Promoting Innovation in Developing Countries: A Conceptual Framework+ - A Review

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I. Introduction

The paper aimed at providing a solid conceptual framework for the promotion of innovation in developing countries from which appropriate policies can be developed. The author opined that the growing interest in innovation promotion particularly technological innovation in developing countries stems from limitations experienced through traditional economic policies encapsulated in neo-liberalization. Furthermore, government interventions in building infrastructures for sustainable development in developing countries have not been able to yield the expected results.

The author snow dived into the concept of "innovation policies" embraced in the last four decades to have explicitly contributed to the sustainable growth of some economies. According to the author the concept of innovation encompasses not only technological innovation such as new products, but also includes new management styles, improved communication techniques and other new logistic arrangements. The challenges facing developing countries in applying the innovation processes arises from obstacles derived from inappropriate governance climates and insufficient education. These impediments, however, can be surmounted when the innovative processes are adapted to the needs and possibilities of developing countries.

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▮ Major Highlights of the Paper

The authors' in-depth discussion on innovation elucidated the following highlights;

Innovation borders on anything new, it also borders on changes for better products and processes whether technological or non-technological. Technological innovation encompasses the diffusion of new products and services, that is, new processes to generate new output. On the other hand, non-technological innovation (organizational innovation) involves the introduction of new management or marketing techniques. Innovation policy schemes need to be fashioned out according to the specific features of economies. According to the author, this is the "one size does not fit all" concept. The crystallization of this concept lies in the fact that innovative approaches in countries would differ depending on the stage of economic development of that country. The drive for modernization of traditional activities through new technologies has been polarized and intensified through globalization. In simple terms, globalization applauds innovation.

The author alluded to other vagaries that constrain innovation in developing countries as, a large informal sector, limited Research and Development (R&D) and public sector dominance of economic activities. To alter this status quo in developing countries, innovation should be viewed as something new to local context. This would be achievable through local improvements in welfare conditions and the development of competitive industries. The country experience of Uganda in this light is attributable to the fact that despite their limited institutional capabilities, its policies were focused on basic investment in technological infrastructure which stimulated improvements in welfare, education and agriculture.

The author underlined the need to tie innovation processes into broader economic development strategy, such as incorporating the innovation policy into the Poverty Reduction Strategy Progamme (PRSP). He also underscored the need for economic stability and growth for the success of technological projects. The authors' experience showed that innovation flourishes in countries where there is talent, energy and vision. In the same vein, a pragmatic approach towards education would snowball into greater innovation.

In the author's concluding remark, he posited that innovation in a broad sense is something new to a given context and the notion thus becomes generally acceptable to the peculiarities of developing economies from the most basic welfare improvements to the building of vibrant competitive industries. Consequently, the adoption, adaptation and creation of innovation should be engendered in the strengths of technological and institutional capabilities. Furthermore, the facilitation of international research cooperation and reducing the brain drain processes in developing countries would help to surfeit innovation opportunities.

Foreign direct investment (FDI) is crucial in stimulating change and innovation. It is also an important driving force behind improvements of a country's climate and governance conditions. The primary motivation for developing countries to attract FDI is to obtain advanced technology from developed countries and subsequently establish domestic innovation capability, through the demonstration effect which stimulates local firms' creative thinking to generate new products and processes.

III Comments

The paper has implicitly brought into retrospect the concept of innovation in addressing the current reform processes in Nigeria. China's innovation policy thrusts were built on first attracting FDI for cheap mass production manufacturing and then gradually establishing R&D capability.

Second, China exploited change agents such as the local communities, the educational system and high technological advancements. Coherent efforts were also geared towards pilot operations through technological parks. Nigeria could learn from the wealth of experience of China, by setting up technological parks in or close to universities and partnership with dynamic business enterprises to guaranty the technological innovation success. Efficient institutions and organizations, operating with sufficient autonomy should be established and the facilitation of international research cooperation should also be strengthened.

Reform is an imperative ingredient for innovation to thrive. The quality of the business environment usually linked to governance is of crucial importance to innovation performance taking cognizance of the legal and regulatory framework. Research and Development (R&D) institutes in Nigeria are not well funded and exposed to the new happenings in the global economy. The relevant established institutions should be strengthened to give them the necessary autonomy, especially in financial resources to enable them function optimally. Finally, since FDI is volatile, Nigeria would enjoy changes if it swiftly overhauls its regulatory framework through good governance and a high absorptive capacity through the availability of skilled labour force necessary for technology transfer and trade expansion.