CHAPTER 1: AN OVERVIEW ON THE MEANINGS OF NATIONAL PROSPERITY, EMPOWERMENT AND UPPER MIDDLE-INCOME ECONOMY

ZEBEDIAH MUNETA, PERCY TORIRO AND INNOCENT CHIRISA

ABSTRACT

The present chapter explains and critically elaborates the content and meaning of national prosperity, empowerment and upper middle-income economy. The main trope of this chapter is to proffer an overview thereof and clearly identify possible characteristics of these aspects which the developing countries should achieve to improve their economic performance to reduce the level of poverty. The study deploys a desktop study that engaged a review of available literature from Google Scholar, published journal articles, interrogation of the provisions of the National Development Strategy document 1 (NDS1). This chapter concludes that national prosperity, empowerment and upper middle-income are measured by macroeconomic matrices, such as national income performance over a period of time and other factors, such as average life expectancy and social capital infrastructure and literacy rate. From this, one may get a more complete picture and better understanding of the elements of national power.

INTRODUCTION

Historically, the World Bank has classified every country's income as low, middle or high. A new classification system distinguishes countries according to their income levels, that is, low-, middle-, upper- and high-income economies. To classify countries, the bank utilises Gross National Income (GNI) per capita in current U.S. dollars, transformed using the Atlas technique of a three-year moving average of exchange rates (Roos, 2017). As a comprehensive measure of economic prosperity, capability and advancement, GNI is regarded as the best indicator. While low- and middle-income countries were once referred to as developing countries, the World Bank dropped the word from its lexicon in 2016 due to the lack of precision in the term's definition. Hardina (2003) argues that it is no longer necessary for the World Bank to categorise nations based on their geographic location, income and lending status. Although many nations transitioned from low to medium income, only a small number of countries completed the last leap from middle to high income. This is because there are shocks that the country would not be able to sustain as it is investing more in different sectors of the economy. According to this stylised statistic, the transition from an input-based growth model to one that emphasizes productivity is challenging (Takaya *et al.,* 2020). For the country to overcome these growth-related shocks, it has to be able to innovate its way from middle-income status into high income. This provides some hope for emerging developing countries to reach the potential to continue to expand fast, and eventually reach a high-income level in the near future. There are many articles that discuss the MIT, but most of them talk on the probable features of the countries that may be included. Examples include nations that are unable to compete in manufactured exports and in high-skilled innovations with low-income, low-wage economies (ADB, 2011:54).

Economic development, entrepreneurship, governance, education, health, safety and security, personal freedom, and social capital are all measured by the Gross Domestic Product (GDP) levels of a country (Atkinson, 2004). The government is recommended to adopt successful economic policies and reforms based on creativity, innovation, research and development, science, and technology, to have a prosperous country that encourages economic development, provides circumstances for good employment and equitable opportunities for everyone, and promotes economic growth. It is important to note that infrastructure, such as roads, ports and power plants, enhance the productivity of the entire economy, rather than simply a few companies or industries in particular (Ekeh, 2010; Estrada *et al.*, 2018). The region's future investment needs are enormous, notwithstanding prior investments in infrastructure as it is very important for the prosperity of the country.

LITERATURE REVIEW

This section contains further review and understanding of national prosperity, empowerment and upper middle-income economy, drawing experiences from other countries.

OVERVIEW AND UNDERSTANDING OF NATIONAL PROSPERITY

As a first step, a wealthy country has an economy capable of contributing to national income growth and generating employment, so that its inhabitants may make a reasonable income, enjoy a certain level of life, and satisfy their fundamental needs (Sofer, 2013). Secondly, a flourishing country should have the essential infrastructure and physical assets to maintain urban living and production, such as enough water, sanitation and other decent amenities, electricity supply, roads, telecommunications, including digital technologies, innovation and research, and development initiatives.

The extent to which poverty is eliminated is a third component of a wealthy country. The country's cities cannot claim to be successful if substantial parts of its inhabitants are impoverished (Takaya *et al.*, 2020). Shakespeare *et al.* (2019) argue that there are various methods to explain national prosperity, including providing inexpensive low-income housing, making land and financing more accessible and establishing realistic and enforceable planning laws. A prosperous country's cities offer essential social services, such as education, health and recreation, to enable their inhabitants to reach their full potential by increasing their intellectual capacity and ability to live full, productive, healthy and satisfying lives (Hutchinson and Das, 2016). The aspect of social inclusion cannot be left out. This is accomplished through improving gender equality, defending the rights of minorities and vulnerable groups and guaranteeing civic engagement in the social, political and cultural spheres by everyone. Nations' inability to properly incorporate all groups, particularly the excluded, into decision-making processes, produces and maintains poverty, while decreasing general well-being.

