

Innovation and development

- “How different are developing country firms ..when it comes the opportunities and demands facing firms and what are the consequences”?
- Five papers:
- One conceptual (Henny)
- Two empirical based on World Bank Investment Climate Survey (Micheline (three sectors/four countries + Martin(30 countries))
- Two empirical based on CIS: Brazil/Argentina (Eduardo) - Thailand/Korea (Patarapong)

Henny: A Gershenkronian theme

- LDC innovation: broad perspective needed
- Widespread and important
- Technology capacity building “that go well beyond assimilation/adaptation of western technologies” needed due to:
 - - new sectors (ICT/bio) where “connection with science is much deeper” (p.6)
 - - specific LDC challenges (poverty, disease ecology, environment; “radical” solutions required)
- South-south cooperation (rather than copying the advanced countries)

Micheline: “Impact of technological capabilities on firm performance”

- Four countries (BR, EC, SA, TA)/three sectors (food, textile, garments)/explain labour productivity
- Why a sectoral approach? What is meant with capabilities?
- Variables: RD, foreign ownership, machinery import, licensing, manager education, finance regulation, findings: not one of them matter in all three sectors
- Most support: RD, manager educ., finance, regulation
- R&D: textiles/garment but not in food (counterintuitive?)
- The poorer the country the less the impact of R&D – LDCs different?
- What does this tell us about innovation and development?

Martin/Bart: explain innovation by factors operating at firm and country levels

- Investment Climate Survey; 15 000 firms in 30 developing countries, multilevel analysis
- Broad definition of innovation (new to firm), finds a lot of innovation, as expected?
- 20-90% of DC firms innovate, average 65%, Latin America especially high?
- Firm factors: Size, age, skill, foreign ownership, training, standards, internet, why these?
- Nation factors: GAP, RD, EDU, Finance, income distribution, governance
- Inequality good for innovation?

Eduardo/Patarapong: Lessons from CIS (Brazil, Argentina, Thailand, Korea)

- Share of innovation in firms: 26%-60 %, Brazil, Argentina, Korea within range
- Thailand 6%? Why?
- Foreign ownership: More innovation but explained by size and sector
- DCs: Low on R&D, high on machinery (but so are some european countries)
- Sources of innovation: Same as elsewhere. But little cooperation with other firms and low support (Brazil)
- DC firms not exceptional? But weak “system”?

Henny's points once more

- Approach to innovation: Broad/narrow? What is the appropriate approach?
- How “special” is the developing world? DC firms seem not to differ qualitatively from other firms
- Common finding: Customers important, universities (science) less so
- Increasing role of science? Not supported by CIS-surveys. More evidence needed
- But “system” (cooperation, support) may be less conducive?