

Comments on *High-Growth Firms:  
Facts, Fiction, and Policy Options for  
Emerging Economies*  
by Goswami, Medvedev, and Olafsen

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# review

1. High-growth firms attract attention because they must have better business model, concept or practice than other firms, which means
2. their further growth or the proliferation of similar firms (i.e., spillovers) would lead to economic development.
3. How to support the creation and scaling up of *HGFs*?  
To answer this question, the authors have asked:
4. who they are (or how to find them)?
5. how they grow?
6. are they really productive?

# review (continued)

7. The book reviews programs for supporting the emergence and expansion.
8. The book recommends a reorientation of policy away from searching for potential *HGFs* to the *ABC* capacity building:
  - A. Allocative efficiency
  - B. B2B spillovers
  - C. Firm capabilities

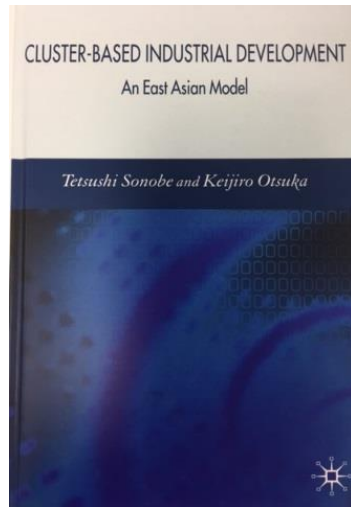
# comments

1. A nice survey of empirical literature on firm growth together with own analysis of data, offering evidence related to 4, 5, and 6 above.
2. Compact but informative description of 54 public interventions in 14 countries aiming at the creation and scaling up of *HGFs* (related to 7 above).
3. Focus shifts away from *HGFs* to *ABC*: The book ends by just mentioning *ABC* without providing much evidence for *ABC*
4. One may think that *C* is of course useful. But little is know about what the cost effective way to strengthen *C*, or who to increase *B2B* spillovers without harming innovation incentives. Considerable further compilation of rigorous empirical studies is needed.

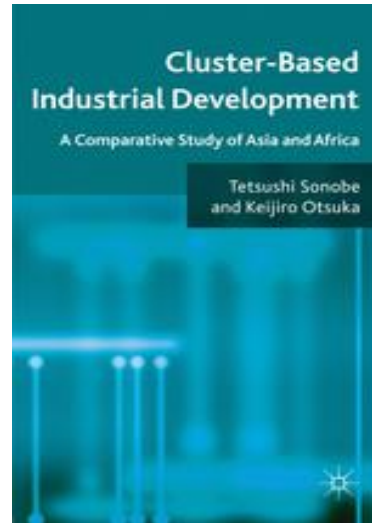
## comments (continued)

5. Focus shifts away from HGFs to ABC: I have empathy for the book because a similar shift happened to me and other researchers who worked on firm growth.

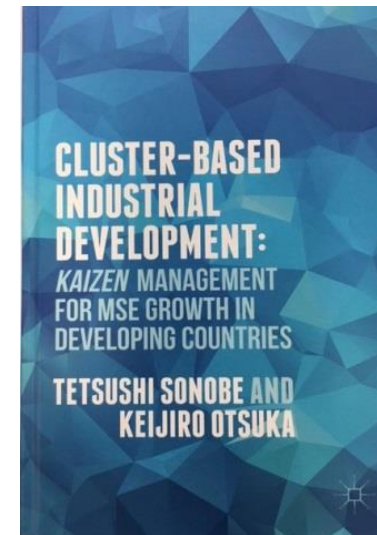
# Cluster-based Industrial Development



An East Asian Model



Comparative Study of Asia and Africa



Kaizen Management for MSE Growth

Industrial clusters: Being near each other reduces transaction costs (both physical transport costs and man-made transaction costs such as shirking, selling sub-standard goods, and breach of contract). Specialization and the division of labor are developed. By specializing, one can start business with smaller initial investment and a narrow range of skills. Moreover new firms can start business by imitating incumbents' product, production process, marketing, etc. Innovative firms bring new ideas (from abroad) and make them usable by adjusting them to their business environments. But they are quickly and rampantly imitated by other firms. Thus, they deserve supports from the public sector.