Besides that, other matrices are preferable than placing faith in simple economic figures, such as per capita income and GDP (Easterly, 2001). It has been claimed that GDP is not the best indicator of quality of life and level of living despite being widely acknowledged to be an essential economic matrix because it calculates a country's annual output of commodities and services. Gross Domestic Income (GDI) is a statistic that is similar to GDP, where wages, profits and earnings in a jurisdiction are totalled over a 12-month period (Price *et al.,* 2018). Income per capita divides a country's total income by the number of people of its population. Iddrisu (2014) criticises this as more sophisticated than previous measurements of national prosperity.

Despite this, GDP and income per capita remain the traditional and customary methods of assessing national prosperity commonly used by economists. Estrada *et al.* (2018) note that using GDP as a measure of national prosperity is deceptive as the richest one percent of a society may become richer, resulting in a rise in GDP trickledown. However, this does not always imply an improvement in the great majority's level of life. GDP may rise, and the wealthy, who own the bulk of a country's enterprises, may become even wealthier, but the general public remains impoverished. The extra money just goes into the wallets of business owners and individuals with authority and connections. As a result, measuring social economic elements, such as public access to food, water, housing, transportation and safety or public access to basic education, knowledge, excellent healthcare, and a sustainable environment, is a better method to evaluate national success (Edy-Ewoh *et al.,* 2020). There are also political and governance measures, such as the enjoyment of human rights, the freedom of choice and the absence of prejudice that are important to national prosperity left out by the GDP matrices.

Norway is now regarded as the greatest location on the planet to live in, followed by a handful of countries, such as Sweden, Switzerland, Iceland and New Zealand. All of these countries are democracies with varied levels of tolerance for their minority populations. As a result, measuring social economic elements, such as public access to food, water, shelter, transportation safety, public access to basic education, knowledge, excellent healthcare and a sustainable environment, is a superior method to evaluate national success (Price *et al.,* 2018). There are also political and governance-related matrices, such as the enjoyment of human rights, the freedom to choose and the absence of discrimination. Surprisingly, countries attain comparable degrees of social growth while having widely different GDP per capita levels. Countries with equal amounts of GDP per capita might also have dramatically different degrees of social advancement.

In Africa, Ghana has a smaller GDP per capita than Nigeria, but due to investments in human and social capital, Ghana outperforms Nigeria on major social indicators, including access to water and sanitation, information, science, communications, education and healthcare (Takaya *et al.,* 2020). Costa Rica is another example of a low-income country with good education, health, social systems and a robust and free democratic heritage. Countries, such as Costa Rica, that invest in human and social capital in addition to physical infrastructure, and countries where the GDP is not consumed by corrupt governments, such as Nigeria, have greater life expectancy and literacy rates. GDP fluctuates from year to year based on world conditions, which influences physical development of the country. Estrada *et al.* (2017) explain that national investment in social development provides the country with high-quality human capital when times are tough. This translates into more and better development than just physical infrastructure investment, a lesson for leaders and legislators everywhere. Human capital is what gets a country through tough times (Hutchinson and Das, 2016). Social indicators of a country, such as literacy rates, life expectancy, access to sanitation and water, good education and quality healthcare, are the result of that country's legacy of human and social capital investment, and the basic services provided by the government to its citizens.

The impoverished may not always benefit from a country's investment (Chunling, 2010). For individuals who have insurance in the United States, for example, are offered excellent healthcare. In comparison to affluent nations, however, the impoverished in the United States lack access to healthcare, education, information, water, sanitation and safety. GDP increases must transfer to better social outcomes and that must be the objective of good governance. Better nutrition, access to water and sanitation, basic healthcare, education, information, technology and telecommunications are all indicators of a country's prosperity (Price *et al.,* 2018). Focusing on excellent policies and strong good governance is required to achieve increased quality of life because of human capital investment. It necessitates a vision of a prosperous society. But most importantly, it necessitates an awareness that people is at the root of all societal and economic issues, and that the optimal economic investment is one made directly into people' lives by providing and securing the fullest possible access to social products, such as great healthcare, great education, public safety, national security and a sustainable environment.

