Ouverture de ‘Global Networks and Local Development-2’

Silvio M. Brondoni*

Abstract
The global boundaries of innovation, creative imitation and imitation have significantly changed the relative position of many Nation-States and their competitive positions face to global networks and local firms’ development.

Chinese production organisations, not casually, are actually involved in the global economic growth as a process of continuous technological innovation and industrial upgrading (creative imitation), with a massive engagement in the local development.

Globalization shifted also India to become an important R&D hub in many industries. After years of self-imposed exclusion (for the long, post-colonial license orientation) India has gone beyond the limit of reverse engineering of products developed elsewhere (creative imitation) and has finally joined the global business of innovation and imitation.

Finally, the growth model of Italian businesses abroad is consistent with the characteristics of Italian designer products and the country’s fragmented industrial structure, which are reflected in a ‘global gap’. Italian firms are therefore progressively oriented to confine their competitive policies to internal markets, with productions focused on imitation and creative imitation.

Keywords: Global Markets; Global Networks; Innovation; Imitation; Creative Imitation; Local Development; Chinese Organisations; Indian Organisations; Italian SMEs

1. Overture
After World War II, Western European Nations regained a competitive edge with a North South division in their international economic relationships. The Northern Nations were industrialized economies in the developed world versus the Southern agriculture-based Nations sited in the developing countries.

The resurgence of Japan and the rise of China and South Korea, between the 1960s and the 1990s, brought the new era, leading to the trend of global manufacturing capabilities increasingly shifted from the developed countries to the developing world (especially in the developing countries of East Asia, such as Malaysia, Thailand, India and China) (Chen, Chen 2001).

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Russia’s Innovation Crash. Before the 1990s, Russia was considered as a technology reference point, with a worldwide leadership in fields such as theoretical physics, nuclear technology and space technologies. The crash of the Soviet economy, particularly the industrial/military system, to which most Russian R&D investments were directed, reduced a complex that was focused largely on technological advances and R&D planning committees. From the ’90s emigration of Russian scientists to the United States Canada, Israel and Germany unceasingly increased, and actually the researchers working in technology and science are about half what they were in 1990. The transition to a market-based economy seems to have bypassed the R&D activities. Institutional and bureaucratic rigidities are still a basic constraint on research activity. R&D continues to be performed by the academies of sciences (laboratories subordinated to ministries and technological public institutes) and there are few opportunities for the domestic private firms and the global corporations. In this sense, Russia is building Skolkovo, near Moscow, probably one of the world’s biggest high-tech cities. Skolkovo will be a special economic zone to bring together scientists, entrepreneurs, investors and global corporations (i.e. IBM, Cisco, SAP) in five techno domains: IT, space & nuclear, biomedical, energy. Maybe a sort of return to the basics of innovation, since in these last 15-20 years Russian economy has been really focused on export of gas, oil and precious metals.

Mass market globalisation (energy, health, food and information) has been driven by multinationals' capital and technology and the links between firms have become strategic on a very large scale (Delapierre, Mytelka 1998; Patel, Pavitt 1994; Sigurdson 1990). Globalisation produced a structural change in production networks. In this sense, one of the most important changes in industrial organization is the transition from multinational corporations (MNCs), which are oriented on stand-alone overseas investment plans, to global networks, which are focused on coordinating and integrating their geographically dispersed supply, knowledge and customer bases into global networks business activities (Brondoni 2012a; Canegrati 2012; Ernst, Kim 2001; Chen, Chen 2001).

The transformation from MNCs to global production networks moves towards highly diversified patterns of collaboration across inter-firm and intra-firm transactions coordinated by global corporations (Mowery; Luethje 2001).

In global networks, successful innovations interface many actors (Windrum, Tomlinson 1999). As a consequence, innovations usually originate from the collective efforts of inter-related firms, and moreover the innovation value chain is not completely internalised within individual firms. (Freenstra 1998).

As a result, industrial rivalry tends to occur among global networks formed by a multiplicity of firms linked up with different knowledge bases and focused on management of innovation and creative imitation (Brondoni 2008; Chen, Chen 2001).
Table 1: R&D Expenditure as a % of GDP

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<td>Japan</td>
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<td>South Korea</td>
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<td>China</td>
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<td>Germany</td>
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<td>France</td>
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<td>United Kingdom</td>
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<td>Russia</td>
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<td>India</td>
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<td>Romania</td>
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<td>Italy</td>
<td>1.25</td>
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<td>1.17</td>
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Source: UNESCO-Institute for Statistics

Table 1 presents data on the R&D expenditure as a percentage of Gross Domestic Product for a group of leading countries with industries focused on R&D policies and heavily engaged in export. From a general point of view, many positions appear very similar, i.e. Japan and South Korea or India and Romania. The global competitive conducts are indeed quite different and the actual positioning of each country refers not only to the amount of investments devoted to R&D but it depends firstly from the development policies of the largest global corporations in terms of innovation, imitation or creative imitation (Brondoni 2013b; Brondoni 2012a).

