



INNODRIVE

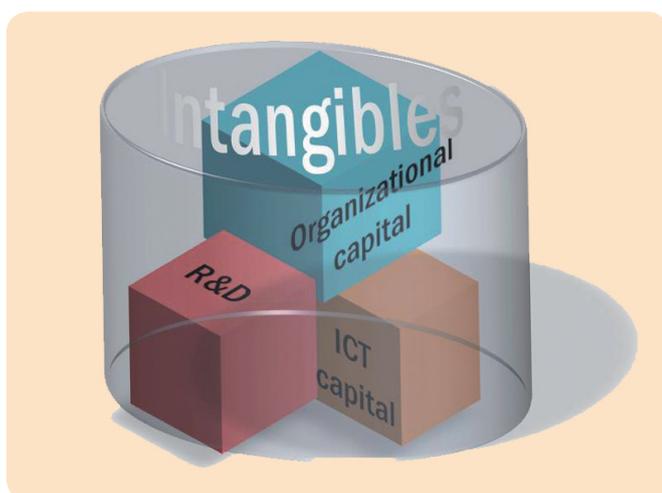
Revealing underestimated drivers for innovation and well-being

A well-known brand can ask its consumers to pay higher prices “just” because the brand has high brand affinity. However, such “intangible” parts of the value of an enterprise and of the economy of a whole country are not considered in usual calculations of economic growth. The project INNODRIVE shows why this is wrong.



Values like managerial competencies that increase productivity, a highly trained and competitive workforce, a well-established brand or the ability to develop innovative products is not part of the standard measurement of economic growth. Partly this is because these values are hard to measure – this is why they are called “intangibles”.

However, according to INNODRIVE’s results, such intangibles play an important role as a source of sustainable growth and better living standards. Where intangible capital is accumulated, labour productivity (a measure of living standards) also increases.



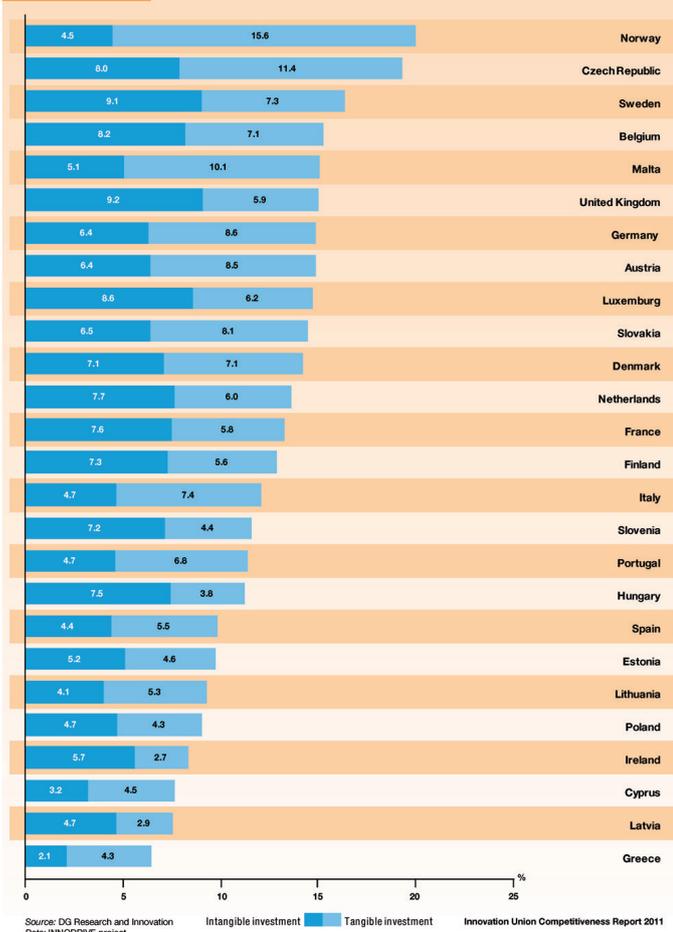
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IMPACT

INNODRIVE was one of the projects informing European policy-makers (during a seminar in 2010) about research results that were relevant for the implementation of the EU 2020 strategy. The research results were also included in the Innovation Union Competitiveness Report 2011. This report acknowledges that innovation is more than investment in research and development (R&D). It points out that some countries that are not particularly R&D-intensive rank very high on a broader measure of innovation intensity. For example, while investment in R&D accounts for only around 1 % of GDP in Belgium, the Czech Republic and the Netherlands, these countries reach much higher values on a broader measure of innovation intensity (Belgium 8.3 %; Czech Republic 8 %; Netherlands 7.7 %). By making visible such different innovation models across countries, the findings of INNODRIVE are arguably influencing the implementation of the EU 2020 strategy. Other projects, like the European research project COINVEST and the Conference Board in the US, collaborated with the INNODRIVE team to further measure the value of intangibles. By collecting comparable data on intangibles over the 27 EU member states between 1995 and 2005, INNODRIVE has also closed a gap in data that can be used by both policy-makers for research-based decisions and by future research projects.



FIGURE I.5.5 Intangible and tangible investment as % of GDP, 2005



© European Commission: Innovation Union Competitiveness report 2011, page 114

The figure shows the relative importance of intangibles in overall investment, which can be seen as an indication of the degree of transition towards a knowledge economy in 2005.

Intangibles are significant

INNODRIVE estimated that the GDP of the EU27 countries would be 5.5 % higher if intangible investments were included. If intangibles form such an important part of the economy, the researchers argue, they should be included in the GDP calculation and be carefully managed and exploited by policy-makers.

Important for European policies

In order to facilitate research-based policy-making, the INNODRIVE team collected indicators for intangibles for the 27 EU member states and Norway between 1995 and 2005 and made them publicly available on the project website. Research results have arguably influenced the implementation of the EU 2020 strategy and were further developed by other research projects (see "IMPACT").

FACTS & FIGURES

Project Name	INNODRIVE - Intangible capital and innovations: drivers of growth and location in the EU
Website	www.innodrive.org
Research Area	SSH-2007-1.1-02: Intangible investments and innovation in Europe
Coordinating Institution	University of Vaasa, Finland
Number of Partners	9
Start Date - End Date	1.3.2008 - 28.2.2011
Duration	36 months
Project Funding	1.496.523€
Funding scheme	Collaborative project (small and medium scale focused research project)
Activity - FP7	Growth, employment and competitiveness in a knowledge society - Activity 1
Read more	Policy Brief: www.innodrive.org/ attachments/File /INNODRIVE_policy%20brief_february_2011_02_20_final.pdf More publications: www.innodrive.org/publications.php
Get data	INNODRIVE Intangibles Database, May 2011: www.innodrive.org



Funded under
Socio-economic
Sciences & Humanities

NET4SOCIETY is an FP7 project funded by the EUROPEAN COMMISSION. This publication reflects only the author's views - the European Commission is not liable for any use that may be made of the information contained therein.

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