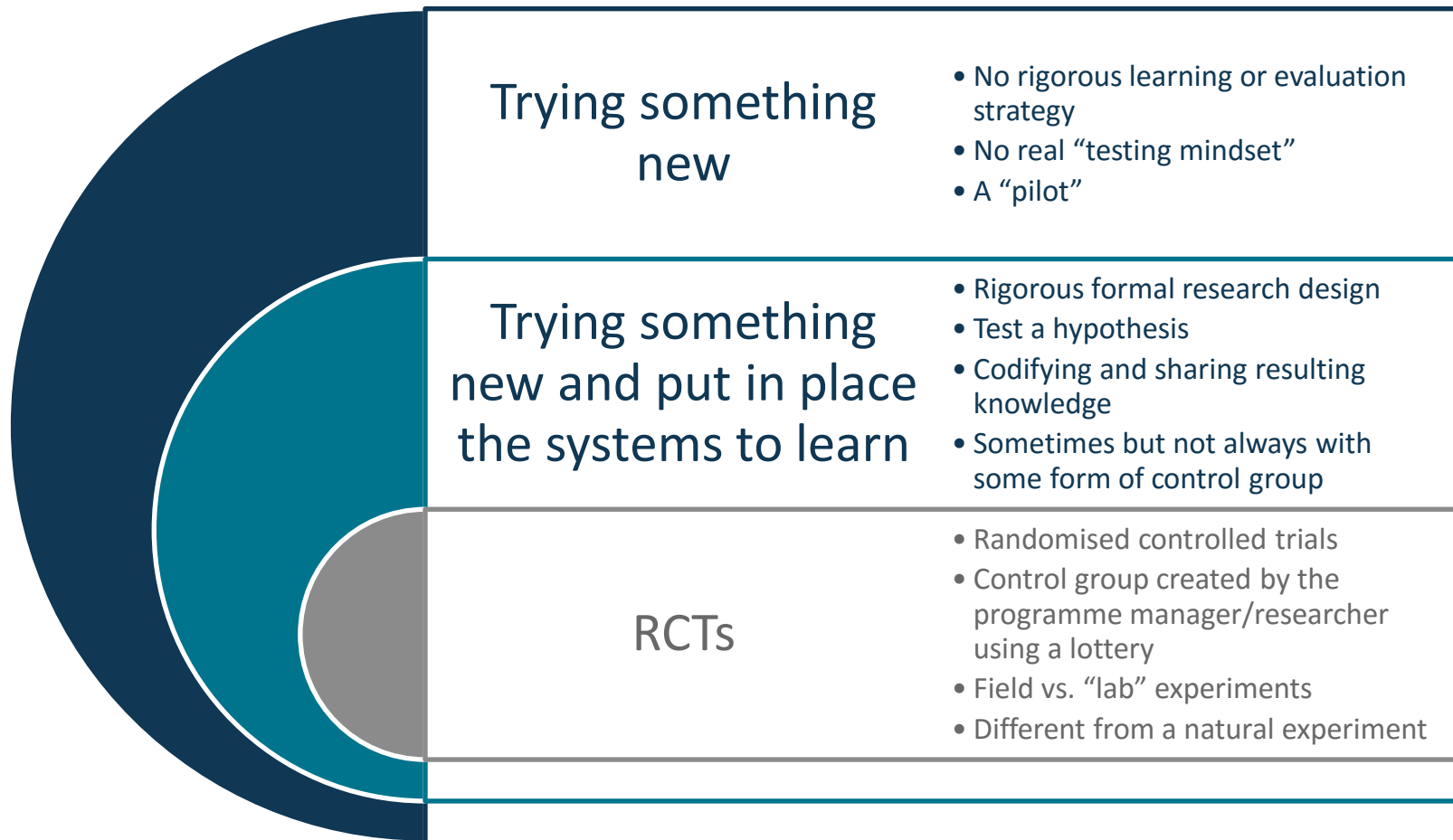


If there is
political will

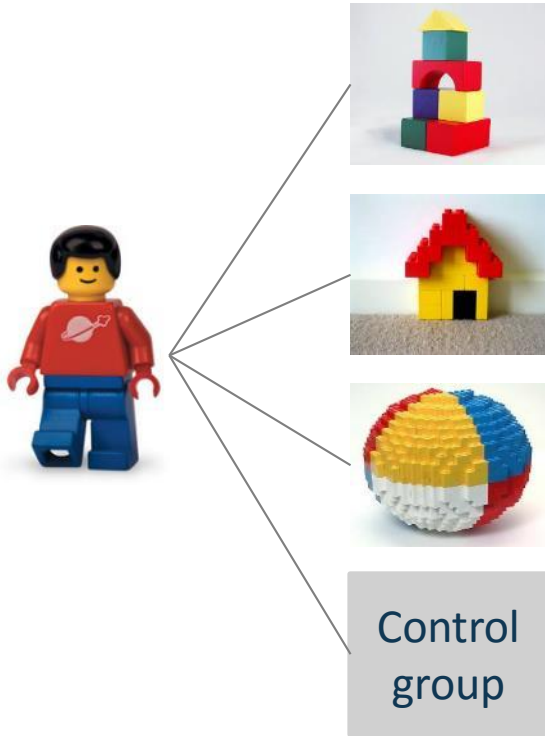
Why not trial different designs to learn what works?



What is an experiment? A continuum of definitions...



1. Experiment



2. Evaluate



3. Scale-up



The Innovation Growth Lab

A global collaboration of governments, foundations and researchers that develops and tests different approaches to increase innovation, support high-growth entrepreneurship and accelerate business growth

We aim to make innovation, entrepreneurship and growth policy more experimental and evidence-based

