

## BUSINESS INNOVATION SURVEY 2014 - 2016

FOR A MORE INNOVATIVE SOUTH AFRICA

Your company has been selected to participate in the South African Business Innovation Survey (2014-2016). Got questions? We'll try to answer them here. You can also call us, send an email, or post your questions online.

**Your questions matter.**

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## What is the purpose of the Business Innovation Survey?

Commissioned by the Department of Science and Technology, and performed by the Human Sciences Research Council, the Business Innovation Survey **aims to deliver an internationally comparable report on innovation activities in key sectors of the South African economy.** Survey results will play a vital role in policymaking for technology, innovation, and economic development.



**Why has my company been selected to participate in this round of the Survey?**

Statistics South Africa has drawn a random sample of 5,000 firms from the business register in line with its agreement on official national statistics with the Department of Science and Technology—and your firm was selected. The sample consists of a variety of businesses, ranging from very small to very large firms that operate in key industrial and services sectors. Sub-sectors covered by the survey include: financial intermediation; research and development; wholesale and retail trade; manufacturing; architectural and engineering activities; technical testing and analysis; computer and related activities; mining and quarrying; electricity, gas and water supply.

**What will my business gain from participating in the Survey?**

A source of business intelligence, the Survey's results can be used to benchmark your company's innovation activities against other enterprises in your sector, both nationally and internationally. An added benefit of participation is the opportunity it presents for an internal review of potential business development areas that might not otherwise be explored. The results of previous South African innovation surveys are available online (<http://www.hsrc.ac.za/en/departments/cestii/latest-results>).

**What does South Africa gain from my company's participation in the Survey?**

National business innovation surveys provide an essential source of data for evidence-informed policymaking. In addition, the 2014-2016 survey round is being undertaken so that results are internationally comparable.

**Is there someone on the Survey's team that can communicate in my mother tongue?**

Our research assistants are ready to deal with the questions, comments or concerns of Survey respondents. Should you need to speak to one of the research assistants in your mother tongue, they will gladly assist you in South Africa's official national languages.

**I would prefer to complete the questionnaire electronically. How can I do that?**

The Survey questionnaire is available as an Adobe Acrobat form. Should you wish to complete the questionnaire in this way, please write to the research assistant assigned to your company, or contact [innovation@hsrc.ac.za](mailto:innovation@hsrc.ac.za).

**How will my company's data be managed?**

Questionnaires are stored in secure rooms and captured data is stored on secure servers at the Human Sciences Research Council premises in Cape Town, South Africa. All staff who work on the survey have signed strict agreements on the confidentiality of the data. Your company's details and firm-level data will not be shared with any third party.

## THE DEFINITION OF INNOVATION

What are the different types of innovation the Survey measures?

The South African Business Innovation Survey recognises four types of innovation in firms: **1. Product innovation** (including both goods and/or services); **2. Process innovation**; **3. Organisational innovation**; **4. Marketing innovation**. This section of the FAQ provides detailed explanations and examples of each, as well as examples of what would not be considered an innovation in each category.

What makes a product or business activity an “innovation”?

Most people picture an invention new to the world when they think of innovation. In fact, two criteria are important in defining an innovation: **1. Does the product or activity represent significant change or improvement? AND/OR 2. Is the activity or product new to the firm?** If the change meets either or both of these criteria, it can be considered an innovation. While a given change could be an innovation for one firm, the same change may not be an innovation for another firm. In answering the Business Innovation Survey, each firm has to decide for itself whether a particular change is new to the firm and/or whether the product, process or service has significantly improved.

When does an innovation *belong* to an enterprise?

1. If an enterprise has internally developed and implemented its own significant changes.
2. If the enterprise has significantly improved or modified its existing products, processes, services, methods or delivery processes, either by internal development or by introducing a new idea from external sources.
3. If an enterprise has implemented a new or significantly improved change, which may have originated elsewhere, such as the head office or a subsidiary company, another company, sector or country.

What is a firm’s “innovation expenditure”?

Innovation expenditure is the amount of expenditure committed to innovation, including **current expenditure** (personnel, for example) and **capital expenditure** (for example, buildings or equipment). For the 2014-2016 round of the Survey, we request that you provide: **1. turnover data for two years**, and **2. expenditure data for one year**. If these data are not available to you when completing the questionnaire, please provide estimates. We also remind you that all firm-level data provided in this section of the questionnaire are kept strictly confidential and are not made public in any way.

