

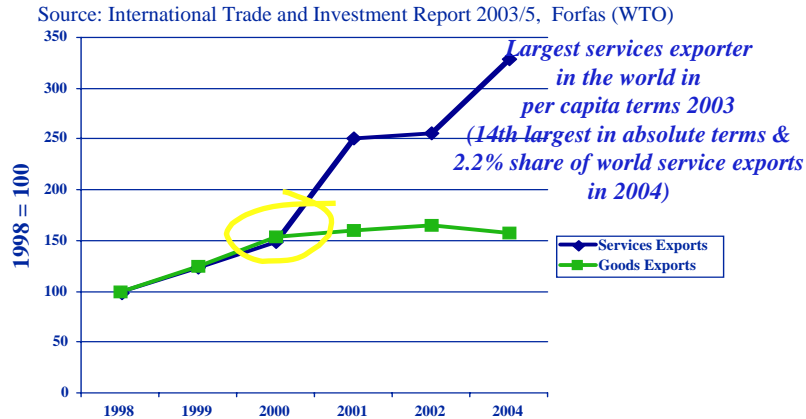
**A Research Based Educational  
Initiative:  
*The Institute for International Services  
Innovation*  
at Trinity College, University of Dublin**



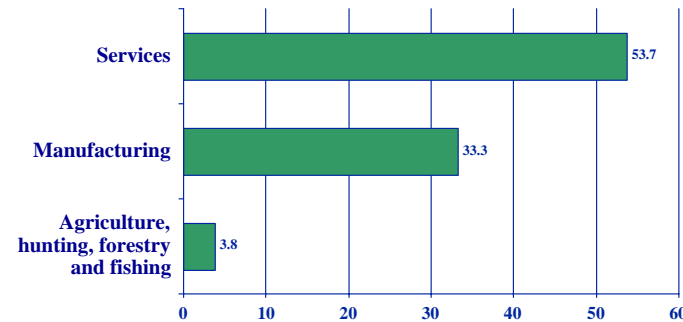
*Professors John Murray & Paul Coughlan*

# Ireland changing rapidly...

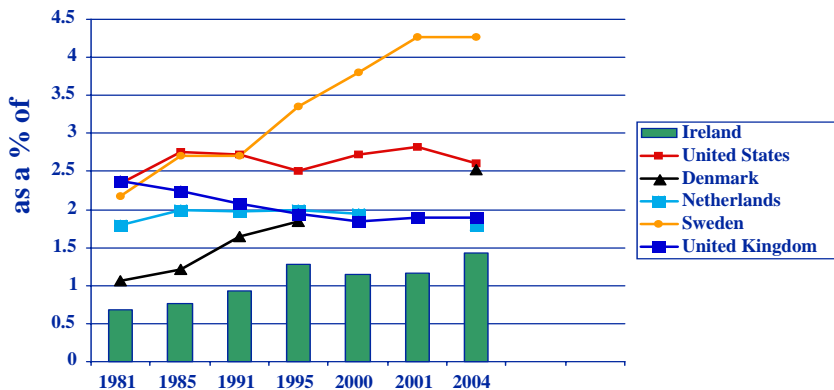
## Exports of Goods and Services Compared



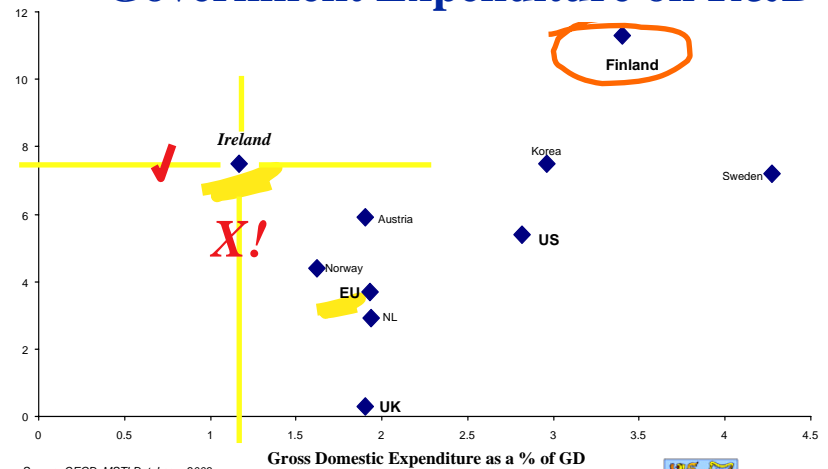
## % Share of Total Gross Value Added (current prices)