Nesta...

Ewing Marion
KAUFFMAN
Foundation



Tekes



What IGL does



**Running trials
with partners**



**Funding trials
with IGL Grants**



**Building and
connecting
communities**



**Promoting wider
adoption of
trials**



**Creating useful
resources**



**Disseminating
lessons**

Designing research spaces for collaboration & innovation

What is the effect of different types of proximity on collaboration and knowledge generation in scientific settings?

MIT and Stockholm School of Economics



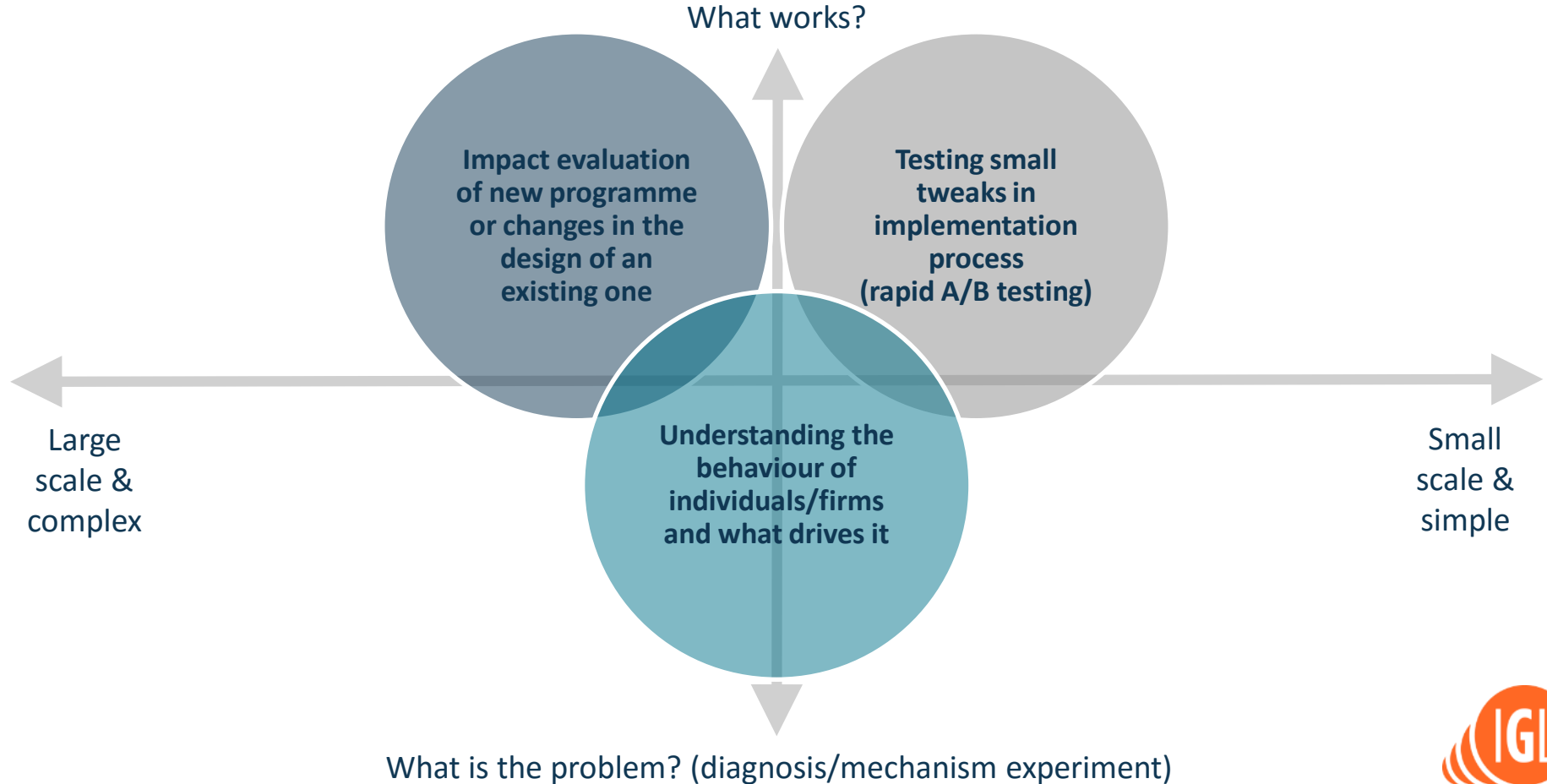
Increasing business-science links and technology transfer

