

# Globalization of innovation processes in multinational companies

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Innovation is more than ever a strategic priority of multinational companies (MNCs), but innovation has changed in its making, unfolding, and localization (Prahalad and Mashelkar, 2010). The part played by subsidiaries in the development of innovations has grown. The various subsidiaries allow MNCs to target specific local needs while facilitating relationships with geographically close partners (academic and/or industrial).

The issue of location choices by MNCs is not a new one (Doz, Santos et Williamson, 2001; Bartlett et Ghoshal, 1989; Almeida et Phene, 2004), however, two trends have recently emerged in MNCs. On the one hand the choices of location increasingly take into account access to specific knowledge located in the close environment of the company and their subsidiaries. On the other hand, they provide proximity to emerging markets with the aim of benefiting from their high-growth. Both trends are important for international innovation management; they stress knowledge leveraging, knowledge integration, and the diffusion of innovation in growth markets.

Research on MNCs have modeled the relationship between the corporate level, the subsidiaries and their environment with the transnational model of Bartlett and Ghoshal (1989) and the metanational of Doz *et al.* (2001). In these models, the MNC combines differentiation by adapting each subsidiary to local needs and practices, as well as integration, in order to benefit from corporate resources and to contribute to the overall performance of the company (Ghoshal and Noria, 1997; Luo, 2001).

Initially only the production and marketing functions were concerned with the imperative of differentiation and integration, which expanded to encompass the innovation function. The process of innovation is both a process of knowledge creation and integration (Nonaka *et al.*, 1994). Thus, the study of innovation strategies of MNCs in the nineties mainly focused on the themes of knowledge transfer within the company and across its subsidiaries, the absorptive capacity, the location of research centers and production capacities, etc. Therefore, the literature mainly dealt with the upstream phase of innovation, with an emphasis on scientific and technical knowledge.

Moreover, today the challenge of innovation for MNCs relates to the *global* organization of the innovation process. Reshaping, relocating and resizing the functional roles within the MNC are considered a key factor of its performance (Doz and Wilson, 2012). These changes raise new questions about the organization of innovation processes considered as a key factor

of competitiveness. Therefore the contributions to this special issue could address, amongst others, the following topics:

- *Reverse innovation, frugal innovation, Jugaad innovation, Ghandian innovation...* The classical diffusion mode, from innovation being produced and first adopted in developed countries, and after a while being sold to developing countries is challenged. Reverse innovation is gaining importance (Govindarajan and Trimble, 2012). However the budget of R&D as considered relevant varies dramatically, from almost nothing in the Jugaad approach (Radjou et al., 2012) to massive expenses, with many realities that exist and cohabit. Are all these concepts linked? How can companies implement relevant philosophies? How can western companies handle competition coming from emerging giants – the enterprises from the Far East who have adopted such innovation schemes?
- Are innovations in MNCs developed centrally and then diffused globally, or developed by a subsidiary for its specific market? Are there contingency factors for different types of innovation, do they depend on the characteristics of subsidiaries etc.? How can companies reconcile the development of innovations made for specific markets with the constraints of standardization to reduce costs and risks? Can we generalize those behaviors?
- The literature on global new product development focused on the marketing and commercial launch phases of product innovation (De Bretani *et al.*, 2010). More recent studies analyze new product rollouts and highlight the difficulties encountered when launching innovations in different regions (Rubera *et al.*, 2012) but do not address organizational issues including the role of the subsidiaries. What are the organizational implications of such practices?
- When innovation relies on the collaboration of thousands of researchers embedded in a growing international knowledge community, do they spread faster? Y. Hun (2013) showed that some hyperlinked actors can strongly impact the diffusion of innovation. The comprehension of social contagion mechanism in innovation diffusion within global knowledge communities appears to be an important point in a connected world. How can such hyperlinked actors be identified and mobilized in the international strategy of a company?
- Networks of collaboration are critical for the production and diffusion of innovation nowadays (Doz and Wilson, 2012). *Games of innovation* are sets of rules that structure meso-level innovation systems composed of organizational actors who compete and collaborate to create value. All game rules are coherent with one dominant value-creation logic, and refer to all the aspects of managing innovation, from competitive strategies and policies for investment in innovation capabilities to practices for identifying opportunities and managing projects (Miller and Floricel 2007). How are those *innovation games* linked to the innovation production and diffusion models? What are the characteristics of the companies winning such games?

This list is not exhaustive, and we invite authors to consider other questions as they fit into the general theme of this special issue.

**Contributions can be of theoretical and/or empirical nature. Manuscripts should be sent by email to Management International (mi-cetai@hec.ca) no later than June 30 2014 for any publication in this special issue which will be published in May 2015.** Presented papers must follow the standards set out in the editorial policy of International Management (<http://revue.hec.ca/mi>).

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