

# Chapter 17

## Methodology for Identifying Territories With Innovative Business Sector Nuclei to Support the Design of Development Policies

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### **ABSTRACT**

*In order to subsidize the public policy planners with an approach to identify innovative sectoral nuclei to support the design of public policies to support innovation in companies, the chapter proposes and constructs an indicator of innovation potential with characteristics that fill an important gap, where it is possible to reach the groups of innovative companies in each territory, with a process of data collection focused on secondary sources and yet of high effectiveness and assertiveness. In this way, it is possible to make a detailed analysis of what is most directly relevant to decision makers, with the need for a low investment and the possibility of constant updating of the information. Therefore, this chapter will discuss the construction and demonstration of practical examples of the innovation potential indicator.*

### **INTRODUCTION**

It is unanimous on the part of researchers, teachers, experts, entrepreneurs and policy makers that innovation is the factor that has generated the greatest impact on the competitive advantage of companies and nations in recent decades. The prospect is that its importance will become increasingly blunt and its impacts deeper in the coming decades.

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On the other hand, it is possible to perceive that not only the definition, but also the delimitation of what will become the innovation, have undergone changes and changes of scope. But even so, a final position of general recognition that was accepted by all stakeholders was not yet achieved. In the same way, there are also several approaches, methods and visions on how innovation could be identified and measured.

The definition of innovation that will be used in this work is the same as that found in the Oslo Manual (3rd edition, 1997), that is, “innovation is the implementation of a new or significantly improved product or service, or a new marketing method, or a new organizational method in business practices, workplace organization, or external relations”.

In general, thinking about the policymakers’ perspective, these issues are of fundamental importance. Firstly, it is necessary that they have a priori an overview of where the nuclei of the most innovative companies are located in their respective territories. So, that they can take proactive (and not only reactive) initiatives for the design of policies to support and develop competitiveness of the respective companies and territories. According to the Oslo Manual (3rd edition, 1997, p. 21), the forces driving innovation within the enterprise and the successful innovations to improve firm performance are central to policy making “which require better information” (also according to the Oslo Manual itself).

Secondly, it is crucial that these formulators have an approach to identify innovative business nuclei in all sectors of a given territory that is capable of being updated as often as necessary, not only to the current government strategy, but also to possible customization of strategies democratically elected by future governments representatives. It is worth emphasizing two questions: 1) that in this chapter, the term “government” is understood in a broader sense, where not only the central government itself but also its local authorities, foundations and other institutions are considered in one way or another maintained by government resources; 2) it is assumed from the Oslo Manual (3rd edition, 1997) that innovation can occur in any sector of the economy.

As a third point, it is critical that these approaches are based on a compatible budget that allows for, at least, annual updates as well as based on a conceptual tool that is sufficiently broad to be able to capture the necessary nuances from official secondary data, while maintaining the objectivity and rigor needed to obtain robust results capable of subsidizing policies and proposals, support, development and improvement in the innovation environment.

For all of this, the locus object of the methodology proposed here is necessarily the companies with business activities (commercial), as is the Oslo Manual (3rd edition, 1997), in which innovation is associated with uncertainty and investments. This is characterized as an overflow substrate that requires the use of new knowledge or combination of existing knowledge, aiming to improve the performance of a company with the gain of a competitive advantage.

It should be noted that the methodology proposed here is for the identification of territories with innovative business nucleuses in their multiple component sectors to support the design of development policies. This methodology is based on the knowledge acquired by the authors in the execution of consulting projects that had as general objective the context described here, being, therefore, a consolidation of knowledge improved from the practice of these projects and not only a theoretical proposition. This approach holds immense value, as it can be replicated for any reality, in different territories and countries, since its structure is based on official data with international alignment.

As a way of demonstrating the applicability of the methodology discussed in this chapter, an economic sector will be chosen within the Brazilian territory and on it will be detailed the whole approach to identify the poles of innovation in this particular sector, emphasizing that this same approach could

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