## Gross domestic expenditure on R&D (GERD)



## Government Expenditure on R&D



Source: OECD, MSTI Database, 2003

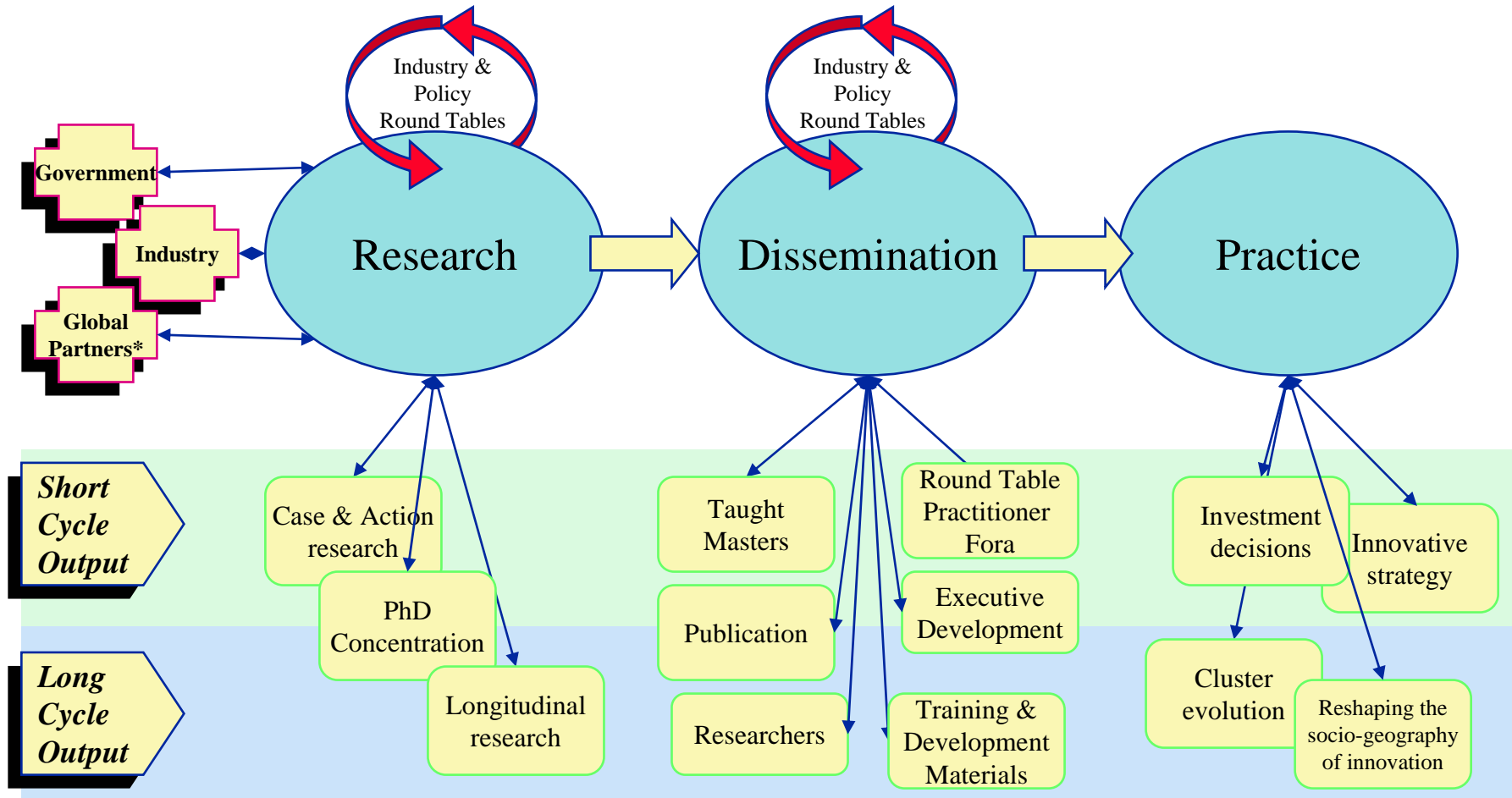


# The origins of the Institute were fourfold...

1. A recognition of the extent of services sector growth.
2. A recognition of significant global aspects of service sector evolution
3. The Irish government, in the form of Ireland's *Industrial Development Authority (IDA)*, had a policy-driven desire to understand the evolving dynamics of the global services sector
4. The SSME initiative of IBM - at Almaden and at IBM Ireland

