ICT IN EAST ASIA: OPPORTUNITIES & CHALLENGES

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Outline

• General framework - GPNs & GINs
• Are Canadian ICT firms plugging in?
• Case studies:
  • Shenzhen & Hong Kong
  • Korea
  • Japan

• China versus East Asia comparison
• Opportunities and challenges
Global Production Networks

• General framework
  • Global nexus of interconnected functions through which goods and services are produced and distributed

• Characteristics:
  • States embed their companies in GPNs
  • Companies re-embed from their states to GPNs (Strategic coupling)
  • States are challenged in steering domestic firms and industrial transformation

• GPNs are refracted through national / local contexts
Global Innovation Networks

- General framework
  - Global nexus of interconnected operations by which firms and non-firm organizations engage in the development or diffusion of innovations

- GINs and GPNs are two different but interwoven layers of the firms’ global value creation networks

- Difference
  - GPNs are formed for efficiency and market access
  - GINs are formed for knowledge and competences
Plugging in

• The role of local networks in GPNs

• Considerations:
  • National Innovation Systems
  • POLITICAL economy
  • Barriers
  • Push-side bottlenecks
Canadian ICT firms

- Shenzhen: 14
- Hong Kong: 61
- Tokyo: 39
- Seoul: 15

Legend:
- ON
- QC
- BC
- AB
- NS
- MB
Case study 1 – Shenzhen and Hong Kong

• “Global business accelerator”
• NOT gateway into Chinese market
• Platform – prototyping, investment, supplier networks
• HK/China advantage
• Spring board to global market
Case study – HAX in Shenzhen

Where are your company’s activities located?

- **Shenzhen**: Manufacturing facility and R&D facility
- **Hong Kong**: Manufacturing facility
- **USA**: R&D facility
- **Quebec**: Manufacturing facility and R&D facility
- **Ontario**: Manufacturing facility, R&D facility, and HQ
Case study – HAX in Shenzhen

Main factors to go to Shenzhen/HAX

- Access to local suppliers: 7
- Access to mentors: 5
- Access to capital: 6
- Get international experience: 0
- Proximity to Hong Kong: 0
- Access to the Chinese market: 0

Impact on business model and strategies

- Build faster and cheaper: 0
- Understand manufacturing and supply chain: 6
- Explore Chinese market: 7
- No impact: 0
Case Study 2 – Korea

- Closed
- Chaebol dominant
- Predatory chaebols
- Weak SME sector
Case Study 3 – Japan

- From “market ready” to “Japanese market ready”
- Dominant firms + local supplier networks
- Local partners
- Systems integrators | gatekeepers
- Government policy versus large firms
China versus East Asia comparison

• Accelerator versus Gatekeeper

• Export versus home market

• RCEP/TPP versus Made in China
Opportunities and challenges – summary

• Opportunities
  • Transition to software
  • Asian firms need to globalize
  • Canadian R&D

• Challenges
  • Relatively closed networks
  • Canadian firms need to displace existing suppliers in networks
  • Patience and local know-how
  • Canada has mostly small/medium SMEs which do not have the required assets to succeed