

# Revealing ‘hidden innovation’ helps to reframe government innovation policy in the UK

**Research in SPRU – Science Policy Research Unit at the University of Sussex has had significant influence in revealing the concept of ‘hidden innovation’, that is, innovation in areas such as the public sector and creative industries that are not traditionally recognised by government and policy-makers as being sources of innovation. This work has helped reframe innovation policy in the UK, changing the way in which government records and supports innovative activities, and leading to new policy measures that foster innovation in both business and the public sector.**

## Overview

Traditionally, in government and policy circles in the UK, there has been a relatively narrow view that innovation is largely a feature of private-sector investment in research and development (R&D). In 2006, the National Endowment for Science Technology and the Arts (Nesta) invited researchers at SPRU – led by Professor Paul Nightingale and Dr Virginia Acha and including Professor Mike Hobday, Pari Patel, Dr Alistair Scott, Dr Michael Hopkins and Dr Caitriona McLeish – to co-produce a report supporting their new research programme in its aim to influence the UK government’s innovation policy.

The subsequent report, *The Innovation Gap*, drew on a substantial body of published academic research as well as new research by SPRU, and highlighted a significant gap between the practice, theory and measurement of innovation, and the resulting policies



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that led to a ‘misleading view of national innovative performance’. The report called for new metrics of innovation to support new innovation policies and enable better exploitation of innovation across the whole UK economy. The term ‘hidden innovation’ was originally coined in this Nesta report to emphasise how existing metrics overlooked innovations in many contexts. Several research projects at SPRU fed into the report, providing case studies that became widely used exemplars of hidden innovation.

In 1995/1996, Professor Diana Hicks and Dr Sylvan Katz published research showing the highly distributed nature of scientific research in the

UK economy and beyond. By tracking academic publications, their research indicated that a significant volume of UK research is hospital-based. In 1996, Hicks and Katz used the term the ‘hidden research system’ to reflect the neglected status of hospitals in the UK science-policy literature. This work influenced further research at SPRU on the emergence of genetic testing services in the NHS. Hopkins and Nightingale showed that three technologies (based on advances in cytogenetics, biochemical and molecular genetics) supported the development of hundreds of distinct genetic-testing services in UK hospitals, and that these

diagnostic service innovations, developed by hospital staff, were not detected by traditional indicators of innovative activity used to support policy formulation – eg the European Commission’s R&D Score Board.

Another case study (Hopkins *et al* 2011) demonstrated how a series of UK engineering firms contribute innovative designs in their work for clients, with potential benefits throughout the lifecycle of private and public infrastructure assets (such as factories, power stations, hospitals and transport networks). However, the value created for their UK and international clients is not captured by innovation metrics such as the Department of Trade and Industry’s Value-Added Score Board.

## Achieving impact

SPRU’s research for Nesta directly influenced the policy agenda that was outlined by the Department for Innovation, Universities and Skills in March 2008 in the UK government White Paper *Innovation Nation*. The White Paper strongly emphasises a role for government innovation policy in finding and supporting hidden innovation, particularly seeking innovation outside of those R&D-intensive sectors that are traditionally associated with innovation (eg manufacturing sectors such as aerospace and pharmaceuticals). It also encourages support of innovation in a wider range of industries, including service and creative industries and the public sector. A number of initiatives, influenced by SPRU’s research, have resulted from *Innovation Nation*.

The Innovation Index (2008-present) provides a broader set of metrics for measuring innovation, for example capturing investment in R&D spending, advertising, market research, skills and training, design and software development. In other words, it offers metrics that include productive sectors that are based on investment in intangible assets rather than traditional R&D spending measures. The Public Services Innovation Laboratory (2008-present) supports new methods for finding, encouraging and evaluating innovations in public services. The Whitehall Innovation Hub (2008-2010) was designed to create a forum for the top 200 civil servants to develop strategies and

discuss implementation plans to transform government and generate opportunities for public-service innovation. Finally, the Government Annual Innovation Report (2008–present) provides an annual summary of government progress in supporting the original agenda set out in *Innovation Nation*.

SPRU’s influence (direct and indirect) on policies arising from this government White Paper has been publicly recognised. Former Research Director of Innovation Policy at Nesta, Dr Michael Harris, stated that these policies were: ‘unlikely to have happened (and in their actual form) without the SPRU work’.

SPRU’s impact (direct and indirect) on policy has largely been achieved as a result of the dissemination of the hidden innovation concept. Nesta has used the SPRU cases widely and in various contexts, eg at an OECD workshop on hidden innovation, and has funded a series of further policy reports on identifying and characterising forms of hidden innovation, recognising innovation in sectors previously overlooked by policy, and charting the importance of hidden user innovation. The link with the SPRU research continues – hidden innovation remains a theme of Nesta’s activity and reports, and Nesta staff estimate that at least £2 million of policy initiatives, such as the ongoing Innovation Index studies, have been funded as a result of SPRU’s work.

## Funding and partnership

SPRU’s work on hidden innovation was supported by a joint Economic and Social Research Council/Medical Research Council fellowship and a Nesta project grant.

## Working with us

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