

**IS THE TAIL WAGGING THE DOG?  
OR  
CAN YOU TEACH AN OLD DOG NEW TRICKS?  
AN ANALYSIS OF POSSIBLE ISOMORPHISM EFFECTS IN INNOVATION  
PROJECT APPLICATIONS**

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## Background

- New Public Management continues to influence public administration: a strong focus on clear, measurable goals for the effects of public policy.
- Strained public budgets have intensified the focus on “getting value for money”.
- Tension between complexity of STI policy theory and political demands for accountability: policy-makers and politicians are increasingly concerned with the short-term and direct – preferably measurable – impact of STI policies (Molas-Gallart & Davies, 2006).
- Increased focus on performance measurement can result in less, rather than more innovation and true impact (Perrin, 2002).
- Is an increased focus on “value for money” and documentation of measurable impacts reflected in the designs and aims of innovation project applications?
- Ultimately: To what extent do changes at the overall policy level result in actual behavioural changes at the operating level?



# Research hypotheses

H1.

The increasing demand for tangible documentation of public investment impacts is reflected in a convergence in applications for public funding (~ mimetic isomorphism)

- Operationalized as similarity in use of terms and concepts

H2.

The increasing demand for tangible documentation of public investment impacts is reflected in more compliance in explicating expected outcomes in applications for public funding (~ coercive and normative isomorphism)

- Operationalized as more explicit - and cautious - descriptions of expected outcomes





## Isomorphism and legitimacy

- Legitimacy: “a condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws” (Scott, 1995)
- Isomorphism: “a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions” (Hawley, 1968, cited by DiMaggio & Powell, 1983)
- Mechanisms of institutional isomorphic change (DiMaggio & Powell, 1983):
  - Coercive – stems from political influence and the problem of legitimacy (force, persuasion, invitation)
  - Mimetic – uncertainty encourages imitation (‘modelling’)
  - Normative – associated with professionalism (establishing a cognitive base and legitimation for occupational autonomy)



# The empirical setting – Danish European Regional Development Fund (ERDF) applications 2007 and 2010

New structure, new goals and new actors: a search for legitimacy in an unfolding field:

- A new European Structural Funds programming period (2007-2013):
  - Focus on growth drivers identified by the OECD (in ERDF: innovation, new technology and entrepreneurship)
- Important implementation responsibilities are undertaken by regional Growth Fora introduced in 2007
  - More involvement of private sector interests, knowledge institutions and social partners in aspects of programme implementation



## Why only look at approved applications ?

### Application statistics 2007-2010

Region	Applications	Approved	Rejected	% rejected
North	53	51	2	4%
Central	39	38	1	3%
South	61	39	22	36%
Zealand	20	18	2	10%
Capital	24	21	3	13%
Bornholm	22	22	0	0%
<b>Total</b>	<b>219</b>	<b>189</b>	<b>30</b>	<b>14%</b>

Annual report 2010



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## Hypothesis 1: Convergence in applications for public funding (~ mimetic isomorphism)

- Method: Identifying core terms and concepts (buzzwords) from ERDF Programme Document:
  - Knowledge, innovation, growth, employment, competitiveness
- Is there an increase in the number of applications that use all or most of these terms and concepts over time (rhetoric similarity)
  - Comparing potential and actual occurrences of terms (=hit rate)
- **The relative hit rate in 2010 is higher (76% vs. 63%) than the hit rate in 2007 (significant at 5% level) = convergence in applications.**



## Hypothesis 2: More compliance in explicating expected outcomes (~ coercive and normative isomorphism /1)

*Explicit descriptions of expected outcomes in project descriptions*

	No explicit description	Weak explicit description	Strong explicit description	Total #
2007	19 (65,5%)	7 (24,1%)	3 (10,3%)	29
2010	7 (43,8%)	5 (31,2%)	4 (25,0%)	16

**Apparently a move towards more applications explicitly describing expected outcomes – but not statistically significant**





## Hypothesis 2: More compliance in explicating expected outcomes (~ coercive and normative isomorphism /2)

*Required quantitative assessments of project effects in application form: “How many firms/institutions/organisations are expected to develop/implement new products and/or processes”.*

(EUR, current prices)	2007	2010
Effectiveness (ERDF funding per org. expected to develop/implement new product/process)	12,169	21,249
Standard dev. effectiveness	47,081	34,539

**Reduced effectiveness = more cautious descriptions of expected outcomes.**



# Conclusions

## Hypothesis 1

Support for the hypothesis that project applications become more similar in their use of terms and concepts (mimetic isomorphism).

## Hypothesis 2

Cannot reject the hypothesis that there has been a movement towards more explicit – and cautious - descriptions (coercive and normative isomorphism) of expected effects in project applications.



## Implications and avenue for further analysis

- Changes in overall policy signals do seem to result in changes at the operating level – but not necessarily the intended changes.
- Signals are followed at the rhetorical level.
- Changes at the actual action level are more uncertain (no sign of more “value for money” in terms of more expected innovation outputs)
  - a. Are more cautious assessments of possible effects a reaction to an inappropriate assumption of a direct causal relationship between input and output in innovation projects (fear of failure - see Perrin, 2002)?
  - b. Are more cautious assessments of possible effects a result of experience-based learning?
- If a, then there may be a need for a policy adjustment.



THANK YOU

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# ADDITIONAL BACKGROUND SLIDES



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# The overall strategic framework for Danish ERDF projects



Danish Enterprise and Construction Authority (2008), 'Regionalfonden. Målet om Regional Konkurrenceevne og Beskæftigelse. Årsrapport 2007' (Annual report on the European Regional Development Fund 2007).

# The European Regional Development Fund Programme in Denmark



Danish Enterprise and Construction Authority (2008), 'Regionalfonden. Målet om Regional Konkurrenceevne og Beskæftigelse. Årsrapport 2007' (Annual report on the European Regional Development Fund 2007).

## ERDP-applications 2007 and 2010

Focus area Innovation, knowledge sharing and knowledge creation

	Approved applications		Analysed* applications	
	2007	2010	2007	2010
(EUR, current prices)				
# applications	39	23	29	16
Average ERDF funding	0.5 mill.	0.7 mill.	0.4 mill.	0.8 mill.
Standard dev. ERDF funding	0.8 mill.	0.7 mill	0.5 mill.	0.7 mill.
Total ERDF funding	20.8 mill.	16.4 mill.	12.8 mill.	12.1 mill.