
Alternative sources of patient capital for alternative innovation strategies? Antecedent and consequences at the top of the world telecoms equipment industry

Jiajia Liu*¹ and Andrew Tylecote²

¹Manchester Business School (MBS) – Booth Street West ; Manchester ; M15 6PB, United Kingdom

²The University of Sheffield [Sheffield] – Western Bank Sheffield S10 2TN, United Kingdom

Abstract (in French and English)

The availability of 'patient capital' has long been of interest to academics and policy makers. Much of the literature has focused on the study of banks in Japan and Germany, based on the bank/financial –market dichotomy. Few scholars have considered the potential for other financial market actors to demonstrate patience. We therefore study two alternative and prevalent sources of patient capital: family consortiums and employee shareholding schemes. We believe in the value of systematically comparing two directly competing firms from institutionally profoundly different countries. The two biggest telecommunication equipment firms at the technology frontier, Ericsson of Sweden and Huawei of China provides the opportunity to test how far we could connect the institutional differences in those countries with the differences in strategies. We first outline the contrasting forms of patient capital utilised by the two companies and the complementarities between patient capital and the home country's institutional configuration: work organisation, inter-firm relationship and the role of the state. We then trace the innovation trajectories and strategies deployed by each firm. Focusing on 'critical points' on their timeline, we discuss the effects of two forms of patient capital on contrasting innovation strategies: will discipline defeat creativity – or learn from it?

Keywords: telecoms industry, capital, innovation strategies

*Speaker