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Book Review

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F. D. Beule and Y. Nauwelaerts, ed. (2013) *Innovation and Creativity, Pillars of the Future Global Economy*, Edward Elgar, London

At the very beginning, in their Introduction, the editors point out that this volume was inspired by the European Year of Creativity and Innovation and Lisbon Agenda. The two interrelated events show clearly that Europe is targeting innovation and growth of innovation capacity as stated in the purpose of Lisbon Agenda «to make the EU the most competitive, knowledge-based, economy in the world by 2010.» Understanding innovation as the crucial underlying force of global competitiveness is broadly defined as «the creation of better or more effective products, processes, services, technologies or ideas that are accepted by markets, governments and society.» This volume brings together academics from universities in Europe: Belgium, Sweden, France, Switzerland, Portugal, UK, Netherlands as well as from the USA, in the effort to shed more light on some of the most important aspects of innovation and creativity. The interdisciplinary and very broad perspective of this volume has brought together scientists in the effort to tackle different and complex innovation and creativity issues at different levels, focusing on specific aspects. The first set of chapters deal with the country level aspects, the second set tackles innovation and creativity at the firm-level, and the third set is focussed on multinational companies.

In their study on international trade in disembodied technology, the authors Nathalie Avallone, Severine Chedor and Jean-Louis Mucchielli found that there is a trend of growth in international trade in technology based on the balance of payments statistics showing that the volume of transactions is increasing. In addition to innovations being developed internationally, international trade of innovations based on technology diffusion realized by technology transfers and spillovers is also rising. The activities, implications and effects of international trade in technology, especially disembodied technology transfers and spillovers, do not receive due attention and are rather neglected by economists despite their undoubtedly significant role, representing global challenge for countries and firms striving for competitiveness. Technology transfer, taking different forms of licensing or selling technology to foreign purchasers is appraised by market transactions. The domain of disembodied technology trade at international level is increasingly important and encompasses international patent licensing, technical assistance, engineering and external R&D services, know-how contracts. The empirical analysis is based on the available data and the traditional input-output analysis of innovative activities. Serious limitations to the research are related to difficulties in collecting specific data and also data for the European Union as a whole which makes it difficult to highlight any European specificity. This is yet another argument to the conclusion that these aspects have been neglected. The generation, diffusion and utilization of knowledge is also pointed out as the core characteristic of firms and economic activity as a whole by Peter Teirlinck in the chapter that deals with science, technology and innovation policies and indicators for Belgium. The same author emphasizes the accelerated internationalization of innovation, mostly represented by intertwining of regional and national innovation systems. At the same time we witness the emergence of international systems, such as the EU, presenting a new context for innovation policy making. The author points out that «despite the Lisbon Strategy, Europe has been unable to reduce its business R&D deficit within the triad and is challenged by newly emerging economies such as China and India.» This author also concludes that research results in the fields of developing measures and collecting internationally comparable data on cross-border R&D and (open) innovation would contribute to better adjusted policies regarding outsourcing, internal and external R&D actions for strengthening innovation capacities and leading to effective R&D.

In a different chapter related to the analysis of innovation performance of firms located in Belgium the authors show that most R&D in Belgium is performed by foreign subsidiaries or Belgian multinational groups and that multinationals outperform purely domestic companies, leading to the conclusion that both companies and governments should «take steps towards increasing the internationalization of firms in order to improve their innovativeness.»

The level and growth of technological knowledge has been proved to be directly related to the level of foreign exposure of firms. In their research on Portuguese firms, the authors show that firms that are more globally engaged have a higher ability to innovate. This study has also shown that the access to knowledge information flows has a higher impact on innovation ability than knowledge inputs, concluding that the existing knowledge stock is not uniformly accessible throughout the world. Firms could engage more and improve both their accessibility and their capacity for taking advantage of the knowledge and technology. This calls for specific competences to be developed, strengthening the ambidexterity of firms and is related to the capacity to improve firms' openness through accessibility and adoption of external technology, at the same time fostering their internal innovative efforts and absorptive capacities.

In their study on the effects of basic research on the technological performance of firms in the pharmaceutical sector, the authors demonstrate that firms that perform basic research may benefit from «first-mover advantages» drawing on the analysis of R&D, patent and publication activities of 33 large US, European and Japanese pharmaceutical firms. It is also shown that technological performance is a monotonously increasing function of basic research intensity.

In the chapter by Cantwell and Smeets difference is made between technology seeking and technology exploiting foreign direct investment (FDI) with the important findings that technology seeking FDI arrangements are at least as likely to induce positive productivity effects in the host country as technology exploiting FDI. This is based on the high knowledge spillover potential of technology seeking FDI.

Recent research in the field of international business has given proof of the fact that developing and diffusing technology throughout the multinational enterprise network «constitutes one of its most important policies and sources of competitive advantage.» Katarina Blomkvist looks at the reverse side in analyzing reverse technology diffusion from the subsidiary to the headquarters of MNE and the main finding suggests an increased speed of reverse diffusion from foreign advanced subsidiaries to headquarters. The results also show that there is a difference between the observed subsidiaries in terms of the greenfield and competence-creating ones. This is emphasized as supporting previous research arguing that acquisitions are often used in order to gain access to new technologies and that the technological assets and capabilities are under detailed analysis of the headquarters. It is also found that the speed of diffusion from foreign subsidiaries to headquarters is higher from large markets, taking the example of automotive or pharmaceutical industries.

Following on the theme of these relations, another study presented in this book focuses on the determinants and outcomes of the innovative initiative within foreign subsidiaries in South Korea. It is pointed out that «innovation initiative and innovation output are related to long-term goals that can differ from sales growth, which tends to be a short-term goal». It is also concluded that since MNEs started investing substantially into South Korea since the late 1990s, there have been only a few studies on the ability of South Korean foreign subsidiaries to develop innovation initiatives and to contribute knowledge to the multinational network. It has been found that during the time they have developed competences and have started benefiting from the technological base of their host economy. Again, like in other studies presented in this volume, it is stated that the limitation of the study is mostly related to the use of available data which acts in a restrictive manner in relation to the number of variables that can be included in the model.

An applied case study has been presented by Jens Meissner and Martin Sprenger who show linkages between the innovation process and the culture in a large service company.

The book gives emphasis to the issues of creativity and innovation as important drivers of competitiveness with a focus on some crucial theoretical results and findings with an explicit reference to practical use and implications. Starting from the conclusion that most European firms and regions are not performing well in terms of innovation, despite the proclaimed goals and tasks put forward in Lisbon strategy, and despite the commitment to support and achieve these goals, this volume aims at providing valuable material for reversing this trend towards the fulfillment of Lisbon goals. The readers will recognize that this book has a mission, as an additional specific value, and is to be understood in the context of this mission to help practitioners and theoreticians, managers and policy makers as well as politicians and academics to «gain better and new insights» into how to enhance innovative capacities of countries, regions and companies.

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