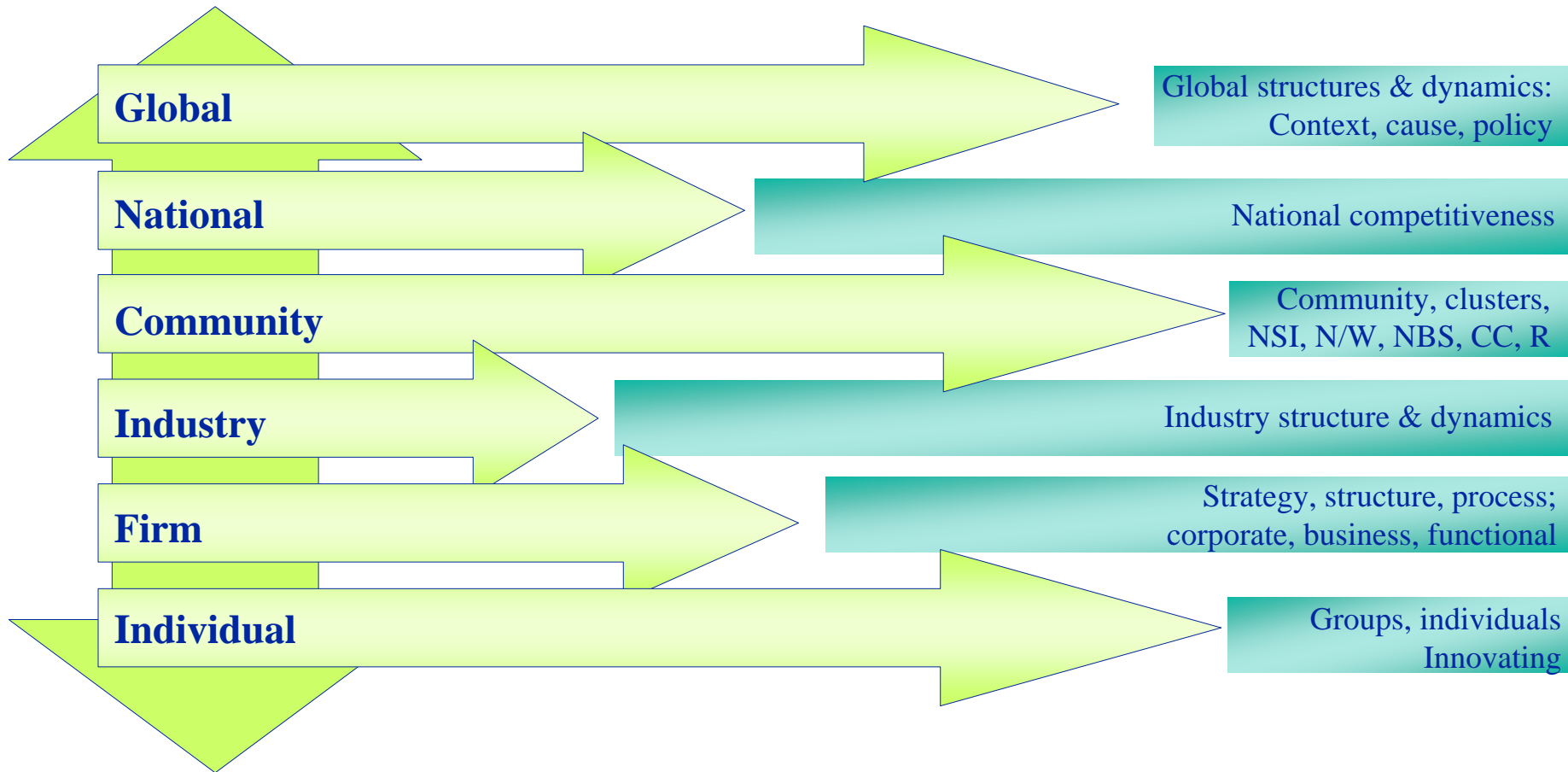


# The 'model' for the *International Institute for Services Innovation*



\*Institute as a network of Partners in Ireland & at leading centres globally

# The approach is multilevel, multidisciplinary, multimodal...

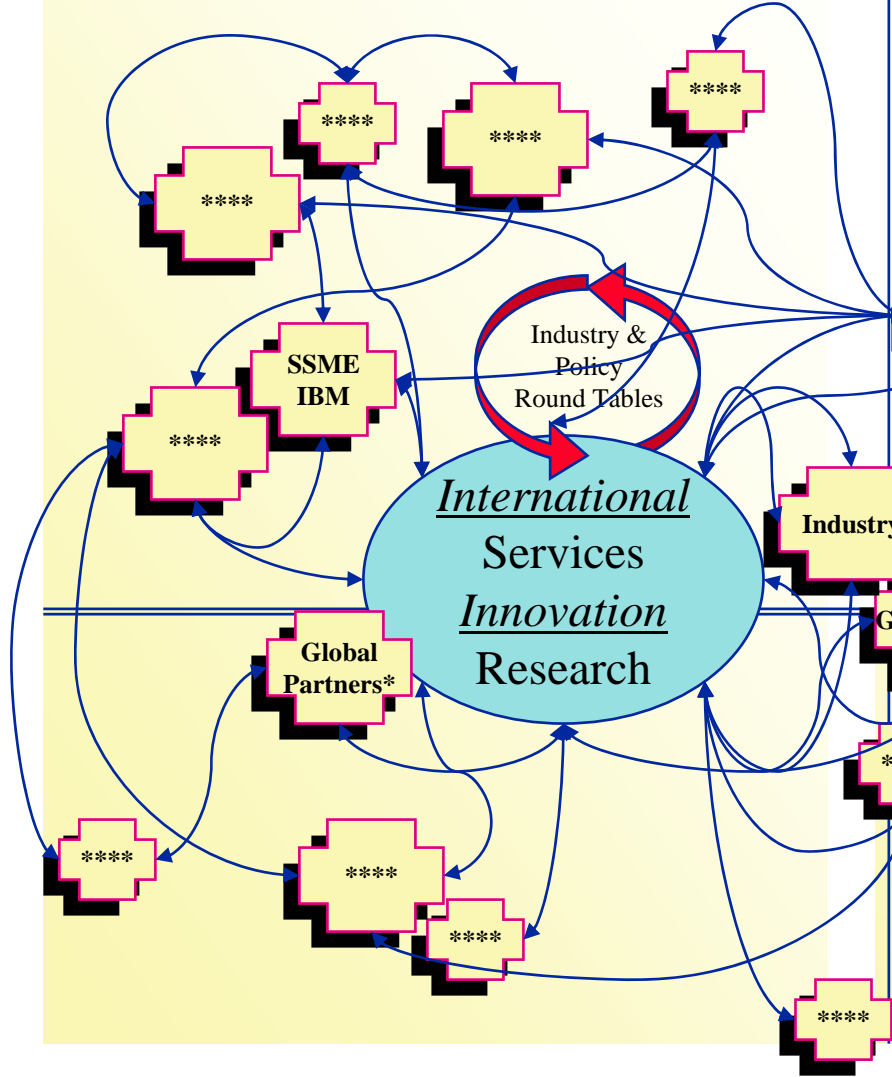


# The Institute builds on Ireland as a “laboratory”...

- ◆ ...to exploit interconnectedness with a tiny population that combines to produce one of the most dynamic, highly globalised economies in the world:
  - well advanced in the manufacturing-services transition,
  - living by its ability to compete for the locational decisions of domestic and internationally mobile high-value service enterprises,
  - ‘home’ to many domestic international services and world’s best known global corporations in selected sectors,
  - pursuing a program of public sector reform,
  - and characterized by an established degree of working interconnectedness between industry, policy makers and universities.



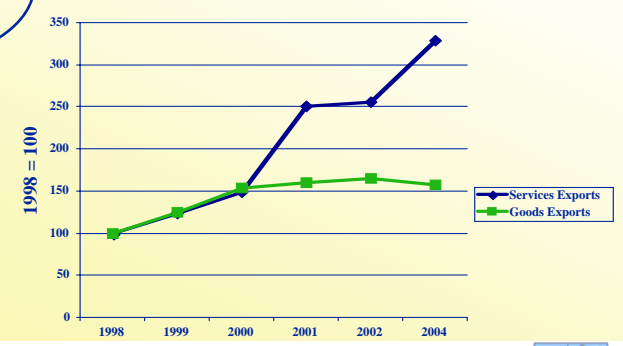
# ...leading to a commons of services knowledge creation...



