



Vitalization of Innovation System in Japan

Kobe University
RIETI
Kentaro Nobeoka



Ideal Model for Innovation System in Japan

- ◆ Is the US model best?
 - Japanese Model should be Unique one
- ◆ Large Established Firms vs Venture Firms as Innovation System
 - Re-evaluation of Japanese established firms
- ◆ New Firm Opening Ratio: the Higher the Better?
 - High correlation between opening and closing ratios
- ◆ Japanese Advantage
 - Group-oriented
 - Opposite of “greedy”

Business Environment

Technology and Market

- Changes and diversity
- Business uncertainty



Needs many
hitters to the plate

(Analogy to baseball)

Established Firms

- Profit-oriented
- Focus strategy



Needs high
batting ratio



Needs innovation system that integrates ventures and established firms



Changes in Innovation System led by Large Established Firms

- Roles of established firms: vitalization of business/technology market
 - Much more purchases of small businesses and new technologies from start-ups
 - Elimination of NIH syndrome
 - Changes in strategy and organization
 - Incentive system for engineers to start up new businesses
- Vitalization effect for start-up
 - Alternative exit strategy
 - Lower risk by close coordination with big firms