

Innovation and Economic Growth Model of East Asian Countries: The Adaptability of the Model in Ethiopia

Authors : Khalid Yousuf Ahmed

Abstract : At the beginning of growth period, East Asian countries achieved impressive economic growth for the decades. They transformed from agricultural economy toward industrialization and contributed to dynamic structural transformation. The achievements were driven by government-led development policies that implemented effective innovation policy to boost technological capability of local firms. Recently, most Sub-Saharan African have been showing sustainable growth. Exceptionally, Ethiopia has been recording double-digit growth for a decade. Hence, Ethiopia has claimed to follow the footsteps of East Asia development model. The study is going to examine whether Ethiopia can replicate innovation and economic growth model of East Asia by using Japan, Taiwan, South Korea and China as a case to illustrate their model of growth. This research will be based on empirical data gathering and extended theory of national innovation system and economic growth theory. Moreover, the methodology is based on Knowledge Assessment Methodology (KAM) and also employing cross-countries regression analysis. The results explained that there is a significant relationship between innovation indicators and economic growth in East Asian countries while the relationship is non-existing for Ethiopia except implementing similar policies and achieving similar growth trend. Therefore, Ethiopia needs to introduce inclusive policies that give priority to improving human capital and invest on the knowledge-based economy to replicate East Asian Model.

Keywords : economic growth, FDI, endogenous growth theory, East Asia model

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