

Networking for Innovation in the Central Karoo District Municipality

In the Central Karoo District Municipality (CKDM), private and public enterprises rarely operate in isolation. On the contrary, our research indicates that it is normal practice for enterprises in CKDM to interact and cooperate with each other in joint business activities. Primary motives for these interactions and cooperation include business goals, such as profitability, sustainability, competitiveness and related measures of success.

Interaction and cooperation among enterprises in the CKDM also concentrate on finding new solutions to socioeconomic problems, such as poverty, and inequality and unemployment. This means that enterprises often network for innovation, which basically entails developing new ways of doing coming up with innovative ideas things differently. *Results from our recent study show that four in five innovators interviewed in the CKDM are actively involved in networks for innovations.* To understand and fully exploit the benefits of networking for innovation, it is important to understand the defining features of these networks and answer questions such as: What enterprise types are at the forefront of networking for innovation? How are these innovation networks established and who is included in them? How do CKDM networks for innovation operate?

This briefing note shares important insights about the networking for innovation in the CKDM. The insights are gathered from the interviews conducted in the CKDM with local players such as municipal officials, stakeholders, NGOs, and the innovators.

How was this research undertaken?

Before this study was undertaken, CKDM did not have a single, centralised database of innovative enterprises in the district. Overcoming this information gap was critical but not an easy task. To identify local enterprises involved in innovation activities, we employed a referral strategy: this process involved inviting enterprises to take part in the survey and exploits the idea that innovators are often aware of each other but might not know the details of what happens in each other's enterprises.

The referral process included both expert referral (municipal, NGO and government officials) as well as peer referral (other innovators). Expert or stakeholder referral was done through accessing databases of the enterprises from these local stakeholders.

To understand the networking behaviour within the district, the 436 enterprises were asked several questions including: whether or not interactions are established with other enterprises for the purpose of sharing knowledge and innovating; if interactions were established, were these formal or informal; and whether any benefits were realised from the interactions or engagements.

Networking is an important catalyst for innovation. This is because knowledge sharing networks among different actors enlarge the pool of new ideas, knowledge and information. This enlarged pool of knowledge and ideas can be used for innovation or to solve various socioeconomic problems faced by a particular society.

What have we learned?

There is a high level of networking and information exchange occurring in the CKDM: An overwhelming 82% of the innovators reported that their innovation activities were dependent on interactions or networking with other enterprises or agencies. There is a high level of networking and information exchange occurring in the CKDM: An overwhelming 82% of the innovators reported that their innovation activities were dependent on interactions or networking with other enterprises or agencies.

"A network involves a group of individuals(?) who interact formally or informally in order to exchange ideas, knowledge and experiences for the purpose of advancing and developing their own knowledge, as well as the capabilities necessary to strive in innovation competition."

Networking in the district, networking occurs almost equally within formal (64%) and informal arrangements (that do not require formal contracts 59%). Those involved and participating in networks do so mainly with other innovators, input suppliers, buyers of products, government departments, suppliers of inputs, universities, associations, etc. However, this occurs mostly within comparable businesses and sectors, and only rarely across industries, such as between the commercial sector and non-governmental organizations (NGOs) or the public sector and research institutes. In addition, networking occurs frequently within regional boundaries with 44% of the surveyed innovators. That means that many of the innovators in the CKDM, especially within the private sector, network with others in the same industry as their own in different districts and in other provinces. However, this does still occur with 80% mostly within the Western Cape province. Only 18% network outside of these boundaries as a result because of their business headquarters being based in different provinces and 11% have international networks.

Networking occurring among similar industries, within local or nearby geographical limits, is exposed to be subject to less - or more limited - information flows likely, resulting in gradual or slower, more step-by-step sorts of innovation. While those who network across sectors, across regional boundaries, and internationally are more likely to be exposed to a larger information pool and a greater diversity of knowledge and ideas, which may result in lead to more ground-breaking innovations.

Finally, many of the innovators, 61%, stated that networking activities are effective and produce positive outcomes, such as manufacturing of goods sometimes at no extra cost.

What are the learnings for the future?

In order to promote further networking for innovation at a broader district and regional scale, recognition of the need for continuous engagement in the form of innovation forums is vital. These arranged meetings not only bring together actors from the same industry but actors across different industries and sectors. Additionally, these forums can set a developmental agenda for the district where innovation contributes to the economic and social wellbeing of the district.

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Available from: https://www.dst.gov.za/images/2020/Karoo_innovation_mapping_phase_1_final_report.