## The Irish Laboratory

- ◆ Top service exporters:
  - 1. US \$318.3bn; 15% share world exports
  - 2. UK \$171.8bn; 8.1% share
  - 3. Germany \$133.9bn; 6.3% share
  - Fr. J. E. It. NL. China. HK. Belg. Austria...
  - 13. Ireland \$46.9bn; 2.2% share
- ◆ Largest per capita exporter of services in the world: \$47bn - 4m population
- ◆ Services employment = 68% total
- ◆ Services employment growth @ 21% pa 2000-05 vs. 6% in G7 countries.

Exports of Goods and Services Compared



# Our next steps in this research based initiative are...

- ◆ To build connections with other research initiatives
- ◆ To further develop the research agenda
  - Internationally traded services
  - In global markets
  - Innovation - embedded, mature & new service arenas
  - Directly connected to practice via partnership & action research
  - Partnership with other research teams globally, with industry, with government & policy makers
  - PhD & cascade into teaching & executive programmes

**End**

# Research based...

- ◆ Research university
- ◆ Research agenda
  - Internationally traded services
  - In global markets
  - Innovation - embedded, mature & new service arenas
  - Directly connected to practice via partnership & action research
  - Partnership with other research teams globally, with industry, with government & policy makers
  - PhD & cascade into teaching & executive programmes

