

Innovation and creativity – the crisis as opportunity for change

Bengt-Åke Lundvall, Aalborg University
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Europe's role in promoting innovation and creativity

It is a good thing that Europe now gives full attention to innovation and creativity. Europe still has something to learn in this field. In connection with the Lisbon declaration 2000 the objective was to make Europe the most innovative and competitive region of the world with social cohesion. But in the ensuing process 'social cohesion' became regarded more as a burden than as an asset that supports Europe's learning economies. A second problem with the European strategy is the implicit assumption that economies of scale are at the root of the US success in innovation and competitiveness - what I call the Airbus-syndrome. This perspective neglects that the US thrives more upon its diversity than upon the scale of its activities. Finally, the Barcelona objective of raising R&D-efforts to 3% of GNP in all member countries is based upon a narrow interpretation of innovation as exclusively rooted in science. *A European innovation strategy needs to encompass both experience-based and science-based learning (1,2).*

Creativity thrives in diverse and tolerant environments

Individual creativity reflects a criticism of the existing state of affairs – be it technology or society - combined with an urge to find better solutions. Therefore creative people are not always highly appreciated – they make life less comfortable for those who prefer the status quo. Environments where people with different background in terms of gender, age, education and ethnical background are treated with respect leave more space for creativity. Environments where those in charge are willing to engage in critical self reflection leave more room for creativity. Environments where governments accept diversity in school systems and knowledge infrastructure also contribute to creativity. *Standardisation and benchmarking aiming at standardisation of human activities kill creativity.*

There is a need to balance creative thinking with creative doing and with just getting things right

Organisations and communities need to strike the right balance between the production of new ideas, their implementation and their wider use. *Creativity is for the economy as salt for cooking –*

the best amount is not as much as possible but a suitable proportion that keeps the economy moving ahead. Neither are all forms of creativity equally sound for the economy. The current financial crisis would not be as deep as it is without the ‘creativity’ resulting in ‘financial innovations’ in the forms of new instruments making it possible to leverage the same financial asset again and again. Finally, *I do not see creativity as residing in a specific class of people*. The most successful economies in the world are those that engage ordinary workers in processes of creative thinking, doing and using. The less distinct ‘the creative class’ is from the rest of society, the more successful the learning economy (3).

Innovations are new combinations and they come out of an interaction among people with different backgrounds

Innovation involves the creation of new knowledge. At the same time most innovations are new combinations of old insights. They come out of an interaction where people with different talents, interests, insights and experience get together in open communication willing to share their knowledge with others. *Innovation processes that neglect the needs of users are inefficient*. Science based innovations that are not supported by experience based learning are not successful. Therefore innovations are outcomes of ‘collective entrepreneurship’. It means that generalised trust and participatory democracy in working life contribute to innovation. Trust cannot be bought or enforced – it has to grow from below. (The most fundamental reason for the current financial crisis is that you cannot buy trust and the reason why it is so difficult for governments to find ways out of it is that you cannot impose trust on others.)

Knowledge is a unique resource

Knowledge is a unique resource and it does not fit economic analysis very well. *Its most unique characteristic is that it grows as you use it and as you share it with others*. This is obviously true when we make use of our know-how and our competences. It is also true when we share knowledge in an intellectual dialogue. Economics is a ‘dismal science’ based upon the assumption that ‘there are no free lunches’. But knowledge sharing through intellectual exchange and learning by doing and interacting is more like a pot lock where the amount of food at the end of the meal is bigger than it was in the beginning. Luckily people are wiser than economists; it is well documented in history that people have shared resources and helped each other in all kinds of societies. A symposium with ‘economic men’ where everybody protected his (!) own knowledge while trying to

get access to what the others know would of course be a disaster (this might be the reason why standard economics conferences turn out to be rather repelling events!).

The learning economy poses new challenges

To follow standard economics and neglect the importance of learning and the fact that individuals and organisations are more or less competent is not a good idea in a Learning Economy where the success of people, organisations and countries reflect the capacity to learn. Current knowledge becomes less relevant as technologies change and global competition transforms working life making some types of jobs disappear and others grow. The knowledge you have now does not constitute a life-long guarantee for success for individuals and the capabilities of firms need to change as well. This has major importance for the design of education systems and labour markets, and for strategies of management and trade unions. All institutions and strategies need to focus on how to facilitate learning at the level of individuals and organisations. For the individual it is important to find a job that offers good options for learning. For managers offering learning opportunities is a way to attract creative and competent people (4,5).

The learning economy and social cohesion

Some of the most successful economies in the world benefit from being advanced learning economies. They do not host radical innovations new to the world but they are outstanding in adapting, implementing and using technologies developed elsewhere. The Nordic countries are small and this should actually be a handicap in a knowledge based economy. But they do very well in terms of growth and well-being because they have built generalised trust and this is reflected in how they learn. Firms engaged in innovation interact more with other firms and employees take more active part in processes of technical and organisational change. Generalised trust reflects social cohesion and the egalitarian culture. But the learning economy tends if left to itself increase the gap between those with higher education and the rest. Those with little education have less ability to learn and in the business sectors they are offered less opportunities to learn (4,5).

A New New Deal

This constitutes the most important challenge for public policy in the learning economy. In order to keep the learning economy strong and vibrant there is a need to enforce, enhance and redistribute learning opportunities to the advantage of those with little education and few opportunities to learn.

Here the current crisis may be seen as offering new opportunities. There will be many people out of job and some sectors such as automobile industry will be sacking hundred thousands of workers. In this situation upgrading the skills of workers may be the best public policy – at least for the long term. Giving them unemployment support for not working implies that their skills will be gradually eroded. Long term support for ailing industries to keep them employed in their existing job is to postpone structural change that will have to take place in the future. (The ‘new new deal’ now pops up everywhere linking Obama’s crisis challenge to Roosevelt’s. I proposed ‘the new new deal’ 1996 in my inaugural lecture at Aalborg University. Perhaps now time has come for ‘change’?)(6,7)

Global inequality and the learning economy

The global economy and the inequality between rich and poor regions of the world increasingly reflect the unequal distribution of knowledge. The World Trade Organisation sets restrictive rules on what the less developed countries are allowed to do to upgrade their knowledge base. While all the rich countries built their knowledge base through protection of ‘infant industries’ and through copying knowledge from abroad this is made difficult for the less developed countries. There is a need for a New New Deal also at the global level. Finding ways to share knowledge worldwide in such a way that both rich and poor countries benefit should not be impossible given the unique character of knowledge. Company lawyers should be in charge of global knowledge management. The history shows that ‘catching-up’ on the basis of technological learning does not imply that the leading nations become poorer. On the contrary Europe’s catching up with the US took place in a period with extraordinary high rates of economic growth for leader as well as for the followers (8).

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