

Introduction

Globalisation increasingly affects how companies in OECD countries operate, compete and innovate, both at home and abroad. Companies now face an environment in which competition is global, in which knowledge is spread more widely, in which R&D investments are increasing and in which product life cycles are shortening. In addition, the integration of large emerging economies such as China and India has more than doubled the world's supply of labour. To meet these new challenges, companies need to adopt new approaches to innovation processes, organisational models, finance and decision making.

Innovation has become a key to succeeding in the competitive struggle for market share and a prerequisite for sustainable development in a globalised world. It increasingly requires the utilisation of multiple sources of knowledge, both explicit and tacit, and the overall management of intangible assets. Owing to the emergence of global value chains, companies have shifted their production and distribution activities abroad. R&D activities are also increasingly undertaken abroad as companies seek to access knowledge globally.

Over the past decades the amount and intensity of cross-border economic transactions have accelerated, leading to changes in companies' innovation processes:

- Firms are turning to a more open model of innovation that makes more extensive use of research results from external sources in the public or private sectors.
- Innovation is being “democratised” and users of products and services, both firms and individual consumers, are increasingly able to innovate themselves.
- The globalisation of R&D and innovation (especially by multinationals), industry structure and value chains is increasing. Innovation is extending beyond national boundaries, R&D is becoming more internationally mobile, industry-science relationships are globalising, and new global players are emerging, challenging OECD economies to remain competitive.

- R&D and innovation are increasingly linked to business strategy. Business R&D investments no longer play a supporting role that is only indirectly linked to business objectives, but are increasingly directed to the development of new products, processes and services. Firms now actively seek financial returns from their R&D investments.

This volume analyses these trends and identifies the implications for innovation policy, based on extensive analysis and 59 company case studies from various countries. As globalisation and open innovation increasingly affect the linkages within national/regional innovation systems, governments face new challenges. This study highlights best practice business strategies for adapting innovation strategies to globalisation and internationalisation and analyses the role played by open innovation. It aims to provide a sound basis for policies to strengthen growth, employment and productivity in a context of increased outsourcing and globalisation.

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