

Contents

1	Introduction	1
2	Formation of IT Features Through Interaction with Institutional Systems: Empirical Evidence of Unique Epidemic Behavior	3
2.1	Introduction	3
2.2	Features of IT with Respect to Institutions	6
2.2.1	Formation Process of Specific Features of Technology	6
2.2.2	Analysis of Epidemic Behavior	7
2.2.3	Features of IT	15
2.3	Implications	19
2.4	Conclusion	21
Appendix 1	Mathematical Development of Logistic Growth Function Within a Dynamic Carrying Capacity	22
Appendix 2	Data Construction and Sources	24
A.2.1	Refrigerators	24
A.2.2	Color TV Sets	25
A.2.3	Cellular Telephones	25
Appendix 3	Mathematical Development of SCE	25
References		29
3	Institutional Elasticity as a Significant Driver of IT Functionality Development	31
3.1	Introduction	31
3.2	Identification of IT Features with Respect to Institutions	33
3.2.1	The Formation Process of Specific Features of Technology	33
3.2.2	Analysis of Epidemic Behavior	35
3.2.3	Features of IT	46
3.3	Implications	49
3.4	Conclusion	50
Appendix	Data Construction and Sources	52
Appendix 1	TFP and IT Intensity	52

Appendix 2	Epidemic Behavior	52
A.2.1	Refrigerators (1951–1999)	53
A.2.2	Fixed Telephones (1953–1999)	53
A.2.3	Japanese Word Processors (1982–1997)	54
A.2.4	Color TV Sets (1966–2000)	54
A.2.5	Personal Computers (1987–2000)	54
A.2.6	Cellular Telephones (1996–2001)	54
References		55
4	A Substitution Orbit Model of Competitive Innovations	57
4.1	Introduction	57
4.2	Substitution Orbit of Competitive Innovations	59
4.2.1	Substitution Orbit: Japan’s Experiences	59
4.2.2	Comparative Assessment of Substitution Orbits	64
4.3	Lotka–Volterra Equations for Predator–Prey Systems	65
4.3.1	General Orbit Within Lotka–Volterra Equations	65
4.3.2	Factors Governing the Twisting of an Orbit	67
4.3.3	General Image of an Elliptical Orbit	72
4.4	Orbit for Substitution: Policy Option in a Complex Orbit	73
4.4.1	Maximum Diffusion Scale: d	77
4.4.2	Carrying Capacity: k_y	77
4.4.3	Interaction Coefficient: α_{yx}	78
4.5	Conclusion	78
References		79
5	Impacts of Functionality Development on Dynamism Between Learning and Diffusion of Technology	81
5.1	Introduction	81
5.2	Dynamic Behavior of Learning Coefficient	83
5.3	Learning and Diffusion of Technology	88
5.3.1	Learning Coefficient Function Incorporating Functionality Decrease	89
5.3.2	Technology Diffusion Trajectory Reflecting Functionality Decrease Effects	92
5.3.3	Linking Learning and Diffusion of Technology	96
5.4	Institutional Dynamism Leading to a Dynamic Interaction Between Learning, Diffusion and Spillover of Technology	96
5.5	Conclusion	99
References		102
6	Diffusion, Substitution and Competition Dynamism Inside the ICT Market: A Case of Japan	103
6.1	Introduction	104
6.2	Methodology	107
6.2.1	Model Synthesis	107
6.2.2	Data Construction	111

6.3	Diffusion and Substitution Process of ICT in Japan: Empirical Analysis with Diffusion and Substitution Models	111
6.3.1	Telephony Market in Japan	111
6.3.2	Mobile Telephony Market in Japan	115
6.3.3	Internet Access in Market Japan	122
6.4	Conclusion	128
6.4.1	General Summary	128
6.4.2	New Findings	129
6.4.3	Policy Implications	131
6.4.4	Future Works	132
	References	133
7	The Co-Evolution Process of Technological Innovation: An Empirical Study of Mobile Phone Vendors and Telecommunication Service Operators in Japan	135
7.1	Introduction	136
7.1.1	Background	136
7.1.2	Hypotheses	138
7.1.3	Existing Works	139
7.1.4	Prime Objectives of the Investigation	140
7.1.5	Structure of the Chapter	141
7.2	A Market Dominated by High-End Handsets Due to High Learning Effect	141
7.2.1	Methodology	141
7.2.2	Results and Discussion	143
7.3	A Market Dominated by Order-Made Models Due to Close Cooperation Between Vendors and Operators	147
7.3.1	Methodology	147
7.3.2	Results and Discussion	148
7.4	A Virtuous Cycle Between Demand and Supply Sides Driving Japan's Co-Evolutionary Mobile-Driven Innovations and Institutions	153
7.5	Conclusions	155
7.5.1	General Summary	155
7.5.2	New Findings	155
7.5.3	Policy Implications	156
7.5.4	Future Works	156
	References	157
8	Technopreneurial Trajectory Leading to Bipolarization of Entrepreneurial Contour in Japan's Leading Firms	159
8.1	Introduction	159
8.2	Co-Evolutionary Dynamism Between Mobile Phone Driven Innovation and Institutional Systems: <i>Cumulative Learning Leading to Creating New Functionality</i>	161

