

Preface

Since the 2010 book (Gault 2010), things have changed. The issues in 2010 were the recovery from the financial crisis and the need for jobs and growth. There was some acknowledgement of sustainability of changes introduced to the economy and the society, and of other global challenges such as climate change and energy. Innovation, seen as a way of delivering jobs and growth, was being measured and entered into official statistics. The thought was that if innovation could be measured, innovation policy could be developed, implemented and monitored. This could lead to evaluation of innovation policy and, perhaps, to policy learning. A decade ago, official statistics for innovation were collected from the business sector, but there was discussion of public sector innovation, even of an equivalent to the *Oslo Manual* for the public sector. These discussions continue, including the need for a manual to support the measurement of household sector innovation.

The difficulty with producing manuals for the measurement of innovation outside the business sector was the definition. So far, it required a new or significantly improved product to be introduced to the market for it to be an innovation (OECD 1992; OECD/Eurostat 1997, 2005). This was a problem for the public sector and the household sector. In 2018, this changed, with the release of the fourth edition of the *Oslo Manual* (OECD/Eurostat 2018). This is the first major change since 2010.

The general definition of innovation in the fourth edition of the *Oslo Manual* requires that the product is made available to potential users. Of course, introducing the product on the market is one way of making it available to potential users, but not the only one. This book examines the case when products (goods or services) are made available to potential users at a zero price. This happens in the digital economy.

The second major change since 2010 is the size and the rapid growth of the digital economy and how it affects innovation and its statistical measurement. Zero price products are an issue, not just for understanding innovation but also for the System of National Accounts.

The third major change is the growing importance of restricted innovation. This is innovation as defined in the *Oslo Manual*, but with an added constraint that the innovation be green, inclusive, sustainable, or any other restriction of policy interest. The importance of this is that all of the basic definitional issues in the *Oslo Manual* are unchanged and the statistical measurement of innovation can take place. Once that is done, and the innovators are identified, additional questions can follow as to whether the innovation exhibits the restriction, or not. For this to happen, the restriction has to be well defined, but that is a measurement issue that can be overcome. Time is also an issue. If the policy is to improve inclusion, there must be a baseline measure followed by subsequent measures to demonstrate that inclusion has increased. The book examines these issues which were not considered in 2010.

The book also examines innovation in the informal economy and considers the difficulty of measuring ‘social innovation’ and it ends with an agenda for work to follow. Some of the recommendations for future work are unchanged from 2010, but not all. Understanding innovation, its measurement, and the impact of innovation policy is a growing subject and an important one.