PLACE WORK KNOWLEDGE

Do voucher schemes matter in the long run? A brief comparison of Nesta's Creative Credits and Creativeworks London's Creative Voucher schemes

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Do voucher schemes matter in the long run? A brief comparison of Nesta's Creative Credits and Creativeworks London's Creative Voucher schemes

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Abstract:

In policy circles, the common consensus about voucher schemes aimed at the creative sector is that they have short term but no real lasting impact. This short position paper queries this notion. This is mainly because these schemes are notoriously variable in their design, implementation and evaluation. As a brief illustration of this variance this paper compares important elements of Nesta's Creative Credit scheme with that of Creativeworks London's (CWL) creative voucher scheme. In comparing these two types of innovation voucher schemes, it becomes apparent that two interrelated factors play a large role in determining whether long term effects might be realised: first, the variance in their designs and rationales; and second, the important role of brokerage. Importantly, this paper suggests that in order for long term effects to be realised through these types of collaborative schemes, consideration must be given to what these effects look like and then designed ex ante into the scheme.

Innovation voucher schemes, and their many variants, have become very popular innovation policy instruments in the last 18 or so years[1]. Starting in The Netherlands in 1997 there are currently hundreds of active voucher schemes in different sectors of the economy across Europe and the United Kingdom[2]. Most of these voucher schemes are modelled on the original Dutch scheme and are aimed at catalysing innovation in some capacity[3]. Generally, these vouchers allow small, medium and micro-sized enterprises (SMEs) from different sectors of the economy to purchase services from public knowledge providers such as HEIs (higher education institutions) or R&D (research and development) organisations in order to promote collaboration and stimulate the creation of small-scale innovations at firm-level. The logic behind them is that SMEs do not get to interact with large knowledge providers like universities because they cannot afford to, making them inaccessible. These schemes allow them to gain access by subsidizing the fee that it may cost.

Recently, there have been similar types of innovation voucher schemes aimed at prompting innovation in the creative and cultural industries (CCI)[4]. These schemes have a myriad of names such as: creative credits, technology vouchers, creative vouchers or creative innovation awards. Essentially, they are innovation vouchers and follow the same trajectory of logic as the original Dutch scheme, albeit their designs and rationale differ in varying ways. In 2010 Nesta - an important independent charity in the United Kingdom's creative economy and innovation policy arenas – implemented and evaluated an influential pilot scheme called a 'creative credit' scheme. The scheme was primarily a business to business (B2B) venture and was a way to bridge SMEs outside of the CCI with firms from within the creative sector in the Greater Manchester area. Their evaluation found that although there was evidence of short term impact on the SMEs, long term impacts were negligible[5]. As a result of this research the common consensus about voucher schemes in the CCI is that they have short term but no real lasting impact when it comes to sales growth and innovation.

This short position paper queries this notion by stating that more research is needed in this area in order to fully corroborate Nesta's findings. This is mainly because these schemes are notoriously variable in their design, implementation and evaluation[6]. As a brief illustration of this variance I'd like to compare elements of Nesta's scheme with that of Creativeworks London's (CWL) creative voucher scheme. In comparing these schemes it becomes apparent that two interrelated factors play a large role in determining whether long term effects might be realised: first, the variance in their designs; and second, the important role of brokerage.

Nesta's scheme was a business to business (B2B) venture aimed at stimulating innovation in the SME sector. According to their research, businesses buying in creative services are more likely to innovate. This was a key finding from a major piece of research conducted by Nesta that looked at the economic importance of the CCI and their potential to drive innovation and growth in the wider economy. The rationale behind the creative credit scheme was that SMEs might be able to be 'nudged' towards innovation by the use of vouchers that would enable them to team with creative businesses on short innovation projects. They used an online 'gallery' system to allocate the vouchers making the distribution process as quick and easy as possible. The Gallery displayed all the information businesses need to apply to the scheme and all applications were made through the website, which contributed to the ease and speed of the implementation process. Once the applications of creative firms were checked and approved, they were responsible for building and maintaining their profile on the Gallery. Meanwhile, SMEs allocated a credit through the scheme used the Gallery to search for the services they needed and to contract with their preferred supplier. Of the 300 creative businesses that were showcased on the Gallery, 79 were chosen by SMEs.

