



Special Issue Call for Papers

Innovation in State Owned Enterprises: Implications for Technology Management and Industrial Development

Guest editors

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Objectives and scope

Developing economies are frequently characterized by the existence of large companies which come in the shape of state-owned enterprises (SOE) and contribute a substantial share to GDP, employment, and market capitalization (OECD, 2014). While state ownership often ‘naturally’ exists in such sectors as utilities and infrastructure (i.e., sectors characterized as ‘natural monopolies’ featuring average variable costs continuously dropping with scale due to very high sunk costs, e.g. transport and telecommunications or energy) it may also dominate high-tech areas, such as aerospace, shipbuilding, and automotive industries, particularly if they are related in one way or the other to the military-industrial complex. In many cases SOEs show a tendency to occupy monopoly positions in the national economy or at least being dominant actors in their respective fields. They can also appear as diversified industrial groups, whose activities (including R&D and innovation) are totally or partially funded and controlled by the government (World Bank, 2010).

Governments often understand SOEs as major actors in the economy contributing significant shares of private sector investments as well as contributions to GDP and social welfare which leads to the assumption that SOEs may boost technology development and innovation activities of industrial national economic sectors. In particular, many emerging country governments have spotted SOEs as potential driver for innovation aiming at upgrading industries and regions with the use of SOE scale potential and their impact of SOEs on suppliers and customers. It is thought that the smart allocation of resources towards innovation and technology by SOEs combined with their significant potential for strategic intelligence and global market reach provides an opportunity for significant impact on the upgrading of national and regional economies and industrial structures. Accordingly, it is understood that SOEs need to lay an active role in generating and implementing innovation at broad scale and in spearheading the development and international competitiveness of broad swaths of domestic industry – often composed by small and medium-sized enterprises (SMEs) with no international capabilities or even ambitions.

Yet, the management and innovation literature has shed little light on innovation in SOEs, namely in developing economies. Only in recent years has the literature started to address the role of the state and SOEs in taking on risk and related innovation activities (Mazzucato, 2013). More than anywhere else, attention has been focused on Chinese SOE performance, and contribution of these companies to innovation, industrial diversification and growth of China (Nolan and Xiaoqiang, 1999; Girma et al., 2009). Attention to other countries has come to a lesser degree (Baliga and Santalainen, 2006), including few European economies (e.g., Antonelli et al., 2014).

It has been a forgone conclusion that public sector companies in developed industrialized countries face difficulties in terms of setting incentives to promote technology, innovation and international competitiveness. This is presumably due to their dominating market position, however the situation we suspect may be different in developing countries, emerging economies, and economies in transition. One can name many reasons supporting such suspicion, dominant among which are the earlier stage of development of these economies, lack of large-scale private sector companies able to play such a role, the inexperience or inability (or perhaps even apathy) of the extant private sector in undertaking research at any level approaching critical mass, as well as the trust among senior levels of government and senior SOE management which facilitates the allocation of scarce resources (Gershman et al. 2016).

This difference between developed and developing economies, on the one hand, and between SOEs and private sector companies, on the other, deserves further attention. One important reason is the co-evolution of SOE importance and the stage of economic development of a country, referring to the changing role of SOEs in a national economy as the economy develops and closes in the gap with advanced economies. One could, of course, think of the relative role of chaebol in the Republic of Korea, or of the large SOEs in Russia, China, Brazil, India, and Indonesia, to name just a few.

In this Special Issue we seek to focus on the innovation activities and innovation management of SOEs and the effect of SOEs on innovation in smaller companies both within their respective value chains and beyond. We wish to investigate whether SOEs take a role as gatekeeper influencing a considerable number of supplier and customer companies with their ambitions and initiatives to drive innovation. Their sheer relative size and the consequent attention they attract from national governments also likely affects companies outside their value chains indirectly. Confounded with our expectation that the relative role of SOEs in developing economies also evolves with the stage of economic development of the country – and may range from a significantly positive to a significantly negative role– this opens the ground for investigation across several areas:

- (1) (*Internal to the SOE*) Are innovation management techniques and instruments in place at large private companies (as taught in the management literature) suitable for SOEs? Do special SOE features, especially in developing countries, call for different approaches when designing and implementing technology and innovation management in SOEs?
- (2) (*SOE value chains*) What factors affect the ways SOEs set up their global value chains? Do these companies behave similarly to private sector companies in their respective industries? If not, why?
- (3) (*SOE networks*) To what extent do SOEs use networking (both horizontal and vertical) beyond their specific value chains to search and access new technologies, acquire technical capabilities, exploit research synergies, lower risk, and implement innovation in products and processes? For instance, do they (and how) reach out to other types of organizations in their domestic economies and beyond in their effort to access technologies and new markets?
- (4) (*Third party impact*) How do SOE technology and innovation activities impact other companies, universities and public research organizations (PROs) that come in contact with them in the course of research and/or technology implementation?

- (5) (*Policy*) What policy approaches prove effective to stimulating SOE innovation activities? What policies prove effective in spreading these “goods” across the economy?

Important deadlines

- Initial submissions to the Special Issue due by **30 April 2017**
- Final selection of manuscripts **30 April 2018**
- Publication of the Special Issue in **fall 2018**

Related events

The National Research University Higher School of Economics, Moscow, is organizing a workshop in October 2016 and a conference in April 2017 with dedicated sessions on innovation in SOEs. Authors of promising papers will be invited to the workshop and / or the conference.

Review process

Paper submissions will undergo rigorous editorial screening and double-blind peer review by a minimum of two recognized scholars. The standard requirements of *Industry and Innovation* for submissions apply. Please consult the journal submission guidelines available at

<http://www.tandfonline.com/action/authorSubmission?journalCode=ciai20&page=instructions>.

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