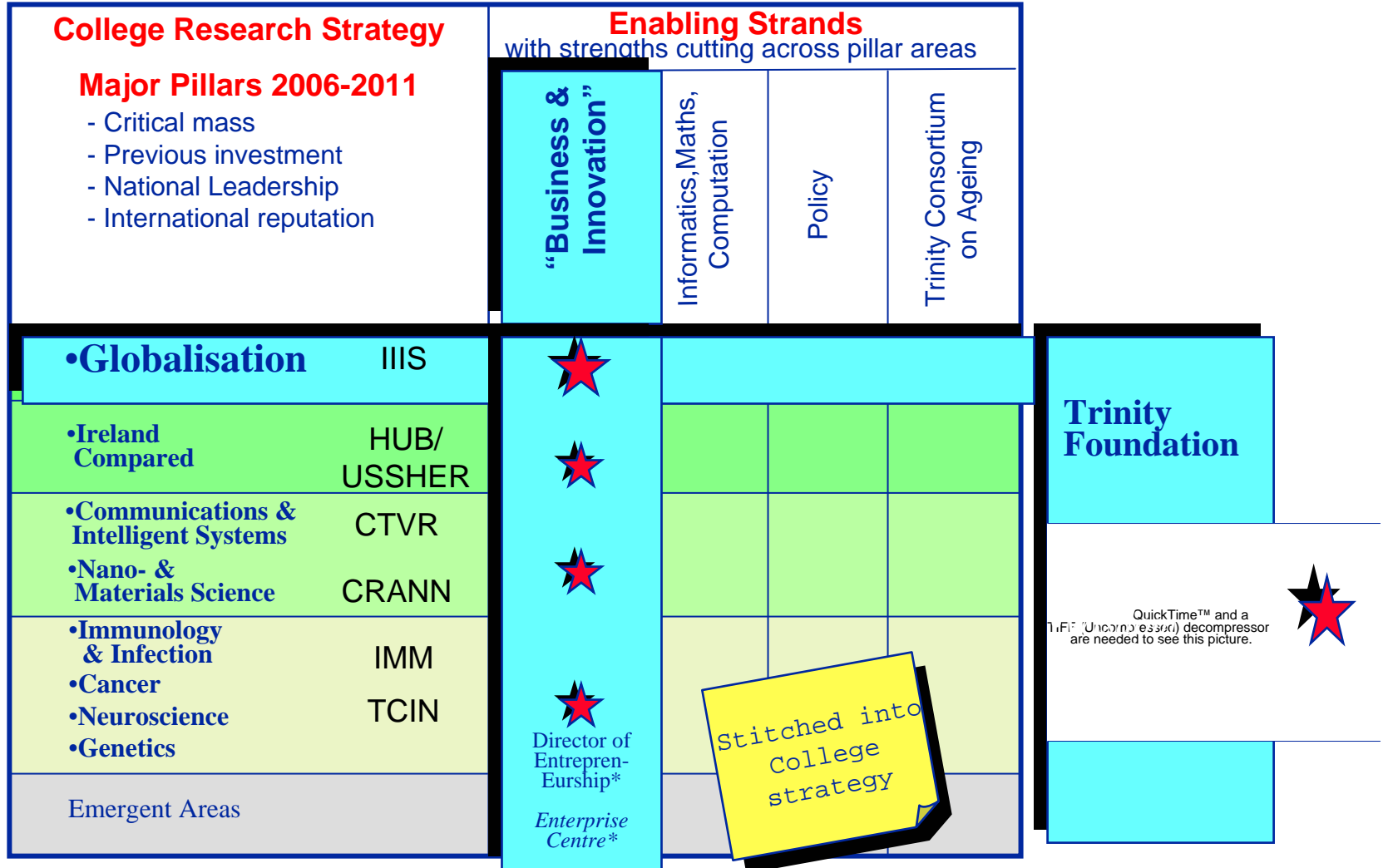


# Multilevel, multidisciplinary, etc...

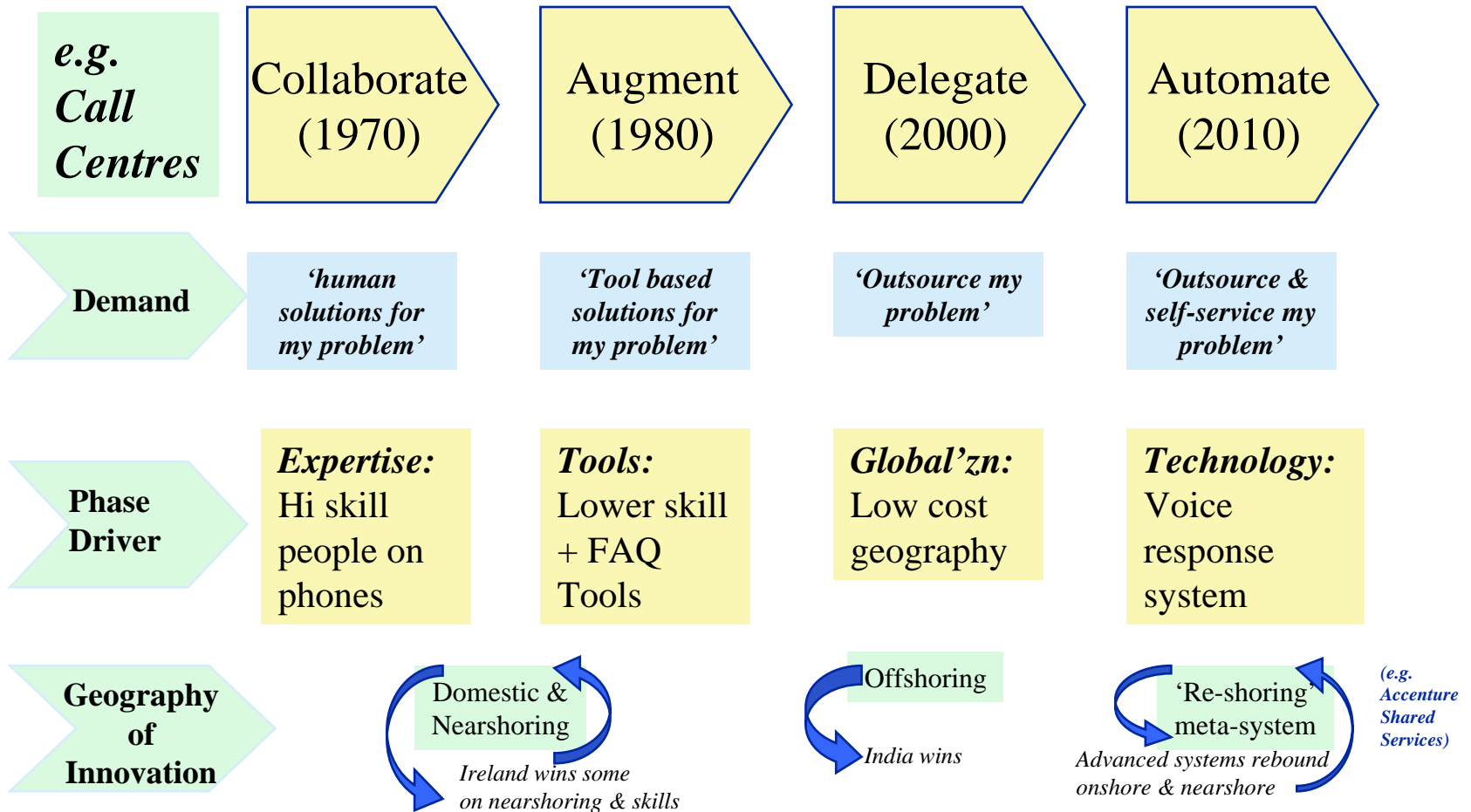
- ◆ Ireland presents a special opportunity, because of its small scale and economic dynamism, for multi-level, multi-disciplinary research programmes. The country works in a highly exposed global environment – with among the highest export and import proportions of GNP/GDP in the world; is the largest per capita exporter of services in the world; and one of the largest per capita exporters of goods in the world. So global level dynamics are an essential part of the story of change. At national level, there is a continuous 80 year record of attempting to manage national competitiveness – of aligning with varying degrees of success, national policy, business strategy and international forces. There is an emerging dialogue about community level understanding, whether construed as community more generally, clusters, national systems of innovation, national business systems, cognitive communities or regional analysis. Within the community level there are well developed conceptualizations of industry level dynamics and some record of industry level investigation. Within industry level there is the burgeoning tradition of research on networks and then the more familiar base of management research at firm and individual levels. See Forfas, *International Trade & Investment Report*, 2003, Dublin; Forfas, *Enterprise Strategy Group Report: Ahead of the Curve*, Dublin, July 2004; Forfas, *The Changing Nature of Manufacturing & Services*, Dublin, July 2006; Forfas, *Services Innovation in Ireland*, Dublin, September 2006.
- ◆ H Aldrich, *Organisations Evolving*, Sage, London, 1999, 298-330
- ◆ M E Porter, *The Competitive Advantage of Nations*, NY, Free Press, 1990; *On Competition*, NY, Free Press, 1998.
- ◆ B Lundvall, B Johnson, E S Andersen, B Dalum, National systems of production, innovation and competence building, *Research Policy*. Amsterdam: Feb 2002, 31, 2; p. 213
- ◆ R Whitley, Dominant forms of economic organization in market economies, *Organization Studies*, 1994, 15, 2; p. 153
- ◆ J F Porac, H Thomas, C Baden-Fuller, Competitive Groups as Cognitive Communities: The Case of Scottish Knitwear Manufacturers, *The Journal of Management Studies*. Oxford: Jul 1989. Vol. 26, Iss. 4; p. 397
- ◆ Porter, *Competitive Strategy*, NY, Free Press, 1980; G Walker, *Modern Competitive Strategy*, NY, McGraw Hill, 2004