Journal of Economic Behavior &  
Organization

Volume 120, December 2015, Pages 189-206

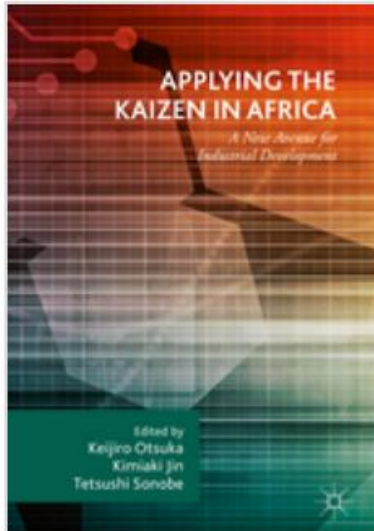


World Development  
Volume 114, February 2019, Pages 220-236



Sustained impacts of *Kaizen* training

Short- and medium-run impacts of  
management training: An experiment in  
Tanzania



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# Applying the Kaizen in Africa

## A New Avenue for Industrial Development

Editors: **Otsuka**, Keijiro, **Jin**, Kimiaki, **Sonobe**, Tetsushi (Eds.)

Provides empirical evidence of the benefits and challenges of Kaizen management practices

# 2019 Africa Kaizen Annual Conference

**Event Date:** 24 - 26 Jun 2019 | **Country:** Tunisia | **City:** Tunis |

**Venue:** Ramada Plaza Tunis, Tunisia | **Contact:** DiranM@nepad.org



Africa Kaizen Award  
winners at JICA-NEPAD  
sponsored Africa Kaizen  
Annual Conference 2019





Mechanical production equipment, steam and water power



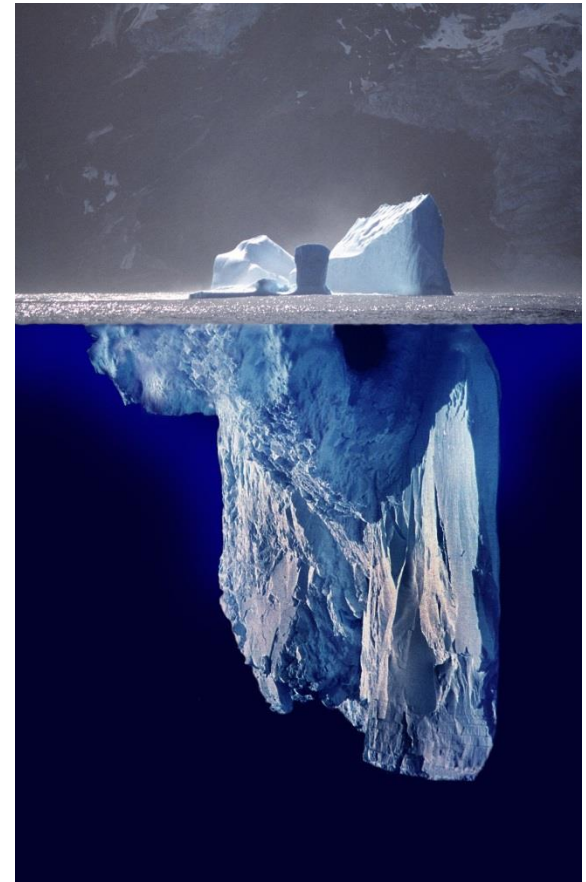
Electricity, mass production, assembly line



Computers and automated production



Cyber-physical systems



- Leading firms are great masters of Kaizen if they do not emphasize or if they call their methods differently.
- Firms are returning to Kaizen.

# comments (continued)

- It is almost clear that standard management practices such as Kaizen work in workshops, factories, and offices in Africa as well, and that they are not yet well known to the vast majority of business owners and managers, not to mention workers, in Africa.
- The book refers to the papers by the Nick Bloom and van Reenen team, the Dean Karlan team, and Cirera, Frias, and Hill. But little is known about how to disseminate them quickly, how to help business owners and managers find a good way to make them sustainable, and so on. The situation has not much improved since David McKenzie and Woodruff wrote that this literature has not yet produced research output that help policy makers.

# comments (continued)

- Even without solid evidence, policy makers have to make decisions. Hence, policy proposals should be prescribed based on a balanced view of fragmentary or weak pieces of evidence. But they should be “strategic”.
- “Strategic” means that a proposal indicates where to start, what follows, when supports should come from where, and so on.
- Sequence is important: For example, what will happen if financial supports are provided to business persons who have no good business idea or little knowledge of standard management practices before a business or management training program is provided for them?



**Training -  
Infrastructure -  
Finance (TIF) Strategy**

**for Industrial Development  
in Sub-Saharan Africa**

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