2. Globalisation, Innovation, Imitation and Creative Imitation. The Development Models of China’s, India’s and Italian Firms

In open and competitive markets, innovation loses its old ‘ideological hierarchy’ over imitation; since both have the common goal of maximising firm profitability, with the goal of optimising performance results in the very short term. With these profit objectives, the capacity to exploit the competition acquires prime importance, while the capacity to accumulate know-how (measured for example by the traditional indicator of the number of patents per year) becomes less important, while the success of research and development activities is measured by the real improvement in the competitive strength, expressed by indicators such as time-to-market or patent use rate (Brondoni 2012b).

On global markets, firms identify different categories of imitations: product pirates, or counterfeits; clones, or knockoffs; design copies; creative adaptations; technological leapfrogging; and adaptation to other industry (Brondoni 2012a; Schnaars 1994).

Counterfeits and knockoffs are duplicative imitations, but just the first is illegal. Counterfeits are copies that resemble an original brand name but of lower quality. In contrast, knockoffs are legal products, closely copying the original products in the absence of copyrights, trademarks and patents but sold with their own brand names at far lower prices. Knockoffs often present a better quality than original
products. So, when it is legal, duplicative imitations are a bright strategy for the firms with low wages and mature technology (Schnaars 1994).

On the creative side, design copies, market adaptations, technological leapfrogging, and adaptation to another industry are not indeed imitations, but rather creative imitations.

Design copies follow the market leader but live on the market with their own brand name and specific engineering features. Product adaptations are innovative, with improvements inspired by existing products. Technological leapfrogging gets advantage with newer technology and enables the imitator to leapfrog the innovator. And finally, adaptations to another industry take the application of innovations in a certain industry for use it in another. In general, creative imitations are focused on generating imitative products, but with new features. These imitative products involve benchmarking and strategic alliances, but also substantial investments in R&D (Brondoni 2005; Bolton 1993).

Global markets impose an important transformation of the firms growth policies where innovation and imitation (of products and processes) play a primary role to meet a volatile demand in declining markets and with over-abundance of productions.

Market globalisation and the growth objectives of large corporations step up the management complexity, determining new competitive landscapes in corporate strategies connected with imitation and innovation (Brondoni 2013 a). With reference to innovation, imitation and creative imitation the Chinese and the Indian organisations play specific and important roles in the actual global competitive landscape (together with US, Japanese, South Korean and Taiwanese global corporations) (Brondoni 2013 b). In this global competitive landscape compete also the Italian high-tech SMEs and the Italian firms distinguished by the country label of ‘made in Italy’.

3. Imitation and Creative Imitation Drivers in China’s Organisations

In just three decades, China has established itself as the largest manufacturing country in the world. Its products have won the trust of consumers, mainly due to the competitive price and actually the ‘made in China’ label identifies the Chinese position to the basic level of the global industrial chain.

After the US-China Trade Agreement, the ‘Made in China’ label has become iconic not only because of global competitiveness on the Chinese market, based on the advantages in terms of cost and very low prices, but also because the majority of Chinese manufacturers respond to customer needs by producing famous brands for foreign companies.

Chinese production organisations are actually engaged in the global economic growth as a process of continuous technological innovation and industrial upgrading (creative imitation). Of course, this is true for developed and developing countries alike. But developed countries differ from developing countries in a critical path. Developed countries have always been on the global frontier of technologies, which has required them to invest in costly and risky activities of research and development (Ernst 2008).
By contrast, technologies and existing industries in developing countries are in general well within the global frontier. As a result, they benefit from the ‘latecomer’s advantage’: technological innovation and industrial upgrading can be achieved by imitation, import, and/or integration of existing technologies and industries, all of which implies much lower R&D costs (Brondoni 2008).

In theory, any developing country that can harness its latecomer’s advantage to achieve technological and industrial upgrading can grow faster than developed countries (Corniani 2012). The latecomer status of Chinese business organisations explains their almost forty years of rapid economic growth, the competitive edge for further rapid growth in the future exports and how large those advantages still are in global businesses focused on imitation and on creative imitation.