## PRODUCT INNOVATION

What is a product innovation?

Product innovation relates to both goods and services. When a good or service is introduced to the firm and **is new to that firm OR shows significant improvement with respect to the capabilities or planned uses**, then the change represents a product innovation. A product innovation may include significant changes in technical specifications, components and materials, incorporated software, user experience, or other functional characteristics of the good or service.

Examples of product innovations that relate to goods and services in the industrial and services sectors

### SERVICES SECTOR

#### GOODS

- Ticket automation for cash or pay card (e.g. parking systems)
- New point of sale systems (e.g. scanner cash box)
- Customised business software (e.g. anti-fraud software that profiles and tracks individual transactions)
- New multimedia applications (e.g. tablet)

#### SERVICES

- New smartphone apps
- New logistics services
- Dial in services (e.g. goods delivery)
- New or significantly improved insurance services (e.g. gap cover)
- Remote software maintenance
- Direct clearance with hospitals

### INDUSTRIAL SECTOR

- Inclusion of eco-friendly products in product ranges
- Introduction of client or loyalty cards
- Changes to materials e.g. breathable textiles
- New types of paper for specific printers
- Improved purity of final mining product
- Automated tunnel borers
- Autonomous mine site infrastructure

- Online sales or direct sales to end-users
- New kinds of product certification services
- Combining solutions, such as technical and consulting services
- Introduction of extended warranties on new or used products
- Remote software maintenance
- New information technology applications for client servicing

What is NOT considered a product innovation?

- Design changes that do not alter the function or technical characteristics of a good or service.
- Routine upgrades, or minor changes or improvements.
- Customisation for a single client that does not include significantly different attributes compared to products made for other clients.

## PROCESS INNOVATION

What is a process innovation?

A process innovation relates to improvements in production methods, delivery methods or distribution methods. For these process improvements to be considered innovations, they **must be new to the firm OR significantly improved**. These significant changes include those that relate to specific techniques, equipment and/or software, changes that are intended to improve the quality, efficiency or flexibility of a production or supply activity or logistics, or changes that reduce environmental or safety hazards.

Examples of process innovations by sector

### SERVICES SECTOR

- New online banking modules
- Improved premium clearing systems
- Electronic Data Interchange
- CASE tools for customer-specific hardware
- Introduction of software to identify optimal delivery routes
- New or improved software or routines for purchasing, accounting or maintenance systems

### INDUSTRIAL SECTOR

- Robotics
- Digital printing processes
- Automated packaging
- Computerised equipment for quality control of production
- Mapping by drone
- Smart boreholes
- Smart volts and vents
- Installation of automated trucks and drill rigs

What is NOT considered a process innovation?

- An increase in production or service capabilities through the addition of manufacturing or logistical systems that are similar to those already in use.

## ORGANISATIONAL INNOVATION

What is an organisational innovation?

An organisational innovation is intended to significantly improve the firm's innovative capacity or performance characteristics. This can encompass significant changes in workplace organisation, business practices or external relations implemented in the firm.

Examples of organisational innovations

- A reduction in the number of management levels to create greater flexibility in decision-making.
- Integrated monitoring system for firm activities (e.g. production, finance, strategy or marketing).
- The introduction of an organisational division to support new product development in a specific area.

What is NOT considered an organisational innovation?

- Changes in management strategy not linked to significant organisational change.
- Introduction of new technology that has limited benefits or is restricted to a small division of the firm.

## MARKETING INNOVATION

What is a marketing innovation?

The implementation of a significant change in sales and marketing methods would qualify as marketing innovation. "Significant" would include improved product appearance and packaging that is intended to increase product appeal and/or consumer awareness.

Examples of marketing innovation

- Bundling existing goods or services in new ways to appeal to market segments.
- Design of new consumer products (e.g. custom appliances).

What is NOT considered a marketing innovation?

- Routine or seasonal changes.
- Minor updates in the appearance of packaging.
- Advertising, unless based on the use of new media or a new advertising technique.

If you would like to learn more about innovation measurement in South Africa, or interact with our technical team, visit our blog

[sabizinnovationsurvey.blog](http://sabizinnovationsurvey.blog)

You can also join our Friends of the Business Innovation Survey mailing list

<http://eepurl.com/cZY10n>

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