OVERVIEW AND UNDERSTANDING OF EMPOWERMENT

The word 'empowerment' is not new to developing countries, because it is the process of empowering individuals to gain control over their lives, to acquire control over the circumstances and decisions that shape their lives, to enhance their resources and characteristics, and to develop capabilities to gain access, partners, networks and a voice to gain control (Batliwala, 2007). Empowerment is getting widely utilised and associated with social development groups, such as the poor, the youth, the elderly, people with disabilities, indigenous peoples and the marginalised. Empowerment is described by Takaya *et al.* (2020) as an iterative process with key components, such as an enabling environment that encourages public participation in decision-making, that has an impact on the achievement of goals, poverty eradication, social integration and decent work for all, and long-term development, among others.

Empowerment in developed countries is the extension of one's ability to make decisions and take action. It entails gaining power and control over resources and decisions that impact one's life. People have more influence over their lives when they exercise genuine choice. Poor people's options are severely constrained due to their lack of assets and inability to negotiate better terms with a variety of legal and informal organisations (Reed and Stamm, 2004). Because powerlessness is inherent in institutional relationships, an institutional definition of empowerment is relevant in the context of poverty reduction. In diverse sociocultural and political situations, the empowerment has varied connotations, and it does not translate well into all languages. Exploration of local terminology connected with empowerment in different parts of the world usually sparks passionate debate. Self-strength, control, self-power and self-reliance are examples of these words.

Zimbabwe believes that empowerment is both a behavioural (delegating) and a perceptual (enabling) phenomenon. As a result, delegation of authority limits one's capacity to handle both parts of the empowerment construct (Rega *et al.,* 2017). When authority is delegated, it merely implies that the person who got it can now act on behalf of the original person. It does not mean that the delegated person has complete control over the organisation's transformation and development. The behaviour of a superior delegating authority is the focus of authority delegation, and the psychological condition of the delegated individual is ignored (Conger and Kanungo, 1988; Boren, 1994). For example, if the delegated person is depressed owing to the group's hatred of the superior (now directed towards him instead), it can be said that he is delegated authority, but not empowered.

Empowerment, in its most basic form, is a win-win relationship between a person and the organisation represented by his or her superior. The empowerment viewpoint differs significantly from motivation research's organisation-centred approach. The former argues that a new motivation paradigm is required since the conventional management system is no longer capable of motivating well-educated subordinates with high competence. As a result, empowerment is a new paradigm that differs from the old motivating method (Thomas and Velthouse, 1990). This is referred to this as a paradigm shift, since the notion of empowerment has been introduced as a solution to motivational difficulties that could not be resolved using prior theories. As a result, it cannot be simply stated that motivation is broader than empowerment. Motivation cannot be used in place of empowerment.

The empowerment method considers social action to be a necessary component of dealing with individuals (Gutiérrez, Parsons and Cox, 1998). Clients who participate in social action get a sense of personal empowerment and the skills needed to effect social change (Breton, 2001). Empowerment is also connected with citizen engagement and participation in community organisations (Rose, 2000); it is a concept which carries the notion of giving citizens agency and capabilities to refashion their circumstances and environment in life. Citizen involvement is defined by Morone and Marmor (1983) as direct citizen participation in governmental decisions. Citizen participation also refers to the direct engagement of an organisation's constituents in decision-making.

Morone and Marmor (*ibid.*). define empowerment as a process of increasing organisational members' sentiments of self-efficacy, using various methods to empowerment found in both management and psychological research. It is stressed that the psychological condition of improved self-efficacy is important. Building on the work of Conger and Kanungo (1988), Thomas and Velthouse (1990) present a perceptual process model eliciting intrinsic task motivation. They defined empowerment as internal task motivation reflected in four cognitive aspects that influence an employee's approach to his or her job function. Meaningfulness, competence, choice and effect are the four cognitive qualities referred to as 'task evaluations'. The psychological condition of motivation is highlighted. Finally, Spreizer (1995) defines empowerment as an over-arching concept with four cognitive dimensions: meaning, competence, self-determination and effect.

