
APS1012 Management of Innovation – Final Team Projects, Winter 2010**Regulation and Innovation****Objective**

Examine the effect of regulation on innovation, looking specifically at four different types of regulation ranging from the most explicit (government/political and industrial) to the more implicit (company policies and culture). In each of these broad topics describe the role of legislation, the arguments for and against it, and present case studies to explain the issues. Identify the types of regulations and scenarios that foster innovation, and discuss how to determine whether potential regulations might adversely affect the innovation environment.

Summary

In looking at the various case studies, the initial reaction is undoubtedly confusion. Are regulations good or are they bad? It's immediately apparent that there is no answer to this question, and nor should there be. Regulation is a powerful tool that, if used properly, can achieve its desired effect without compromising innovation. It is essential that the tools, need and environment are in place to support innovation, which occurs in every facet of human development.

Innovation will only flow if the resources are present to allow ideas to initiate and be developed. There is evidence in all levels of organizations, from corporations to government, that it is essential to have highly educated people in key positions with time and resources to pursue ideas. The cultural constructs of the past, as well as those present today, can affect the supply of innovation. Regulators need to be aware of how their regulations affect the capacity to innovate and ensure that distractions caused by menial tasks are minimized.

When an organization demands more innovation from its members there can be unintended consequences, both good and bad. Ideas generated by one group in an organization may be highly disruptive for other groups. There can also be a perception that the commitment to innovation in some areas, such as fashion or fast food, is wasting resources that should be spent on more "worthy" endeavours such as environmental protection or reducing poverty. In fact, innovations frequently migrate between industries or purposes – a good example is where techniques developed to speed up Formula One pit stops were implemented to surgical procedures, reducing the risk of technical errors that would compromise patient health. Innovations driven through recreational activities frequently have a transformative effect on other, more mainstream, fields.

Consideration of the organization's current innovative environment is crucial to the successful application of regulations, but this environment is difficult to evaluate quantitatively because it relates to the psychological state of the population. The effect of unfavourable regulations might only be perceived implicitly, through poor productivity.

Regulations have a strong impact on the innovative environment and must be constantly re-evaluated, ensuring they remain aligned with their desired objectives. On a larger scale, they are powerful tools that are needed to protect citizens, keep countries stable and ordered, maintain the integrity of professional institutions, and ensure companies remain profitable. Regulation and innovation are intertwined in so many ways that it is impossible to look at one without the other. Ensuring that regulations are tailored to positively influence the entire innovative spectrum is essential to the ongoing development of society.