But in the next years, to fully realize its potential growth as a latecomer, China needs, above all, to deepen its market-oriented reforms, address various structural problems, and develop its economy according to its comparative advantages.

□ Formal corporate networks link Chinese firms to global customers, investors, technology suppliers and strategic partners through foreign direct investment (FDI) as well as through venture capital, private equity investment and contract-based alliances. And informal global social networks link China to more developed overseas innovation systems, primarily in the US, through the international circulation of students and knowledge workers (Ernst 2008).

The policies of imitation and creative imitation of Chinese global organisations are strictly linked to:

- improvement of the national creativity to get the 'created in China' based on a long-term perspective. Chinese organisations shifted from the planned economy to the market economy, but they have a limited knowledge about products with private intellectual property rights;
- adoption of a long-term strategic objective to increase creativity The eleventh five-year plan ruled an improvement in the capacity of independent innovation, which was imposed to the rank of national strategy;
- training of innovative talents to develop the mechanisms of innovation;
- improvement of the innovative technical content of ‘made in China’ productions;
- expansion of the range of products with intellectual property rights;
- improvement of managerial skills focused on global markets knowledge and experienced on the outlet channels.

□ Specialized markets are a unique product of China’s economic transition. They are marketplaces located in industrial clusters, specializing in the wholesale of local commodities and related goods. Despite their seemingly primitive form, specialized markets appeared in many of the modern industrial sectors and were paradoxically upgraded and expanded as these clusters developed. Specialized markets have also formed solid linkages with marketplaces in various cities in China and in other developing economies. A powerful,
emerging market-oriented distribution system has thus appeared. (Ke 2012).

4. Innovation and Imitation Drivers in Indian Corporations

The globalisation has led to an intensive integration of world economies. This integration has opened an array of business opportunities as well as challenges for firms and the undoubted presence of foreign R&D affiliates in India.

With globalisation, India has become an important R&D hub for both large global networks and medium-sized multinational firms in many industries. This development is mainly owing to the availability of skilled labour and to cost advantages, especially in the form of low wages (still present, but receding due to substantial wage hikes) and to a very low social responsibility (Herstatt et al. 2008).

Industrial firms in India have recognized their chances and have invested heavily in R&D. India is also a beneficiary of global mobility and exchange of talents, technology and resources as much as the world, especially the developed Western countries, have profited from India's export of brain power.

□ In India government is planning the total renovation of the old railway, a project of 70 thousand kilometres of new tracks. High speed trains then will replace the current severe disruption of the railways, which annually cause 15,000 deaths per train accidents, often due to preventable causes. These modernization projects may not be easily achievable, and will require many years to be completed. However, these major infrastructure changes require before the modification of social and economic structures of the Nation and even before they impose the elimination of certain historical 'weights' (primarily, the violence against women), that in the age of Internet are a 'black window' for the future development of India’s skills in innovation and creative imitation.

In recent years India has emerged as one of the major destinations for conducting offshore corporate research and development. After years of self-imposed exclusion (for the long, post-colonial India's focus on the adaptation of imported technology and development of indigenous technology) which led to reverse engineering of products developed elsewhere (creative imitation) India has finally joined the global business of innovation and imitation (Herstatt et al. 2008).

In the global network relationship, Indian firms can pursue different policies of innovation and imitation, characterized by a specific role of:

- Offshoring innovator. The growing costs of innovation and imitation led many global firms to engage in offshoring R&D, either outsourced to a foreign-based external firm (e.g. contract R&D) or moved corporate-intern to an offshore-subsidiary (captive offshoring). Primary motives of innovation offshoring are: the availability of highly-skilled researchers; cost benefits or incentives of R&D unit location; incentives to design and develop products for a target market (culturally far away from the home market); barriers to innovation in home country (e.g. financial constraints or legal restrictions);

- Global developer. Global developer usually identifies a successful local developer with high R&D capabilities which can be involved in the network
strategy to design and develop products for the global market. These centres have the responsibility for a global product. In these last years however Indian R&D centres lost many positions and their responsibility area has often been restricted to regional markets (e.g. South Asia);
- Local developer. In a global network, local developers identify R&D affiliates with the responsibility to develop certain products for specific markets. The products are conceptualized by the network headquarters, but they are developed in the local units of R&D. Local developers are sometimes firms with well-known skills as in-house contractors (i.e. foreign-based units responsible to build and test prototypes under headquarter specifications);
- Local adapter. Local adapters are the lowest unit in the R&D structure of global networks. Local adapters do not have the mandate from headquarters to make any significant alteration in products that are designed and developed elsewhere in the network. Local adapters can just adapt the product for specific needs with minor arrangements (e.g. sales customization to client needs).

