

It is perhaps significant that the book also does at times evaluate barriers to fundamental change. One reading of the book is indeed that the book itself demonstrates the potential for inertia.

Two other brief comments about the book are perhaps worth making. Though the book is about teaching economics, little time is taken considering the objectives of doing so. Yet, as has been argued repeatedly (for example, Mearman, 2013), teachers cannot do their jobs well if they are not clear on what they are trying to achieve.

Szirmai A, Naude W, & Goedhuys M (Eds.)
Entrepreneurship, Innovation, and Economic Development
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Radha Upadhyaya
Institute for Development Studies,
University of Nairobi

This is a helpful book that brings together current writings on the link between entrepreneurship, innovation, and development. The book attempts to answer three sets of questions: What is the impact of entrepreneurship and innovation on growth and development? What determines innovative performance? And what can be done to support innovation?

The book follows a broad definition of innovation as ‘the development of new products, new processes, new sources of supply but also the exploitation of new markets and the development of new ways to organize business’ (page 5). The book accepts that entrepreneurship in developing countries can be unproductive and a survival strategy but attempts to understand instances of productive entrepreneurship that can be associated with innovation and in turn, economic dynamism and catch up at the country level. The main advantage of this book is that it brings together authors with differing viewpoints and differing methodologies (both quantitative and qualitative). The book has eleven chapters of which five chapters cover issues related to a cross-section of countries and the rest focus on country specific case studies. The case studies cover Vietnam, Ethiopia, Turkey, India and also a developed country — Finland.

The introduction to the book is clearly written and has an interesting self-reflecting style that highlights debates that remain unresolved. For example, Chapter 3 by Alice Amsden emphasizes the role of *large domestic* firms as key to entrepreneurship led catch up. At the same time Audrestsch and Sanders emphasize in Chapter 3 the role of foreign firms transferring technology from the North via offshoring. Other papers, including the chapters by Gebreeyesus on Ethiopia and Voeten, de Haan and de Groot on Vietnam,

emphasize the importance innovation in small and medium sized firms. This shows that the important debate about the right mix between foreign and local firms on the one hand and large and small firms on the other for the innovative capacity of a country still remain unanswered. In a similar vein, the jury remains still out on the important question of what can be done to support innovation. For example, the piece by Akcomak recognizes that incubators can only be but a tool for encouraging innovation under very specific circumstances. Yet, in development policy circles business incubators have been embraced as the key policy strategy for encouraging innovation. For example the World Bank Business Incubator Initiative has helped to set up over 70 business incubators in 50 countries since 2002 (<http://www.infodev.org/>).

The key criticism of this book is that it includes studies that attempt to understand the link between innovation and development based on a cross-country methodology, which by its very nature, measures entrepreneurship in a very narrow way. For example Chapter 4 by Stam and van Stel on 'Types of Entrepreneurship and Economic Growth' uses the Young Business Index as a measure of entrepreneurship and finds that this index is highly correlated to growth in high-income and transition countries but not in developing countries. This leads them to conclude that developing countries have a variety of 'institutional constraints' that 'neutralize the effect of entrepreneurship' This conclusion reflects the underlying methodological problem of cross-country studies. Indeed, the process of development, or in this case, the link between innovation and development, is not a homogenous one as assumed in these studies, but is highly heterogeneous (Kenny and Williams, 2001). This heterogeneity, in turn, emphasizes the need to conduct single country or comparative case studies that attempt to understand what are the specific institutional constraints that either hinder or encourage innovation. Using the broad definition of entrepreneurship advocated by the editors of the volume would imply that Young Business Index is not the right tool to find this out. The editors of the book remain neutral on these extremely important methodological issues. In this vein, it would have been useful if other case studies reflected on the historical development of entrepreneurship, which Amsden identified as a key initial condition. These sorts of studies would ensure that policy recommendation move beyond general recommendations, such as market development and capacity building, but tackle the particular problems of developing countries.

Overall this book is a valuable knowledge base on the links between innovation, entrepreneurship and growth. However, it must be read keeping in mind the methodological problems of some of the cross-country studies included in the volume.

Reference:

Kenny, C. and Williams, D. (2001). What Do We Know About Economic Growth? Or, Why Don't We Know Very Much? *World Development*, 29(1), 1-22.