Similarly, the Creativeworks London (CWL) creative voucher scheme is an initiative enabling SMEs in London's creative sector to develop short-term, collaborative research and development with CWL's academic partners and independent research organisations (IROs)[7] . The scheme is primarily designed to foster university-industry collaborations for small amounts of money, expedited and implemented in a quick and easy manner. It is a variant, like Nesta's creative credits, of the initial innovation voucher scheme and follows the same trajectory of logic. The main difference is that it is not a B2B venture but a joint collaboration between HEIs and creative SMEs. Moreover, the process is more brokered and is highly dependent on the activities of CWL's knowledge exchange team who oversee it and facilitate the entire process. Over the past 20 months CWL has awarded 51 vouchers aimed at fostering collaborations between creative SMEs and HEIs, IROs in London[8].

Both of these voucher schemes were modelled on the original Dutch voucher scheme however they were both designed differently. A B2B voucher, like Nesta's, does not focus primarily on collaboration; the relationship is more transactional. Moreover, the voucher does not engage with knowledge based providers like universities, and there was no brokerage. Because of these three reasons it is apparent that long term impact was not 'designed' into the voucher scheme. The CWL scheme was designed a little differently; it had collaboration at the heart of the process and outlined a rather sophisticated brokering process to ensure at least the potential of long term effects. A CWL voucher has to deliver a collaborative project that is jointly worked on. This allows those involved to have equal footing regarding how they work with each other as opposed to having an employer - employee or transactional relationship. This has an impact on whether or not long term effects may occur because it implicitly asks whether or not the partners in the collaboration will continue to work with each other after the completion of the CWL voucher project. Thus, long term effects are defined through the working relationship between SME and knowledge based provider. This is different to Nesta's scheme which looked specifically at long term 'impact' and/or 'additionality' which is defined differently[9] (see BIS, 2009).

Importantly, the general aim of the CWL scheme is to build new relationships between SMEs and knowledge based providers to stimulate 'knowledge exchange' and to act as a catalyst for the formation of longer-term relationships. Thus long term effects in this scenario include some measurement of whether or not the partners involved decide to continue their working relationship in one way or another. The CWL voucher scheme has done this, through qualitative research, by indicating how many voucher recipients have gone on to seek follow-on funding in order to continue their collaborative project. What was found was that out of the 21 completed projects, 47% have gone on to seek further funding. The remaining 53% were asked whether or not they would like to continue their relationships with each other where 71% said yes.

The second factor that I have outlined as important regarding the long term effects of innovation voucher schemes is that of brokerage. The innovation broker (markedly different from the 'knowledge' broker) is someone that plays three roles. According to the literature, knowledge orchestration (includes aspects like: organising meet and greets, bringing people together and providing a platform for dialogue), mediation/arbitration (includes conflict resolution, problem handling), and sense-making (includes acting as 'translator' and expectations manager) are vital to the brokerage of, particularly, innovation networks[10]. This essentially means that an experienced third party needs to be involved with the collaboration from the onset. Research on CWL's voucher scheme has shown that brokerage and/or intermediation at different stages of the collaboration, including before the collaboration has even begun, is vital to the success of the collaboration.

Nesta's scheme was put together through an online Gallery system where the capability for brokerage activities were purposefully minimised. This was done in order to quicken the implementation process, which had its advantages. However, as a result of this Nesta (Bakshi et al 2013 pp. 41) state that:

> SMEs might have benefitted more from Creative Credits if they had been advised by Nesta when selecting their creative partner. In other cases, once projects had started, we might speculate that some brokerage aimed at establishing that both the SMEs and their creative partners still had a shared understanding of what the project was trying to achieve might have reduced the number of unsuccessful projects.

