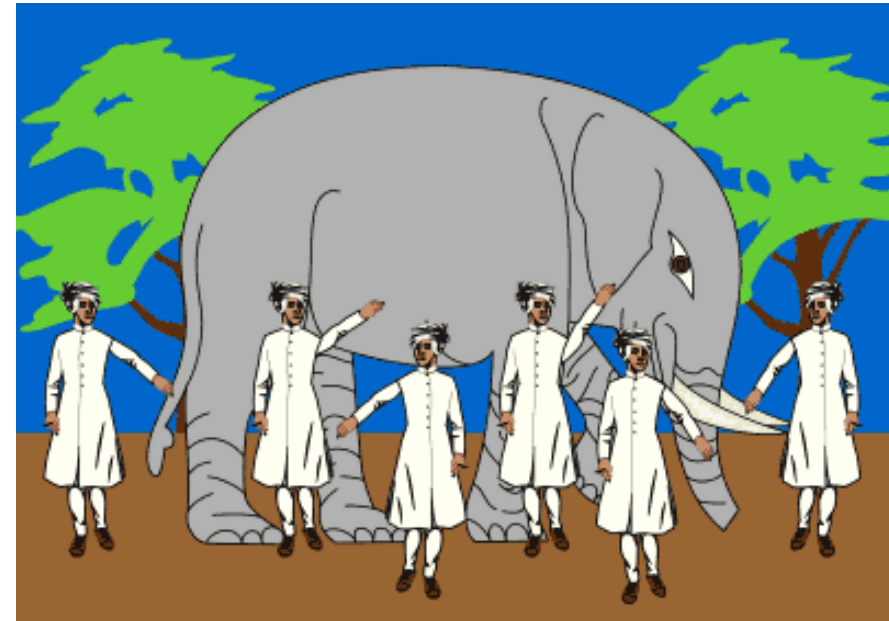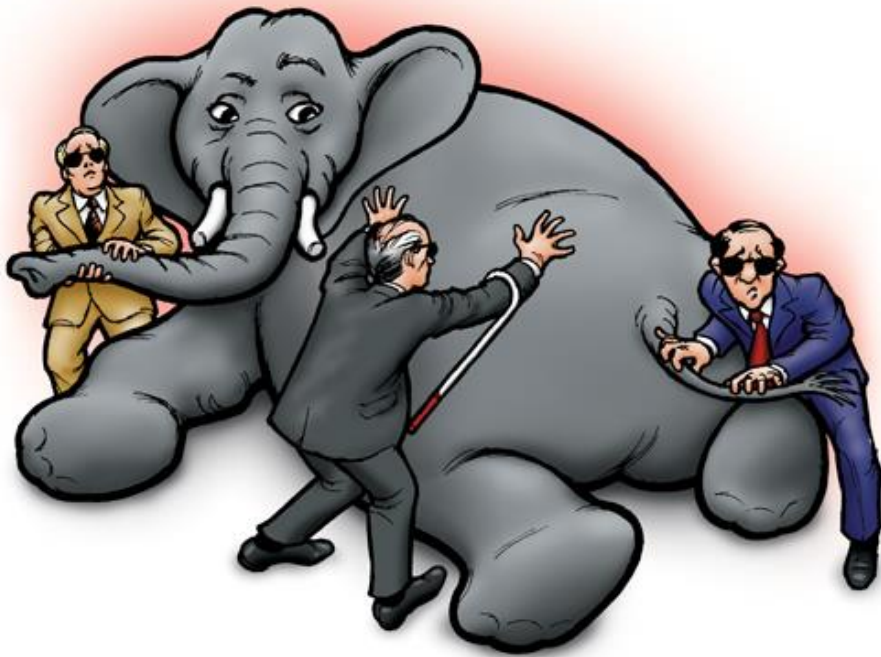# The transformation from imitation to innovation in emerging economies