- ◆ Many of the earlier public policy related government reports are industry and sectoral in focus and there has been sporadic application of Porters five forces framework see for example R Gulati, N Nohria, A Zaheer, Strategic Networks, *Strategic Management Journal*, 21, 3, 203-216, special issue, and many of the papers presented at this conference.
- ◆ Traditionally this multi-level continuum of explanation (or nested system if you prefer a more systems oriented metaphor) has been only partially populated by management researchers. One of the barriers to more coherent understanding of innovation & change has been the predominance of largely economics based explanations at the more macro levels which cannot make connection with the role of firm and managerial behaviour and the opposite predominance of firm and individual explanations at the micro levels which cannot connect with the macro rationale. Reflecting on this general failure some time ago, Nelson notes that “the difference in viewpoint is due to differences in basic interests – the student of firm management concerned with the fate of individual firms, and the economist interested in general economic performance of an industry or nation”. Nonetheless, he notes success in bringing coherence across levels, in the work of scholars such as Chandler and Porter who tackle multi-level explanation from the perspectives of the historian and the industrial economist respectively but with a deep interest in explaining firm dynamics and behaviour in context – their impact has been the product of cross-disciplinary synergies. So the multi-level research ambition is not only needed but has a distinguished, if slim, multi-disciplinary tradition.
- ◆ R R Nelson, Why do firms differ and how does it matter? *Strategic Management Journal*, 12, 61-74, 1991, p.72.
- ◆ A D Chandler, *Strategy & Structure*, NY, Anchor Books, 1966; *Scale & Scope: the dynamics of industrial Capitalism*, Cambridge, Harvard University Press, 1990
- ◆ Research work need not all be multi-level and multi-disciplinary in order to contribute to a better understanding. Anyone excavating deeply on their own island of understanding can contribute fully as long as they appreciate how and where their work may contribute to the larger understanding and find themselves in a community of research practice that has such a framework as part of its mental map of the research enterprise. (Figure 2)
- ◆ ‘The Innovation Commons’ - see for example, E von Hippel, *Democratizing Innovation*, MIT Press, 2006; Y Benkler, *The Wealth of Networks*, Yale Univ Press, 2006.