India turned out from a low-cost provider of routine, standardized items to a high-tech hub, aspiring to become a centre for qualified activities of global research and development.

Nevertheless, India is still a developing country, with great social problems yet unsolved. India is in fact faced with important problems related to infrastructure (e.g. limited capacity of transportation), problems due to old logistical infrastructures, corruption practices, time delays, bureaucratic and procedural chains, and finally the lack of innovation infrastructure linking the industry, services, and academia (Herstatt et al. 2008).

Today, anyway, all the major global networks have to be engaged in some sort of work in India, in innovation or in imitation processes. The old India’s technological drivers (availability of skilled and cheap labour or cost advantages) are no more a competitive factor for localising R&D units. In the actual phase of financial globalisation (Brondoni 2009), rising income levels of India's billion-plus population are in fact creating important market opportunities for firms, both domestic and foreign. Actually India is a lead mass market marked by specific tastes and cultural background: This situation determines a large demand for localized products, which encourage R&D activities (for innovative and imitative productions) and strengthen India's ‘National Innovation System’. In fact, the Indian Government has always consciously and consistently promoted science and technology for its innovation with fiscal incentives and support funds for spreading R&D in the industry.

5. Creative Imitation and Imitation Drivers in Italian Firms

There was a time, not many years ago, in Italy, when different voices preached to firm that ‘small is beautiful’. The advantages of the small firm and the presumed superiority of local manufacturing districts were underlined by numerous supporters, such as politicians, industrialists, journalists (Brondoni 2005).

During the 1980s, in the first years of globalisation, the Italian industrial districts showed a diffused orientation to upgrade their production specialisation.

Unfortunately the Italian industrial districts specialised in traditional sectors and exploited the potential offered by the global networks to strengthen ICTs only to a
very small extent. Industrial districts remained linked to the old industrial model, based on horizontally and vertically integrated organisations, located in the same, confined area.

The limited knowledge of global managerial and technological languages, as well as the lack of substantial organisational changes required by the globalisation to be effective, have both progressively cut out firms and production districts and, as a result, Italian organisations are more and more weak in the global markets competition.

The Italian high-tech SMEs, from the mid-90s have reduced the resources and internal skills dedicated to R&D, and they have also had to give up many external dynamic capabilities (for the declining opportunity to participate in networks and share resources and expertise with other firms). The small and medium Italian high-tech firms (high-tech SMEs) are lacking in the resources and critical skills for competitive success in global markets (i.e. financial resources; specialized human resources; and access to external sources of technological knowledge) and therefore they can have just a limited access to the information and knowledge achievable from network participation (Riccaboni, Pammolli 2002).

In global competition, the costs of research and development are very high and risky for an individual company, especially if small. In addition, competition between innovators and imitators has shortened the product life cycle, accelerating the introduction time of new products and thus making the time-to-market a competitive variable (Brondoni 2008). Finally, in the global market-space, the benefits from participation in the global network cannot be left to market forces alone, but they depend on the nature and policies of supporting institutions; unfortunately, the Italian high-tech SMEs cannot benefit from the National System of Innovation, as in Taiwan or Japan (Brondoni 2013a), where specific industrial policies encourage the competitiveness of domestic high-tech organisations.

Taiwan is widely regarded as one of the major players in the information industry. An important milestone in the development of Taiwan's information industry is the outreach of its constituent firms starting from the late 1980s, with their outward investment initially being directed towards Southeast Asia, and more recently towards China and elsewhere in the world. PCs delivered by Taiwan-based firms will be the result of the productive and innovative efforts of a variety of firms and economies around the world. Admittedly, the PC firms in the US are in the driving seat, but Taiwan-based IT firms may act as an essential node of the global production and logistics network (Brondoni 2013b).

The Taiwan's IC (semiconductor) industry presents another example of many small firms specializing within a narrow range of the value chain, such as IT design, mask production, foundry service, packing and testing, in contrast to the dominance of vertically integrated conglomerates in Korea and Japan. In a sense, Taiwan's IT industry is organized by an industrial network system (Chen, Chen 2001.)

