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APS1012 Management of Innovation – Final Team Projects, Spring 2012**Resistance to Innovation: Corporate, Country and Societal Culture**

Cultures naturally resist change as people fear their ability to adjust to it. Governments also resist innovation by failing to provide funding. This resistance must be overcome by governments and corporations alike since innovation is essential to human development. In underdeveloped nations innovation could bring an end to poverty, while in developed nations innovation is the only competitive advantage in today's global economy.

Canada is ranked 19<sup>th</sup> in overall global innovation and failed to make any top ten listing by criteria or region. The Conference board of Canada carried out an in-depth market study using data from 1985 to 2006 and concluded that Canada's primary challenge is the lack of innovative business strategies. The factors behind this include foreign ownership of businesses, lack of market competition, uncompetitive public policies and shortage of venture capital. At the corporate level, the dramatic decline of Research in Motion demonstrates some of the factors that inhibit innovation within a business, such as lack of future state vision in leadership, failure to respond to market needs and lack of radical innovations.

Conditions in most African countries are radically different to the rest of the world. While their commodity and manufacturing sectors have grown in the past decades, most African countries still face tremendous challenges in poor public infrastructure, political instability and shortage of skilled professionals, all of which obstruct the creation and deployment of innovation.

Within the EU many governments are saddled with unsustainable levels of debt, which is a major barrier to innovation and economic development. Even though some EU member countries such as Germany, Sweden and France remain at the top of the innovation charts their position is being progressively challenged by non-Western competitors from South Korea, China and Singapore. Also, high levels of debt within individual companies in the EU create internal barriers to innovation, since there is unwillingness to entertain any additional risk. Lack of skilled human resource, insufficient government investment in education and training, weak R&D and change-resistant organizational culture are all impediments to innovation.

The U.S. innovation system was initially driven by large and independent firms with their own R&D operations. However, the majority of recent U.S. innovations have originated from cooperative ventures between firms, agencies and research institutions with R&D being outsourced or performed by smaller-capital firms. Three factors specifically influencing U.S. innovation are private firm regulations, patenting rules and intellectual property (IP) rights – and in this regard U.S. policymakers need to develop frameworks and instruments that allow law enforcement agencies to better detect, investigate and prosecute IP theft. The U.S. is among the top ten nations in innovation, particularly in the areas of technology density, R&D intensity and researcher concentration. From an organizational perspective, most innovation awards are now issued to mixed-public firms such as laboratories, universities and smaller businesses.

Comparing the performance of Singapore and Indonesia, it is evident that government support for R&D, and higher education in science and technology are both major factors that promote innovation. Looking at the Asian corporations Toyota and Daewoo, it is clear that both employed many good practices that were conducive to success. However, the faltering of Daewoo highlights the huge importance of change management processes and open communication: The absence of these two traits culminated in disaster for the company. There are numerous factors that can obstruct innovation, and the presence of just a few will significantly harm the economic prospects of a country or company.

Ultimately, it is important for organizations to understand the expected benefits and challenges of successfully adopting and implementing innovations. Strategic innovation implementation requires a systematic and holistic approach. An innovation framework and best practice guidelines are presented, along with recommendations for organizational characteristics that enhance the likelihood of successful implementation.