

Inclusive innovation network model:

*support local entrepreneurs and
boost economic growth*

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Entrepreneurship & economic growth

- *The levels of entrepreneurship have always been an important indicator for a country's economic development (Schumpeter, 1934). Many studies have shown that it has a substantial positive impact on the level of economic growth. Furthermore, differences in economic growth between certain areas are often correlated to levels of entrepreneurship.*

Therefore, it is essential to create adequate conditions for entrepreneurs because they utilize opportunities and resources left out by existing markets (Leff, 1979). This will ensure that local innovators have all necessary tools for creating meaningful projects.

The majority of governments have Entrepreneurship Development Programs as a part of their national agenda, and lots of resources are dedicated to train and support people. However, despite


large investments, the level of project creation is not always reached. One of the reasons is that innovators lack access to resources such as expertise, finance, know-how, land, space, etc., necessary to transform their ideas into real projects, and not because these resources are missing in their communities.

These resources often already exist, however they are owned by larger private companies (e.g. finance) or public institutions (e.g. land), or universities (e.g. knowledge) or any other entity

who may not have the incentives to share. So how can innovators gain access to those resources? An important aspect is to know the right person.

Research shows, that networking platforms help facilitate project creation by giving access to certain resources owned by the members of this network (Cummings, 2004). Creation of a concept of international innovation network in particular was initiated by the growing global demand for knowledge (Fang & Pigneur, 2007). These

types of platforms served for resource sharing between companies with similar activities, sometimes even competitors. The members shared expertise and ideas worldwide, aiming to maximize profitability through global collaborative opportunities (Kale *et al.*, 2000). Thus, international innovation networks were initially created for the same type of members – autonomous and legally equal organizations (Van Aken & Weggeman, 2000).

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STRUCTURAL DIVERSITY WITHIN A NETWORK BRINGS UNIQUE SOURCES OF KNOWLEDGE

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The authors of this paper believe that this system might deprive potential members which are legally different but can bring other kinds of benefits to the network. Structural diversity within a network brings unique sources of knowledge (Cummings, 2004).



Nowadays, innovation networking platforms often exist to support entrepreneurship and small businesses and open doors to different types of members. For example, *Big Innovation Center* <https://www.biginnovationcentre.com> focuses on Artificial Intelligence and Blockchain technologies by working with world

leaders, international regulators and executives. *OurCrowd* is an international crowdfunding platform connecting innovators and investors <https://www.ourcrowd.com/about> . The Swiss “*Innovation Network*” connects schools and organizations <https://www.innovationnetwork.ch/verein/>. *International Business Innovation*

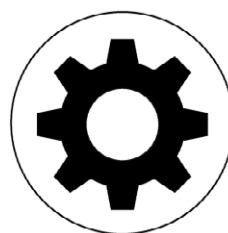
Association <https://inbia.org> provides a platform for collaboration between entrepreneurship incubators, government & economic development organizations.

The majority of innovation networks usually work with one or two types of members (mostly entrepreneurs, investors, startup associations) and disregard the others. As an example, the *European Startup Network* only consists of national startup organizations <https://europeanstartupnetwork.eu>. These networks decrease in value by not allowing other types of members who each have their unique **inputs**.

Unique member types



INNOVATORS such as entrepreneurs and startups are the main source of ideas for the network. They are considered as creative destructors and catalysts of change according to Schumpeter (1934). It is essential to bring entrepreneurs into a network because they serve the role of the main executers of projects by investing their ideas and time.



ECOSYSTEM BUILDERS are entrepreneurship support organizations such as incubators, start-up associations, or academics groups with entrepreneurial interest. Ecosystem builders own best-practices and venture creation expertise. They are essential network members by providing basic support with legal, finance, marketing, etc. assistance to Innovators. They basically play the main role in generating and training new employment potential (Sharma, 2017).