# School Research & the College Strategy



# Global evolution & geography of service innovation



# Where the jobs are going...UK

## 2004-2014 Outlook

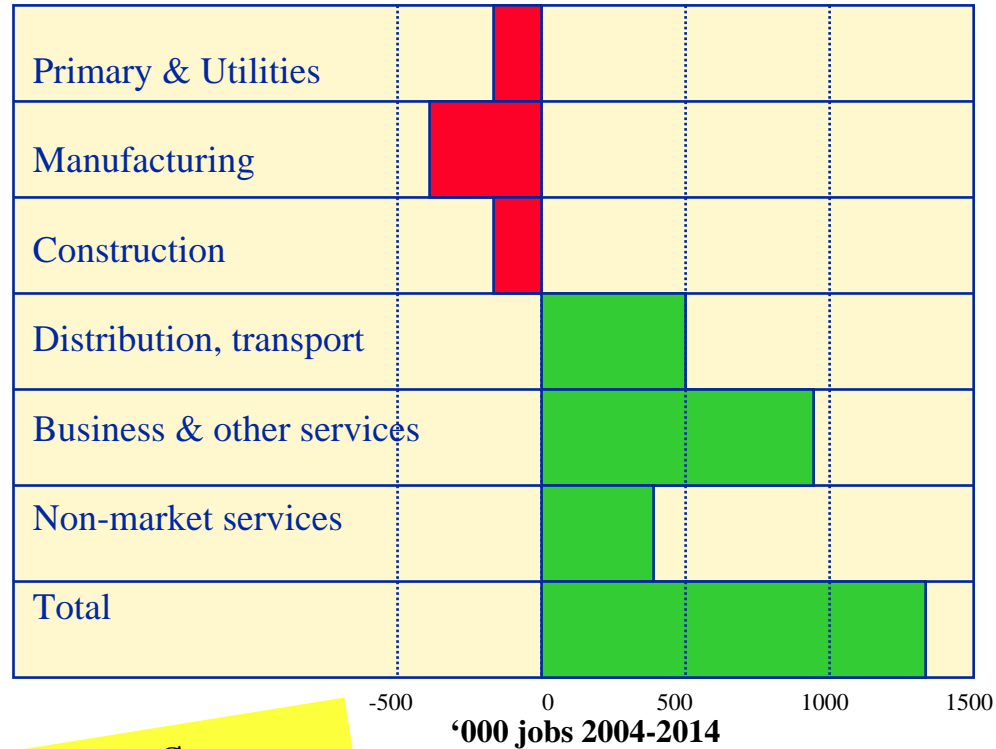
### **Growth:**

Business services companies including IT providers expected to see biggest growth of 1m extra jobs 2004-14

- Distribution & transport, driven by retailing, to add 500k jobs
- Professional occupations (teachers, doctors, lawyers, meteorologists, pilots, programmers, civil engineers) to add 700k jobs

### **Decline:**

- High Street banking, mortgage, pension & life assurance, lost to automation & offshoring
- Manufacturing to lose 383,000 jobs by 2014, on top of the 1.79m lost since 1984
- Drop in public sector administration & military -but offset by increases in education and health (+400k healthcare jobs by 2014)
- Clerical & secretarial to lose 164k



### **FASTEST GROWING**

Customer service	31.8%
Health professionals	28.5
Culture, media, sport	23.7
Caring personal services	23.6
Teaching & research	21.5

### **FASTEST DECLINING**

Other skilled trades	-14.7%
Process, P & M operatives	-24.4
Secretarial	-24.8
Skilled metal & elect.trades	-27.0
Elementary: trades plant & storage	-35.6

Source: Sector Skills Development Agency, UK, Feb 2006