

Hitachi's Technological Contribution to Development in Emerging Economies



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IT is still unclear how we can find our way out of the worldwide recession triggered by the failure of a US investment bank in September of last year. Policy makers around the world find themselves adrift in uncharted waters. The recession and other factors have also resulted in Hitachi confronting one of the most critical situations since the group's formation. It is as if the fact that this is taking place just before the centennial of Hitachi's formation is acting as inspiration for us to return to our origins, as "looking back at the path we have taken over the last 100 years takes us back to our roots."

Considering the history of Hitachi's global expansion, the first step along this path was the export of a 75 horsepower plate fan supplied to the South Manchuria Railways Company in 1920. The first direct export to a non-Japanese company was an electric motor and transformer supplied to the government of the former Union of Soviet Socialist Republics in 1930. Hitachi's first overseas base was an office in Bombay (now Mumbai), India established in 1935. The first export of heavy electric plant took place in 1939 and consisted of hydroelectric generation equipment supplied to the Macabu power project in Brazil. These four countries

are now collectively known as the BRICs countries, so we can say that the globalization of Hitachi started with the development of a market in an emerging economy.

Nowadays, there is much talk about emerging markets for both good and ill. The media have carried numerous items that touch on the expectations and uncertainties felt about emerging economies in the face of the recession. However, it can be very dangerous to treat emerging economies as a single entity. Different geographical, historical, and cultural backgrounds make the economies of these countries very different from one another.

Bearing this in mind, and taking account of factors such as their rich natural resources, growing populations, and geographical locations relative to the major powers of China and India, this issue's first article explains why we should take note of the growth potential of the countries of the Middle East and elsewhere in the Indian Ocean economic region. The feature articles go on to describe the distinctive needs that arise from this geographical, historical, and cultural context, and the products and technologies of Hitachi that meet these needs. Specifically, the topics covered by these articles include: (1) construction

machinery and the development of mineral resources, (2) agricultural IT (information technology) systems and the development of food resources, (3) education systems and the development of human resources, (4) water treatment systems and urban development, (5) diagnostic imaging systems and advances in medicine, (6) the provision of social infrastructure to industrial complexes and the challenges posed by a data center business and the fostering of new industry, and (7) broadcast systems and the transmission of information in the Islamic world. The first article explains the need for innovative marketing in order to go beyond these examples and further expand our social innovation businesses in emerging economies, and describes cooperative solution initiatives that constitute the practical realization of this approach.

In addition to technology and marketing, the prerequisites for establishing a presence in emerging economies also include cultivating our brand and promoting more local autonomy through things like locally based management and human resources

development. As an example of brand power, this issue carries an article about the metallic components. Other articles use the operation of overseas subsidiary and office as case studies of how the group is encouraging locally based operations, describe CSR (corporate social responsibility) activities in India, and offer the example of a young engineer from an emerging economy who is engaged in software development work in Japan.

Another article in this issue describes the electric propulsion system installed in the Shirase Antarctic research vessel, and we offer the suggestion that the image of the Shirase venturing into the Southern Ocean, the planet's last frontier, can be seen as a symbolic parallel to the opening up of emerging markets.

Although we started out by comparing the current unprecedented economic crisis to a voyage into uncharted waters, it is our hope that this issue can act as both propulsion and map to assist readers toward a greater understanding of emerging economies.