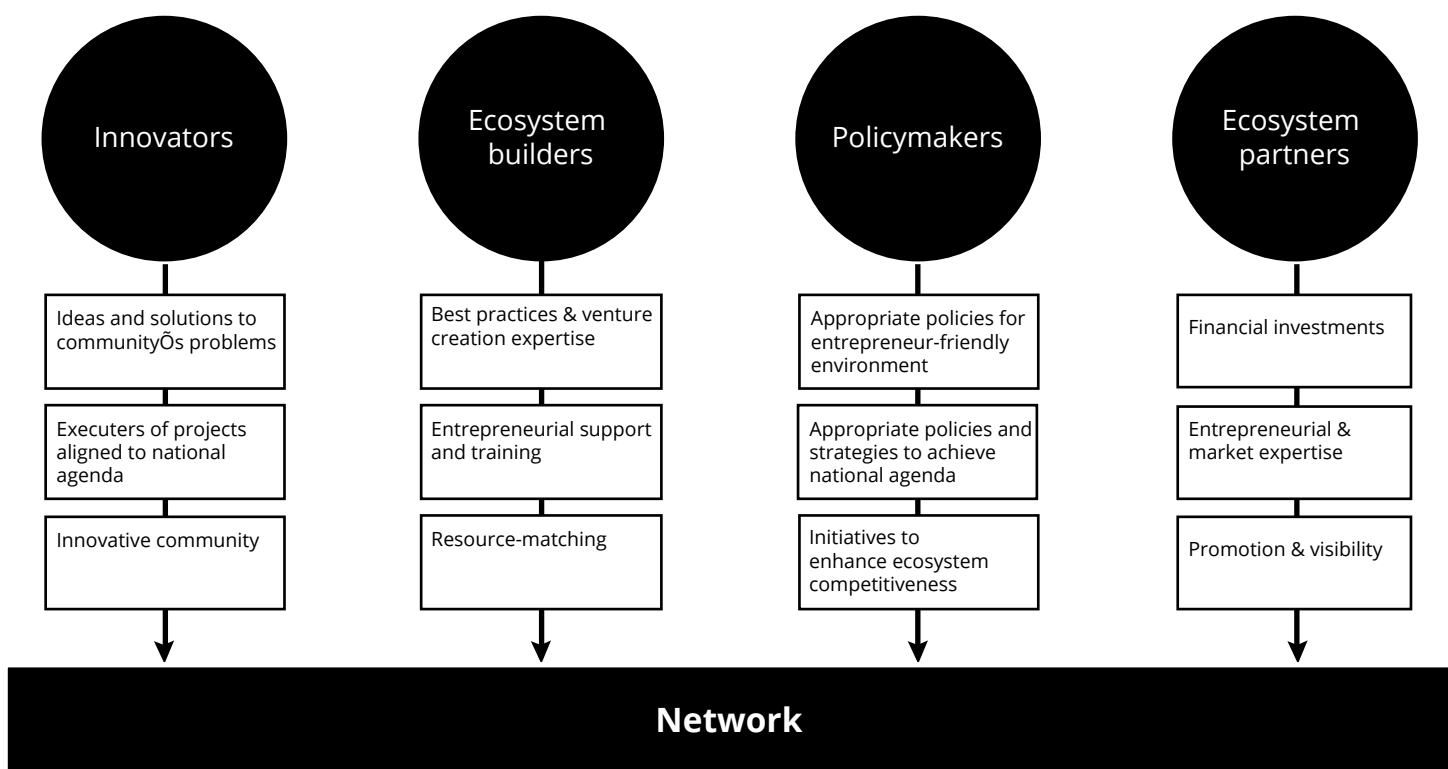
POLICYMAKERS are governmental and non-governmental organizations which play a role in regulations creation. Even though experiences of African and Asian developing countries in post-WWII period have clearly shown inefficiency of development strategies with strong state intervention and persistent market distortions (Easterly, 2001), the state's role in policymaking remains big – it is now focused on creating comfortable business environments for entrepreneurs as well as on promotion of SMEs (World Bank, 2005). Thus, having Policymakers as part of the network will bring policy insights and can align projects with national agendas.



ECOSYSTEM PARTNERS are venture capitalists or other private companies with financial resources looking for innovative ideas for investment. This type of membership brings “fuel” to innovators' projects while also sharing their entrepreneurial expertise. Finance resources often fill in the gap between a plan and a real project, therefore, Ecosystem partners are an integral part of the network's success.