The CWL scheme includes a number of levels of brokerage, most of which occurs before an application is even submitted. The first stage is the process of network building in order to see what partnerships are available that may be open to collaborations. Developing the relationship between the SME and academic is the second stage. An application workshop is the third stage of the process. The fourth stage is actually working up an application. Once the partnership is happy with the application it is then submitted to CWL. If successful, the project is granted a voucher. Brokerage and intermediation are important elements throughout the entire process, especially for the collaborations that are new and/or inexperienced in these types of collaborations. Regarding the research, it was found that the collaborations that had an existing partnership before the CWL voucher or that had the most levels of brokerage were the ones that were most likely to continue their partnership. Thus the potential for long term effects were designed into the process by the very notion of implementing a robust brokerage element to the voucher scheme.

To conclude, innovation voucher schemes have a huge amount of variability. Being sector specific does not guarantee that standardisation has been achieved as is evidenced by the various vouchers aimed at the CCI across the UK and Europe. Although the logic behind their raison d'etre is consistent, there are very large variances in their implementation and in their stated aims as well as the amounts that the vouchers are worth as well as the the sectors and actors targeted. For instance, according to Flanagan et al (2011), some vouchers can be in excess of 25000EUR whereas others can be as low as 500EUR, some require the SME to co-fund part of the voucher, some only select successful voucher recipients after the collaboration is over, some only fund new collaborations, some are on a first come first serve basis, and most are sector specific. There are other differences but the point is that this makes actual comparison studies difficult but also indicates that voucher schemes cannot guarantee long term effects unless the desire for long term effects are designed into the process. CWL's voucher scheme was put together with long term effectiveness in mind; one of the reasons for its existence was to establish a working relationship between SMEs and HEIs in the creative sector. For Nesta, this was not a central element of the design of their scheme – instead they were more concerned with nudging innovative capacities of SMEs, looking primarily at behavioural additionality. Thus long term effectiveness is, in effect, defined and approached differently by various schemes. Moreover, Nesta's scheme approached the issue of long term effects from a different perspective than CWL's voucher scheme. Nesta looked specifically at long term 'impact' and 'additionality' with regards to, primarily, sales growth whereas CWL looks at long term effects through the number of partnerships that have continued to collaborate with each other after the voucher had reached its limit. What may be needed, instead of a standardisation of innovation voucher schemes, is a streamlining of what is meant by the very notion of long term effectiveness that speaks to policy as well as stakeholders in this area.

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[1] See Cornet, M., Vroomen, B., Van der Steeg, M. (2006). Do innovation vouchers help SMEs to cross the bridge towards science? (Vol. 58). *CPB Netherlands Bureau for Economic Policy Analysis*.

[2] See Erawatch database available at : http://erawatch.jrc.ec.europa.eu/

[3]OECD Innovation Policy. Innovation Vouchers. (2010) available at: http://www.oecd.org/innovation/policyplatform/48135973.pdf

[4] See Bakhshi, H., Edwards, J., Roper, S., Scully, J., Shaw, D., Morley, L., & Rathbone, N. (2013). Creative credits: a randomized controlled industrial policy experiment. Available at: http://www.nesta.org.uk/publications/creative-credits-randomized-controlled-industrial-policy-experiment

[5] The evaluation that was undertaken was novel because it was based on randomised controlled trials (RCTs) and included a mix of both qualitative and quantitative methods as well as longitudinal analysis in what they call the 'RCT+' method.

[6] See Flanagan, K., Uyarra, E., Laranja, M. (2011). Reconceptualising the 'policy mix'for innovation. *Research Policy*, 40(5), 702-713.

[7] Information available at http://www.creativeworkslondon.org.uk/about/

[8] Virani, T.E. (2014). Mechanisms of collaboration between creative small, medium and micro-sized enterprises and higher education institutions: reflections on the Creativeworks London Creative Voucher Scheme. Creativeworks London working paper series number 4. Available at: http://www.creativeworkslondon.org.uk/wp-content/uploads/2013/11/PWK-Working-Paper-4-SEO.pdf

[9] See BIS (2009) 'RDA Evaluation: Practical Guidance on Implementing the Impact Evaluation Framework.' London: *Department for Business, Innovation and Skills*. Available at: http://www.mbsportal.bl.uk/secure/subjareas/mgmt/bis/1268961559RDAevaluation09.pdf

[10] See Henton and Otteinger (2013). Available at:
http://www.biginnovationcentre.com/Assets/Docs/Triple%20Helix/Papers/Theme%201/Henton.pdf