**Can innovation vouchers “nudge”
SMEs to build successful
collaborations with knowledge
providers, and help SMEs grow?**

Max Planck Institute for Innovation and Competition



There are multiple ways to experiment with RCTs



Thank you

To find out more:

- Read this [short brief](#)
- Visit our [website](#)
- Send us an [email](#)

www.innovationgrowthlab.org



Experimental innovation and growth policy: Why do we need it?

Albert Bravo-Biosca, May 2016 (Version 1.0)¹

Despite the importance of innovation and high-growth entrepreneurship for economic growth, there are still many open questions on the best approaches to support them. There is a need to experiment with new approaches and, crucially, learn what works.

European governments alone spend around €150 billion every year trying to make their economies more innovative and entrepreneurial, as do many other governments around the world.² Yet the programmes that governments put in place to increase innovation, support high-growth entrepreneurship and accelerate business growth suffer from two weaknesses:

1. There is insufficient innovation in innovation and growth policy:

Despite a fast changing world in which new technologies and business models continuously emerge, the tools that governments use to support them have evolved little. New programmes are regularly launched, but changes are often purely cosmetic (e.g., a new name, or a few tweaks at the margin). Also, supposedly new policy approaches are sometimes the reinstatement of old ideas that had fallen out of fashion (the 300-year old idea of challenge prizes being the latest example). And even when there is genuine innovation, be it incremental or radical, it is not of much use if we cannot tell whether it's better or worse than the programmes that preceded it (since in contrast to the private sector, there are no markets to guide us).

2. There is limited evidence on the effectiveness of innovation and growth policy:

The uncomfortable truth is that surprisingly little policy in this domain is backed by hard evidence. A few years ago Nesta supported the Compendium of Evidence on the Effectiveness of Innovation Policy, led by researchers at Manchester University.³ With some exceptions, it showed that the evidence was scarce, often of poor quality, and typically inconclusive. More recently, a systematic review by the What Works Centre for Local Economic Growth examined almost 15,000 evaluations in this policy domain, and found that only 2.5 per cent of them provided a credible answer, and of those, only one in four found a positive effect on productivity or employment (or 0.6 per cent of the total).⁴ Without good evidence, it is impossible to allocate our limited resources to the programmes that have the greatest impact.

¹ In the spirit of continuous iteration and improvement, we see this brief as a living document that will evolve over time as new examples, arguments and debates emerge in the field.

² Fays and Bowers (2016) 'As much as €151 billion is spent across Europe supporting businesses but does it work?' Available at www.innovationgrowthlab.org/blog/press-releases/europe-supports-business-but-does-it-work.

³ See www.innovation-policy.net.

⁴ See www.whatworksgrowth.org. Credible refers to evaluations that satisfy the level 3 of the Scientific Maryland scale, which requires that the evaluation method used has a credible counterfactual (note that random allocation is not a requirement for level 3, it is sufficient to have a clear justification on why the control group would have performed in a similar way as those benefiting from the intervention if the intervention had not happened).