***EACH MEMBER PROVIDED A UNIQUE
TYPE OF CONTRIBUTION WHICH IS
UNLIKELY TO BE DELIVERED BY
ANOTHER MEMBER.***

Members' contribution

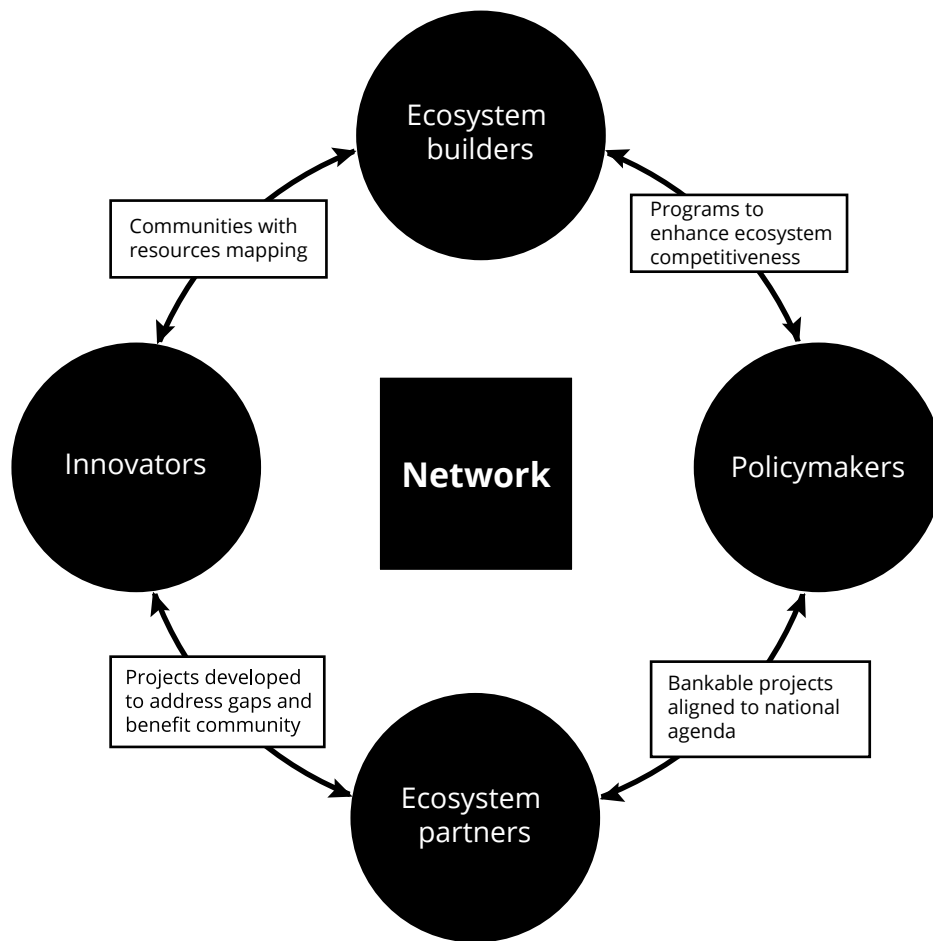


These evidences support the idea that a valuable innovation network should include four types of members: Innovators, Ecosystem Builders, Policymakers, and Ecosystem Partners. An extensive analysis of existing entrepreneurial networks shows a lack of such

inclusive systems. Therefore, there is a need for such network with a resource-matching mechanism where targeted members can interact and contribute resources to facilitate entrepreneurship.

Interconnectedness

If such network is created, all members will be able to contribute to creating distinct projects. The following figure illustrate interconnectedness of all members.



Ecosystem builders can help evaluate community's resources and guide innovators. At the same time, Ecosystem builders work closely with Policymakers to ensure enhanced entrepreneurship-friendly environment and create programs to enhance ecosystem competitiveness. Innovators have a possibility

to work closely with Ecosystem partners on projects to address needs and benefit communities, while Policymakers can ensure that these projects are aligned to national agenda. The authors believe, that these interactions will help build projects and facilitate entrepreneurship.

Furthermore, it is believed that a resource-rich network will allow each category to benefit from its membership as well. This will make the network attractive and valuable to potential members.



INNOVATORS will be able to access communities with resources and support to develop their solutions; get their projects aligned to the national agenda; and scale-up their innovation.

ECOSYSTEM BUILDERS will have a chance to have their good practices recognized; amplify and develop their practices to contribute to the national priorities; and scale-up their community's access to resources.

POLICYMAKERS could better develop appropriate policies and strategies to achieve national agenda; nurture initiatives and projects to enhance ecosystem competitiveness; and accelerate achievement of their national priority and competitiveness by closely working with innovators.

ECOSYSTEM PARTNERS will have access to innovative investment opportunities; meet talent; and get brand recognition for investing in community's development.

The authors of this research brief believe that this type of innovation platform will increase innovation and entrepreneurship level, and will benefit communities.

A similar model can be adapted by governments to support local entrepreneurs and boost economic growth.

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