Different laws reflect a country's unique culture and can hinder or stimulate innovation

Laws in developing countries generally reflect their unique cultures, which may restrict innovation and risk-taking, throwing obstacles in the path to development.

Strong legal mechanisms, including intellectual property rights and patent protection, allow innovation to thrive.

More than elsewhere in Asia, Southeast Asian countries emphasize the economic value of intellectual property rights on patents, but enforcement varies and so does their attraction for investors.

Beyond legal mechanisms, innovation centers stimulate growth and innovation.

Government-protected technology parks link universities and state companies, and investors know they have a degree of security and won't have problems down the line.

Innovation comes from a meeting of minds, and while there is a risk that specific research may lead nowhere, it's outweighed by the potential profit from unanticipated spin-off results.

The more freedom a country gives its enterprises, the more innovation it could produce.

The People's Republic of China and India offer a curious comparison.

State-owned enterprises in China have to some extent generated substantial levels of innovation, while the opposite is true for India, where innovation is achieved *despite* government intervention and the bureaucracy that separates state and national governments.

In the United States, the presence of labor unions, higher minimum wages, and higher levels of government employment help innovation in some states. And entrepreneur-friendly bankruptcy laws encourage start-up activity as well, buffering risk and not penalizing failure.

A lot of this has to do with cultural factors, at the company and national levels.

A corporate culture is more patient and tolerant of failure and encourages more innovation. The corporate multinational juggles different cultures in its operating areas, but it can promote positive innovation that changes cultural attitudes by introducing best practices that may be contrary to the local norm.

Some researchers say using national culture to determine the extent of innovation is problematic, because cultural identity does not change much over time.

But some argue that culture and innovation are related. That's because some national cultures encourage creative thinking and have a long-term slant toward tolerating failure.

Then there are cultural markers that are transnational.

People are on the move now more than ever before, and migrants, either as guest workers or as asylum seekers, challenge the smooth integration of innovation of other cultures into the national creative spirit.

Migration can either underpin or hamper innovation. The past years have seen rising right-wing politics and nationalism taking center stage in developed countries. Not just refugees but migrants in general are increasingly resented for supposedly taking jobs rather than creating them through fresh innovation.

This episode is based on research done for ADBI by Douglas Cumming, professor and Ontario research chair of the Schulich School of Business, York University, Canada; and Sofia Johan, extramural research fellow of the Tilburg Law and Economics Centre, University of Tilburg, The Netherlands.

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