Chair: Rajneesh Narula

Looking for an answer: like the blind men and the elephant

Alternative elephant/blind men interactions

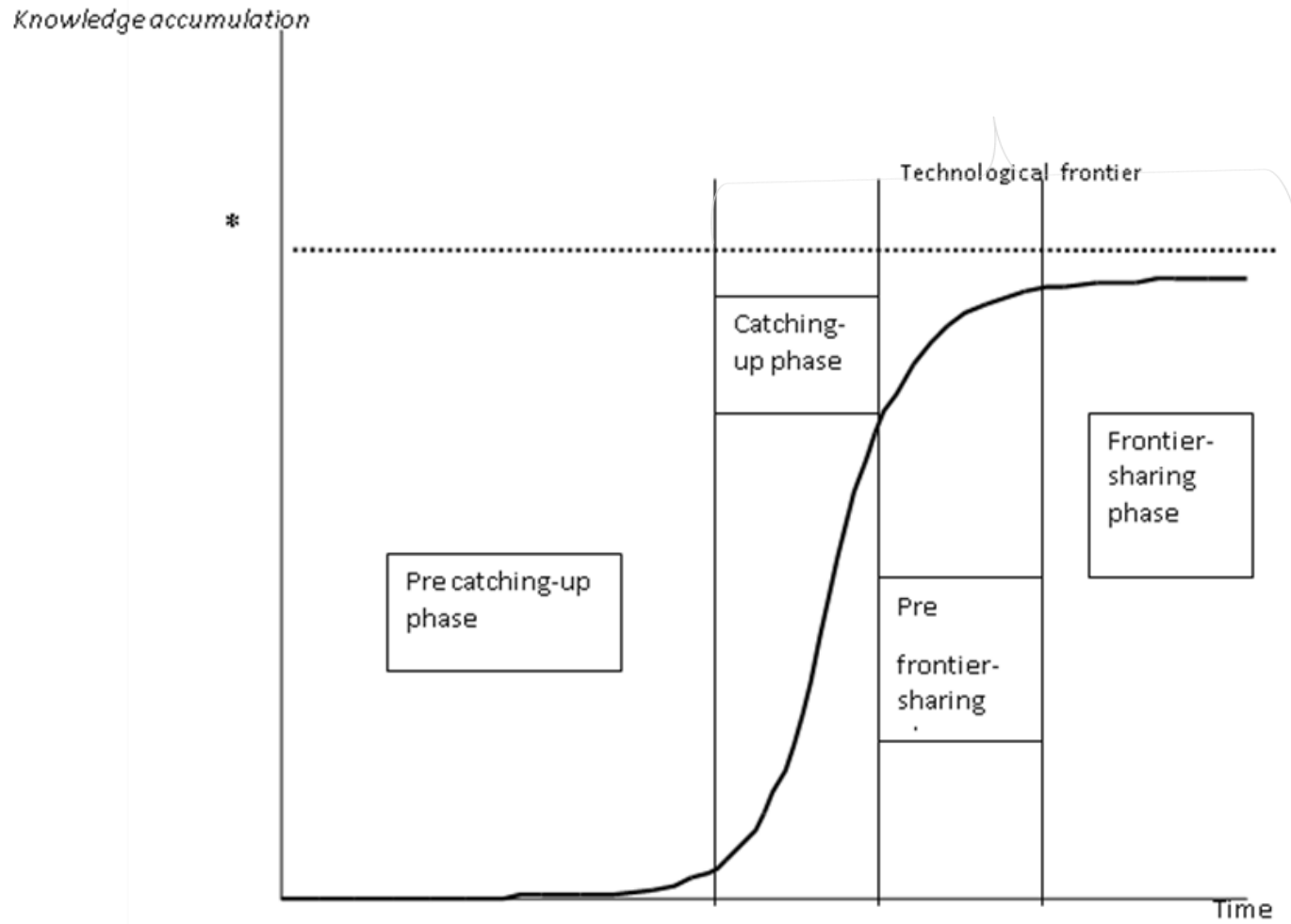# The Jane Austen version of the fable

Other aspects

- Poster sessions

  – Velcro tags available from registration desk

  – Please take down your poster by the end of the day

- Parallel sessions

  – please see programme for details

- There is a prize for best paper, sponsored by the Huck Foundation
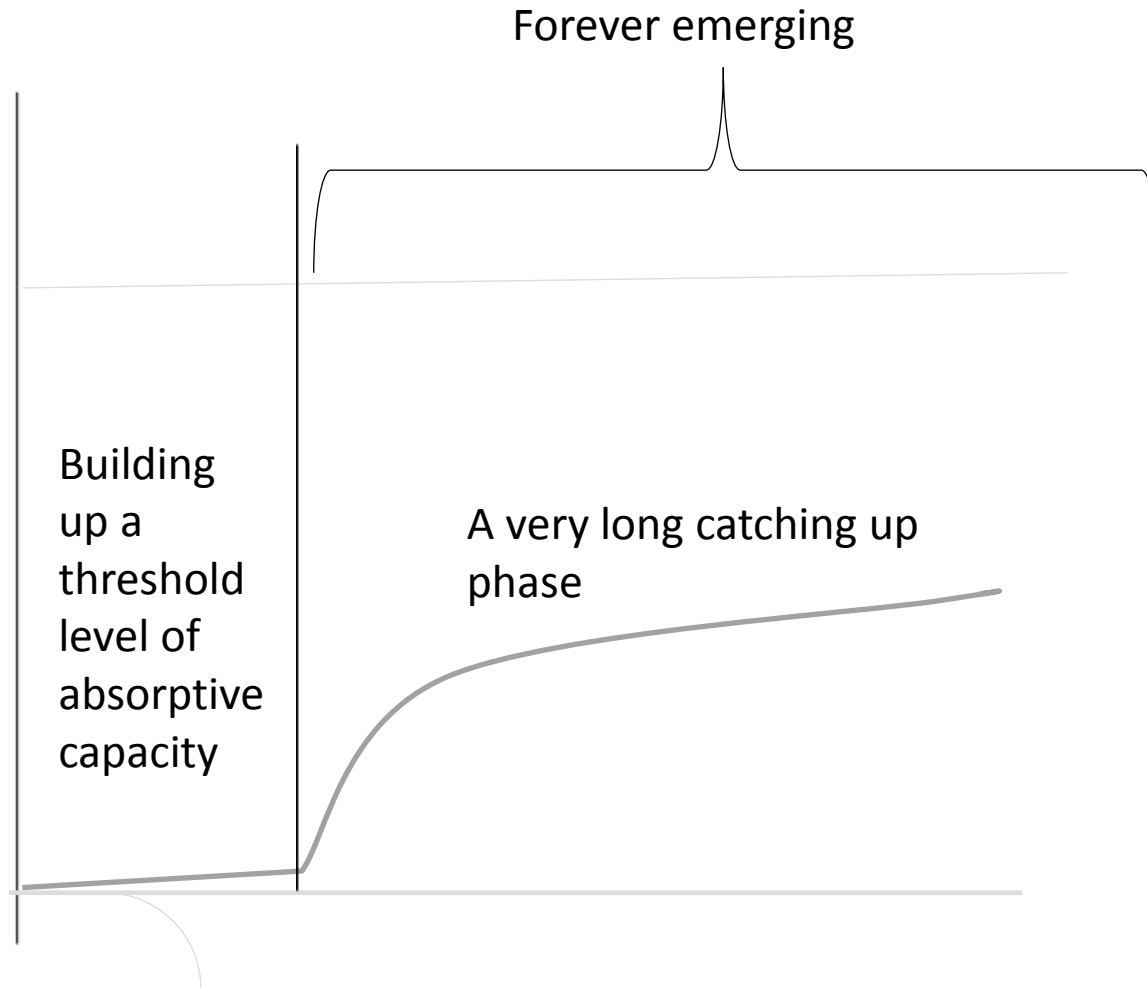
Issues that we will discuss in this panel

- The 'big' issue: What makes countries move from imitation to innovation?

  - And: why do some countries **fail** to move from imitation to innovation?

    - The problem of the 'middle income trap'

    - The problem of building up an innovation system (including institutions) that works for different sectors

    - The problems of structural adjustment (inertia)

    - The problems of firm-level capabilities (managerial and technical)

Knowledge accumulation in theory.

Criscuolo and Narula 2008

In practice….countries 'flat line'…

Forever emerging

Building up a threshold level of absorptive capacity

A very long catching up phase

But countries are complex 'systems'

- Multiple sectors that may be linked or disharmoniously work against each other

- Structural mismatch between what knowledge infrastructure provides and what the economic actors need.

- Firms (both domestic and MNEs) may not have the technological/absorptive capacity or managerial/organisation skills to do so

- The role of the state in providing public goods (and appreciating what constitutes a public good in a modern economy)

And thus our theme:

- Ludovico Alcorta – takes a look at the evidence across countries

- Xiaolan Fu – institutions and incentives: the challenges ahead for China's transformation

- Yves Doz – The need for multidirectional knowledge flows, and the managerial challenges for firms

- David Kaplan – How governments play a role in overcoming these challenges: examples from South Africa