

Book Review

Innovation and Learning Experiences in Rapidly Developing East Asia, by Rajah Rasiah, Thiruchelvam Kanagasundram and Keun Lee (eds), London and New York: Routledge, 2012, 144 pp.

Innovation and learning are at the heart of economic growth and development. Both processes are strongly interconnected (but not identical), and are best understood as the outcome of interaction (Lundvall, 2007). While no other part of the developing world has seen more dynamism in innovation over the last three decades than the rapidly developing economies of East Asia, the progress has been somewhat uneven. Various studies have documented innovation and learning in East Asia, yet much remains to be done. Specifically, learning is a firm-specific process and must be studied at this micro level. In this respect, the book's rich selection of industry-based national case studies represents a profound contribution to knowledge of the subject. More importantly, the book offers an explicit and bold attempt to apply an evolutionary framework (Nelson, 2008a; Nelson, 2008b; Rasiah, 2011) to phenomena other than those that have traditionally occupied scholars of innovation, learning and technical change.

The book comprises nine chapters, six of which are confined to specific country case experiences (China, the Republic of Korea, Laos, Malaysia, the Philippines and Thailand). In the introduction, Rasiah *et al.* highlight the main objectives of the book – to revisit some of the main debates on learning and innovation by examining critical issues on technology as guided by the empirics and to provide a synthesis of key technological catch up experiences or the lack of them based on selected cases in developing East Asia – and provide a concise summary of the collection of works. Chapter two sheds light on research and development (R&D) and export intensities by ownership, using a sample of auto-parts firms from five countries. Chapter three puts into perspective the critical coordinating roles of market, government and cooperation in the dynamic industrial transformation of button production in Qiatou, China. The importance of governance to research performance at the macro level is further underscored in chapter four based on the reforms carried out on government research institutes (GRIs) in the Republic of Korea. Chapter five evaluates critically the four systemic pillars of technological capabilities in garment firms in Laos. A comparative analysis of the obstacles to innovation faced by Malaysian manufacturing firms, categorised as innovator and non-

innovator firms, is presented in chapter six. Likewise, chapter seven employs survey findings to discuss the importance of training and development in large corporations in the manufacturing and non-manufacturing sectors in the Philippines. Chapter eight examines the adoption of an innovation system approach in the formulation of innovation policies in Thailand. The conclusion by Rasiah synthesises the experiences of East Asia and draws implications for theory and policy.

The main message coming from the book is that network cohesion (connectivity and coordination amongst the different players), a somewhat neglected issue, is ultimately important for stimulating innovation and learning in firms. The contrasting micro cases of the success story of button manufacturing in China and the limited technological catch-up situation of garment manufacturing in Laos are exemplary of the importance of embedding environments in those economies. Overall, the book provides a good mesh of theory (guided by new and refined analytical approaches) with empirics to forward our understanding of innovation and technical change, largely derived from studies of manufacturing in unique country experiences in the developing economies of East Asia. In terms of theory, what is advocated is not a complete abandonment of the neoclassical postulations of technical change, but that knowledge of the subject based on the former is far from adequate as it tends to make the wrong abstractions.

I would now like to address several issues related to innovation and learning from the book's micro-economic aspects and macro explanations that I believe could be expounded further. The first relates to the relevance of *social capital* for innovation, which has been implicitly alluded to in chapter three on 'moving up in the global value chain in button manufacturing in China'. Undeniably, social capital (trust, shared objective) is pivotal for developing relationships and for knowledge sharing particularly within clusters (Han *et al.*, 2008). It would thus be interesting to further delineate if innovation was more influenced by official network activities through shared goals rather than by the utilisation of networks of unofficial relations based on the social capital of trust, at least in the case of China, where cluster policies are largely based on active government-led programmes.

The second issue, somewhat linked to the first on clusters, deals with the learning experience of firms, which in turn depends on the *absorptive capacity* of firms to benefit from internal and external resources in terms of innovation within specific locations. Social embeddedness is thus not enough to explain innovation and learning within clusters as internal resources are admittedly important for shaping the absorptive capacity of firms (da Silva, 2012). This issue has again been implicitly tackled in chapter seven on 'training and development practices of large Philippine companies', but not clearly spelt out.

The final point refers to the concept of *national systems of innovation*, which basically belongs to a family of models forming evolutionary economics. This macro issue is taken up in chapter 8 on ‘innovation policies in Thailand’. Though the author addresses several systemic problems in the innovation system that hinder the transformation of policies into practice, I echo the concerns of Lundvall (2007) that emphasis should also be placed on the power aspects of development to make the concept relevant and applicable to developing countries.

Taken together, the above mentioned issues of social capital, absorptive capacity of firms and national systems of innovation are essential for understanding innovation and learning experiences. Though these have been implicitly argued in the book, they can be further detailed in the theory and empirics to tease out specific policy implications for developing East Asian economies. Having said that, the thinking behind the brilliant ideas and arguments set forth in the book is itself considered ‘innovative’ and makes an excellent reference for scholars engaged in similar research.

References

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