In the current phase of globalisation, therefore, the Italian high-tech SMEs pursue predominantly a focus strategy (Porter 1980) for which the offer value is made by
the customization of technological innovations produced by other firms (creative imitation).

In other words, Italian firms generally react to demand and market changes with the expansion of product ranges and improving product value added per unit through minor product differentiation and the introduction of incremental innovations (creative imitation).

Even the great Italian design craftsmen are seeing the decline of their ‘golden niches’ (small production runs with high selling prices justified by their creativity) and of export opportunities encouraged by the exchange rate. One important example of this is the output of the so-called ‘made in Italy’ label, weakened on domestic and external markets because it relied on the creative thrust of manufacturing districts made of micro-enterprises (textiles-clothing, silk, leather, footwear, jewellery, furniture, precision engineering, etc.), without a manufacturing and marketing ‘global vision’, with a high labour cost and driven by imitation of their closest competitors (‘production-driven management’) (Brondoni 2009).

Global competition has set new rules (competitive imitation, manufacturing delocalisation, instable and non-loyal consumption) which have significantly scaled down the model of economic development based on the isolated small and medium sized enterprise without global networking relations (Corniani 2010). Instead they emphasise the importance of a robust national development policy based on the ‘identity of the industrial system’, in other words on precise ‘intangible macro-system factors’ (Salvioni 2010).

Global and over-supplied markets have indeed radically changed the traditional nature of industrial production. Market-driven competition highlights global economies of scale, connected to the ‘intense sharing’ of key resources in a system of networking. This is why firms with niche products, which embody the ‘small is beautiful’ principle, come up against growing difficulties in global economies. The new competition is designed for firms in networks, with high managerial capabilities, capable of dominating communications, R&D of new products, marketing, controls and finance; small and medium sized Italian enterprises, on the other hand (and manufacturing districts to an even greater extent) have been increasingly reduced to structures that manufacture under contract.

The lack of a strong industrial policy underpins the profound crisis of the ‘made in Italy’ label, and more generally of a national manufacturing vocation, which highlights the contradictions of a socio-economic development based either on small artisan enterprises, or on large/medium companies. In other words, the deep contradictions facing those encouraging local employment and those looking for a support for export-sales, without having understood the growing importance of Asian countries (and of some export-aggressive Asian corporations) in the world economy, which will entail a further acceleration of global integration processes in the next three to five years, and further growth in the size of ‘global networks’ (Brondoni 2012c).

South Korea makes no secret of its aggressive promotion strategies. The global corporations’ sales strategy of making their products available at every price level has proven to be quite accurate. Samsung has expanded its range of mid-priced smartphones such as the Galaxy Golden and S4Mini to capture sales in blooming markets such as China.
and India. Samsung sells at least 40 smartphone models, according to its website, thus satisfying the market’s constant demand for high-end devices. That compares to about 25 HTC devices. Samsung’ marketing is focused on projecting an image they aspire to: being innovative.

The growth model of Italian businesses abroad seems to be consistent with the characteristics typical of Italian design products and the country’s fragmented industrial structure, which are reflected in a ‘global gap’, particularly in reference to the new epicentre of the world economy, which has shifted inexorably to the Pacific.’ (Mariotti et al. 2008).

From a general point of view, Italian SMEs can thus face the actual global competition with corporate policies based on creative imitation and imitation, which derive from an industrial structure characterised by:

- Individualistic firms;
- Entrepreneurship business culture;
- Competitive policies focused on sales and on customisation;
- Marketing management culture focused on niche products;
- No-market-driven management culture
- No-corporate finance culture;
- Limited experiences of global markets competition.

Italian firms are therefore progressively oriented to confine their competitive policies to internal markets, with offers produced on the basis of imitation and creative imitation.


Global markets impose an important transformation of the firms growth policies where innovation and imitation (of products and processes) play a primary role in declining markets and with over-abundance of productions. Growth objectives and short-term profitability oblige large corporations to favour multi-polar development of R&D activities that focus on global imitation and innovation policies (Brondoni 2012a).

The multi-polar development of R&D encourages the creation of decentralised technological development structures (Corniani 2011; Cappellin 2003), which are more and more located in the most important world cities, a centre of gravity that is shifting from Europe to the global cities of Southeast Asia and North and South America (Brondoni 2011).

In global managerial economics, competitive tasks for imitation and innovation force the Nation-States to develop specific National Innovation Systems designed to meet the growing knowledge needs of global networks oriented to export markets (Nelson 2007; Nelson 1992).

