

## Chapter 63

# Global Innovators: How Open Innovation Serves Humanity

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### **ABSTRACT**

*Innovation is vital to sustain and advance current activities or it can be vital to growing new businesses. The challenge for organizations operating in a global environment is to meet the evolution of the marketplace, social needs, and the needs of society. Open innovation allows organizations to draw from the global pool of knowledge to design products and business modes that provide value while meeting social needs. This chapter looks at several SMEs that are social innovators drawing on a range of technologies to create products and services or to commercialize existing products in a new way in order to meet pressing social needs round the world.*

### **INTRODUCTION**

Traditionally international business has been considered business transactions between parties from more than one country. The focus is on cross border activities and an important aspect of international business is the collaboration which occurs between domestic and foreign partners. One text states “Global business is fundamentally about not limiting yourself to your home country but treating the entire globe as your potential playground (or battlefield)” (Peng, 2010: 8). This

concept is true to many aspects of international commerce and non perhaps more than innovation, research and development.

William H. Chesbrough (2003: 1) in his book defines open innovation as “the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for the external use of innovation, respectively.” Open innovation involves the international search for new ideas and collaboration in utilizing that knowledge to meet human needs. Few would disagree that innovation is vital to sustain and advance current activities or that it can be vital to growing new

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businesses. “Open innovation means that companies should make much greater use of external ideas and technologies” (Chesbrough, 2006a: 1).

The challenge for organizations operating in a global environment is to meet the evolution of the marketplace, social needs and the needs of customers in the best possible way. Open innovation allows organizations to draw from the global pool of knowledge to design products and business modes that provide value.

Twenty-first century innovation is different from innovation in past eras. This chapter looks at several SME’s that are organizational innovators: some are creating new products or services, some are commercializing existing products in a new and relevant way, while others are opening new markets. The reader can explore the nature and characteristics of the emerging organizational forms that are being built through global networks and frameworks. The chapter identifies the implications of these changing business constructs for our collective future.

Open innovation requires shedding a number of assumptions and traditional ways of doing business. Companies that embrace open innovation believe that smart people work inside and outside their companies and rather than attempting to discover technologies themselves, open innovators believe they need not originate ideas and research to profit from them (Chesbrough, 2006b).

The methodology imposed in this chapter is a series of case studies. Case studies are employed in order to be able to provide a more complete assessment, one which is holistic and takes into consideration the contextual environment. The aim is to provide an empirical understanding from which an improved understanding may emerge. Despite the inherent limitation of generalizing from a limited number of cases, it contributes to an understanding of how a new breed of global innovators operate.

## **BACKGROUND**

Globalization has been accompanied by increasing consumer concern about the health consequences and working conditions under which goods are produced. Consumers want to know “are companies treating their workers fairly, are they being paid fairly, do the products contain harmful chemicals, is the workplace safe?” A growing number of citizens are coming to realize that the decisions of companies where they work or shop has an impact on others all around the globe. And there is genuine cause for concern: Consider that only 12 percent of the price of a pair of jeans goes to the workers who made them in Honduras or Cambodia. UNITE (the Union of Needletrades, Industrial and Textile Employees) found that in El Salvador, the minimum wage for workers is 60 cents an hour, but an employee must earn at least \$1.73 to pull themselves out of poverty. Consider that only 10 per cent of the price of your espresso or cappuccino went to the grower. On a world scale 850 million people earn less than a living wage and there are some 250 million child laborers between 4 and 14 years of age. These issues have led to global efforts to establish standards of fair and ethical trade (Young and Welford, 2002).<sup>1</sup> (See also Table 1)

## **MAIN THRUST**

Global innovators are companies which combine their values as an integral part of their business model to earn revenue while addressing essential social and environmental issues. As such they are adding important dimensions to global business. This article explores how some enterprises are building innovative business models which extend a hand to improve working conditions and raise living standards around the globe. For

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