

**Innovation and Growth: From R & D Strategies
of Innovating Firms to Economy-wide
Technological Change. Edited by Martin
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As observed by the editors of the book *Innovation and Growth*, there is no shortage of previous studies in the field: during the 30-year period 1969–1999, 1158 scholarly publications in the *Econlit* database (a comprehensive, indexed bibliography with selected abstracts of the world's economic literature produced by the American Economic Association) contained the word 'innovation' in their title. This figure surged to 2814 publications during the 11 year period 2000 to 2011, and research papers containing both 'growth' and 'innovation' increased from 66 to 145 between the same periods. So do we need another study on the same theme?

Innovation and Growth is an edited volume, with 13 highly variegated individual chapters both in terms of methods and character, from empirical case studies to arcane theoretical modelling. As often is the case in edited volumes, several chapters stand out, irrespective of the supposed general theme. In an important contribution, John Cantwell, together with Feng Zhang discover an important trade-off in international firms (Chap. 4 – 'Knowledge accession strategies and the spatial organization of R&D'). Contradicting the popular belief of a truly globalized knowledge economy they point out that "an MNC may benefit from the integration of technologically diversified knowledge, but when doing so such component knowledge inputs may have to be accessed from a limited number of geographical locations" (p 108); in essence, it is hard to cross technological and geographical borders at the same time. In a very different contribution, David Hart discusses the conditions for high-potential entrepreneurship (Chap. 13), which he suggests to be at the heart of the US job-creating machine, where a small percentage of new firms account for a disproportionate part of net employment increase; however, this chapter is more conceptual than empirical. Katharina Blomkvist, Philip Kappen and Ivo Zander present a study of 'Superstar subsidiaries' (Chap. 3), demonstrating that in early internationalizing Swedish engineering firms, subsidiaries with a strong local market and a high degree of autonomy excelled in developing technologies beyond the original corporate mandate. Their most interesting finding, that within these subsidiaries only one or two creative engineers accounted for almost half of all new patents, resembles David Hart's notion of high-potential entrepreneurs in Ch. 13, but unfortunately this finding is not further developed.

Although this book presents some interesting chapters, one cannot hide the fact that the book as a whole tends to miss out on several central themes related to innovation and growth. Why no chapter on the emerging, fast growing economies, such as China, Brazil, Tanzania or Turkey, for example? The phenomenon of accelerated catch-up is not only of huge contemporary significance but also opens up for new studies related to the book's central theme, innovation and growth. In one of their own contributions (Chap. 8 'R&D strategy and firm performance: What is the long-run impact of persistent R&D?'), the editors demonstrate that – at least in Sweden, during a specific period of time – firms with consistent investments in R&D outperformed firms with less persistent R&D efforts. But how important are R&D investments at the country level? Within the diversified group of emerging economies, Korea is an outstanding example of persistent corporate R&D efforts which have elevated Korea to first world status and made its leading firms household names also in the West; China, however, with no less impressive growth rates, has resorted much more to what Verspagen and Clausen (Chap. 2) label *occasional innovation*, based on licenses and other forms of market-based knowledge acquisition. A systematic

comparison could have shed light on the classical theme of creation versus diffusion. Policy is discussed en passant in several chapters, but there is no systematic review of various innovation policies and their impact on growth; the same is true for sustainability, innovation and growth, or (fossil) energy use, innovation and growth (sustainability is not even an index term). Is this an indication of a persistent blindness among mainstream economists to issues beyond the traditional economic worldview, or just one side effect of the way the book was born? A reader of an edited volume can always ask for more chapters, but this also raises an important issue for scientific publishers, such as OUP: will they find ways to make individual chapters visible (e.g. on Google Books), accessible and downloadable in convenient ways? Or are there other ways to make a book content more flexible and responsive to demand?

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