The National Innovation Systems are supports designed to develop new products and services on a technological basis, with financial programs referred to a country, a region and/or an industry (Ernst 2002; Edquist 1997; Freeman 1995). There are many definitions of National Innovation Systems, that indeed show the evolution of the Nation-States’ objectives, from domestic competitive corporate tasks to export
goals on international markets, and more recently to a primacy for a set country-
global corporation.

☐ National Innovation Systems. Some definitions:
- “... that set of distinct institutions which jointly and individually
contribute to the development and diffusion of new technologies and
which provides the framework within which Governments form and
implement policies to influence the innovation process. As such it is a
system of interconnected institutions to create, store and transfer the
knowledge, skills and artefacts which define new technologies”
(Metcalfe 1995).
- “... the national institutions, their incentive structures and their
competencies, that determine the rate and direction of technological
learning (or the volume and composition of change generating
activities) in a country” (Patel, Pavitt 1994).
- “... a set of institutions whose interactions determine the innovative
performance... of national firm” (Nelson 1993).
- “... the elements and relationships which interact in the production,
diffusion and use of new, and economically useful, knowledge ... and
are either located within or rooted inside the borders of a nation
state” (Lundvall 1992).
- “... the network of institutions in the public and private sectors
whose activities and interactions initiate, import, modify and diffuse
new technologies” (Freeman 1987).

Anyway the National Innovation Systems assume that global networks have
significantly changed the competitive boundaries of innovation and imitation, and
have also transformed on the one hand the competitive position of many Nation-
States and the relationships between global firms and local businesses on the other
hand (Soon Yim, Nath 2005; Nelson, Nelson 2002).

In this sense, globalisation has shrunk dramatically the leadership innovation of
the main European countries, and it had played a leading social and economic role
in closed markets of the last century (in particular, the United Kingdom, Germany
and Russia, but also Italy, in spite of its important industrial history and the best
creative skills in the world).

Even the United States, which in the past ruled the diffusion of innovations and
the 'block' of imitations, have lost their historical leadership in innovation, and now
they tend to maintain a leading position in global markets competition taking on
new roles by imposing global standards in the control of the innovation and
imitation processes (see Figure 1).
Globalisation has finally expanded the market power of corporations headquartered in Nations with a high propensity to innovate (e.g. the Japanese global corporations), and promoted also the growth of new countries, especially in the Far East, which took advantage of favourable market conditions (e.g. in terms of low labour costs) to develop skills and abilities for imitation and creative imitation (as in South-Korea’s, India’s, and Taiwan’s corporations) (Brondoni 2013b).

Innovation, creative imitation and imitation, finally, are profoundly transforming the economies of many countries and, by extension, of local businesses. France and Germany, for example, are boosting the export of their innovative productions, with policies supported by the government. By contrast, productions of Italy and Taiwan are both mainly focused on imitation, but their competitive policies are focused respectively on domestic and external demand (Chen, Liu 2003). The recent Indian evolutionary path seems very similar. India’s corporations in fact moved from innovation policies aimed at foreign markets (e.g. Tata) to corporate policies focused on creative imitation and mainly oriented to the satisfaction of domestic demand.

Contrariwise, the competitive policies of Japanese and South Korean global networks (and to some extent also of China) are very different (Chen, Liu 2000). Japanese corporations finalise to global demand and to innovative productions the government interventions (Aoki, Dore 1994). Also South Korean global corporations are absolutely tasked to foreign markets, but they adopt policies of market followers, marked by low investments in R&D and low risks of market

*Source: Silvio M. Brondoni, Competitiveness, Growth of Firms and Global Networks, XXXIV ITALIAN CONFERENCE OF REGIONAL SCIENCES-AISRE, Palermo, September 2, 2013.*
failure (Adelman, Song 1999). Finally, Chinese organisations assume a latecomer position with regard to R&D and market conducts, and this low risk condition (associated to a hard export policy) with sales gradually shifting from domestic markets to foreign markets and therefore global markets (Ke 2012).

In short, Japanese and South Korean corporations are both not interested to pursue policies of local development. Equally, Chinese organisations are not focused on local development, but conversely they are very interested in the worldwide economic development of the Chinese local communities (Brondoni 2013a).

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Edited by: ISTEI – University of Milan-Bicocca

ISSN: 1593-0319

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Edited by: ISTET – University of Milan-Bicocca

ISSN: 1593-0319


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