8.2.1	Dramatic Decline in Japan's Productivity in an Information Society in the 1990s	161
8.2.2	Mobile Phone Driven Innovation Emerged in the 2000s ...	161
8.2.3	Swell of Reactivation of the Co-Evolutionary Dynamism ..	166
8.2.4	Implications	169
8.3	Transformation in Entrepreneurial Contour in Leading Firms Facing the Transition to a Post Information Society: <i>Output-Oriented R&D Based on External Acquisition</i>	170
8.3.1	Co-Evolution in High-Technology Firm Technopreneurial Structure	170
8.3.2	Bi-Polarization in Technopreneurial Situation	171
8.3.3	External Acquisition for OIR Substitution for R&D Intensity	173
8.3.4	Implications	175
8.4	Conclusion	176
	References	177
9	Technological Diversification: Strategic Trajectory Leading to an Effective Utilization of Potential Resources in Innovation: A Case of Canon	179
9.1	Introduction	179
9.2	R&D Diversification and Assimilation of Spillover Technology ...	181
9.2.1	Increasing Dependency on Spillover Technology	181
9.2.2	Technology Distance, Technological Proximity and Technological Position	181
9.2.3	R&D Diversification and Technological Distance	184
9.3	Measurement of Technological Diversification	185
9.3.1	Measurement of Canon's Technology Development Trajectory	185
9.3.2	Measurement of Technological Diversification	187
9.4	Contribution of Technological Diversification to High Income Structure	191
9.4.1	Contribution to Operating Income to Sales (OIS)	191
9.4.2	Technological Diversification and Marginal Productivity of Technology	195
9.4.3	Technological Diversification and Increase in Total Factor Productivity	201
9.4.4	Technological Diversification and Internal Rate of Return to R&D Investment	202
9.5	Factors Inducing a Virtuous Cycle Between R&D Investment and Technological Diversification	204
9.5.1	Inducing Factors of Technological Diversification	204
9.5.2	Factors Governing Internal Rate of Return to R&D Investment	206

9.5.3	Dynamism Leading to a Virtuous Cycle for Technological Diversification	206
9.6	Conclusion	207
	References	208
10	Japan's Coevolutionary Dynamism Between Innovation and Institutional Systems: <i>Hybrid Management Fusing East and West</i>	211
10.1	Introduction	211
10.2	Japan's Indigenous Explicit Function	212
10.2.1	Japan's Development Trajectory: Historical Perspectives ...	212
10.2.2	Japan Indigenous Institutional Systems for Innovation	213
10.2.3	Inducement of Innovation: Overcoming the Growth Constraints	213
10.2.4	Technology Substitution for Constrained Production Factors	214
10.2.5	Conspicuous Energy Efficiency and World Top Level Manufacturing Technology	214
10.3	Lost Decade and Reactivation	216
10.3.1	Contrast Between Coevolution and Disengagement	216
10.3.2	Reactivation of Coevolutionary Dynamism	219
10.4	Hybrid Management: Fuses East and West	221
10.4.1	Japan's Indigenous Potential in Fusing: Learning and Assimilation	221
10.4.2	Swell of Japan's Institutional MOT Toward a Post-Information Society	223
10.5	Canon's Success in Hybrid Management	224
10.5.1	Canon's Conspicuous Performance	224
10.5.2	Functionality Development as a Source of High-Performance	225
10.5.3	Fusing Option	226
10.5.4	Global Co-evolution for Sustainable Development	228
10.6	Conclusion	228
	References	230
11	Conclusion	233
11.1	Formation of IT Features Through Interaction with Institutional Systems: <i>Empirical Evidence of Unique Epidemic Behavior</i>	233
11.2	Institutional Elasticity as a Significant Driver of IT Functionality Development	234
11.3	A Substitution Orbit Model of Competitive Innovations	235
11.4	Impacts of Functionality Development on Dynamism Between Learning and Diffusion of Technology	236

11.5	Diffusion, Substitution and Competition Dynamism Inside the ICT Market: <i>A Case of Japan</i>	238
11.6	The Co-evolution Process of Technological Innovation: <i>An Empirical Study of Mobile Phone Vendors and Telecommunication Service Operators in Japan</i>	242
11.7	Technopreneurial Trajectory Leading to Bipolarization of Entrepreneurial Contour in Japan's Leading Firms	244
11.8	Technological Diversification: Strategic Trajectory Leading to an Effective Utilization of Potential Resources in Innovation: <i>A Case of Canon</i>	245
11.9	Japan's Co-evolutionary Dynamism Between Innovation and Institutional Systems: <i>Hybrid Management Fusing East and West</i>	246