

Innovation in Asia

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Asia is home to over four billion people spread out across 48 countries from developed, OECD countries such as Japan and South Korea, to emerging and transition economies such as India and China. Asia offers an enormously diverse environment.

A prominent feature of this environment is its ability to offer opportunities for companies to innovate. Innovation matters in our global economy. As noted in the battles over smartphones, green technology, healthcare equipment, games, and in many other areas, launching new products and services into the global market under tight competition and intense time pressure is not an easy task. There is no one universally-accepted way for companies to innovate. Managers and scholars have puzzled over this issue for decades.

Nevertheless, recent history tells us that Asia offers a great deal of insight that can be utilized by managers in companies around the world struggling with the challenge of how to innovate successfully. Indeed, when it comes to developing and enhancing innovative capabilities, managers can learn from Asia.

Four cases illustrate this point. The lessons from these cases will be useful to managers in a range of companies, as well as from different industries and locations around the world. Innovation in Asia, if managed in the right way, can be a vital weapon in the quest for competitive advantage for companies of all shapes and sizes, including those head-quartered outside Asia. The cases cover Asian and Western companies, and can be analyzed from both a head-quarters and subsidiary perspective. They also cover both product and service forms of innovation in Asia.

Sony is one of the most innovative companies the world has ever seen. However, what made the company successful also gave it big problems at the turn of the century. In the case of ***Morita's Legacy and International Strategy at SONY***, we see how the founder's vision for integrating technology in the entertainment space needed to be questioned in order to avoid inertia and maintain a reputation as a pioneering and successful innovator. While the unique context of Japan is a key feature in this case, the differentiated way the company expanded into other Asian countries, North America and Europe is also analyzed.

From a different angle, the question of how international firms from the West can nurture and tap innovative capabilities in wholly-owned subsidiaries in Asia is illustrated in the case of ***3M Taiwan: Product Innovation in the Subsidiary***. The case shows how the subsidiary was able to identify a new commercial opportunity for the company, and, given a conducive and supporting

internal corporate environment for innovation, was then able to undertake an initiative in order to properly evaluate and pursue the opportunity such that the new product had commercial impact not only in Taiwan, but also in neighboring Asian countries.

But what about services? ***Business Process Outsourcing at Apollo Health Street*** highlights the importance and growth of innovation in knowledge-intensive service industries in Asia. Business Process Outsourcing (BPO), along with other forms of captive and non-captive offshoring, has been at the forefront of service innovation and the proliferation of service industries in Asia. While locating most of its resources in India, Apollo Health Street needed to respond quickly to the changing institutional environment in its key overseas markets. The company was able to be responsive by leveraging its offshore resources and continually developing new and updated service offerings for Western markets.

While India has been at the forefront of service innovation, China has increasingly played host to high-technology R&D. Chinese companies have become ever more engaged in strategic R&D collaborations with Western companies. The case of ***Nokia: From In-house to Joint R&D*** provides an account of how the Asian context can be so successful as a setting for a Western company to engage in joint R&D projects, that the latter may even question the importance of its own in-house R&D capabilities and processes. The case shows how issues relating to IPR protection and collaboration across large distances (commonly cited reasons for keeping core innovation in-house and close to home) can be managed successfully.