OVERVIEW AND UNDERSTANDING OF UPPER MIDDLE-CLASS ECONOMY

In recent years, the term 'middle-income' or 'MIC' has become common parlance in the development policy community, particularly in East Asia, where concerns about slower growth following the 1997 regional financial crisis prompted a protracted period of subpar performance. The term itself often has not been precisely defined in incipient literature. In some cases, the phenomenon is described in terms of relative "catch-up" with the United States or some other rich country reference (Woo, 2011; Lin and Rosenblatt, 2012). In others, it is based on stagnation or painfully slow growth in absolute income levels. For example, Felipe *et al* (2012) establish a definition based on the number of years a country takes to move from one income category to another, based on absolute thresholds for low-, lower middle-, upper middle- and high-income countries.

Furthermore, the size indicators used by the various studies do not always converge, as the middle class is a complicated, context-dependent term that cannot be simply measured. The middle class of a country is made up of people who are neither impoverished nor affluent. As a result, several empirical studies have been conducted to assess the middle class in terms of income, using either an absolute, relative or hybrid approach (Easterly, 2001; Banerjee and Duflo, 2008; Birdsall, 2010, 2014). Several studies have sought to find more specific and comprehensive decompositions of the middle-class income group based on socioeconomic factors appropriate to the studies' setting (Nallet 2014; Handley 2015; Bonnefond *et al.,* 2015). However, because these studies rely on micro-economic data from national household surveys, they cannot explore the influence of distinct middle-class characteristics on macroeconomic aspects such as economic growth.

Addressing the growth implications of increasing middle classes in developing countries in the manner it is done in this study, is novel in literature. Nonetheless, this study's fundamental theory, that when the middle class gets numerically large enough in relation to the overall population, its household members tend to adopt behaviour that when aggregated, may have an aggregate influence on economic dynamics is based mainly on past work. These middle classes are characterised by their ability to influence macroeconomic changes through aggregating microeconomic shifts in consumption, labour supply and investment. Clément *et al*. (2022) cite several examples of such processes, but none have been experimentally explored. Due to the fact that macroeconomic dynamics may be examined from various viewpoints, such as growth or structural change and by looking at multiple routes of transmission, such as investment in human capital, entrepreneurship or political involvement; the problem is complicated.

Besides that, the relationship is not always one way: development dynamics sparked by middle classes may also promote this middle-class behaviour. For example, when improved productivity or industrialisation boosts the skill premium and educational returns, a virtuous loop may emerge in future in which the growth of the middle class stimulates economic transformation. That in turn, is spurred by this economic and political revolution. This study focuses on the influence of middle-class growth on economic growth as it relates to the first connection. Various writers have stressed that the size of the middle class may have a significant beneficial impact on economic growth via a variety of routes, including mass consumption, productivity gains due to scale effects and learning spill overs (Desdoigt and Jaramillo, 2017).

England's big middle class in early 19th century was a significant explanatory driver of the country's early industrialisation, illustrating how a society with a strong middle class becomes progressively capable of achieving global wealth. In developed countries, the middle class has been the engine of economic progress, and, in low-income countries, it is the primary driver of growth. Birdsall (2010) goes even farther, claiming that the growing size and economic power of the middle class is an indication that the underlying growth regime is based on actual productivity increases and wealth creation by a contemporary private sector. However, the link between the middle class and economic progress is not always one way. Ravallion (2010) has presented strong evidence that quicker economic growth leads to faster middle-class expansion, and that growth in emerging nations with a bigger beginning middle class, tends to be more pro-poor. Birdsall (2010) goes a step further by contending that the emergence of the middle-class, partially driven by more people escaping from poverty, may be an outcome of growth, rather than one of its determinants.

Table 1.1: *Middle-class Incidence: Size and Economic Weight* (Takaya *et al.,* 2020)

	Low income		**Lower Middle-income**		**Upper middle-income**		**High income**	
	Size	**Weight**	**Size**	**Wight**	**Size**	**Weight**	**Size**	**Weight**
Mean	42.30	62.83	59.24	79.56	84.14	94.74	96.85	96.73
Median	37.93	63.65	63.15	87.66	87.26	96.54	98	98.53
Min	1.02	3.24	8.91	21.93	15.04	34.40	71.76	66.56

Middle-class size refers to its percentage of the population and middle-class total consumption share is the economic weight of the middle class. The mean and median sizes in underdeveloped countries are 72.52% and 81%, respectively, whereas they are both 98% in developed countries. In terms of economic weight, affluent nations have a mean and median of

95.7% and 97.9%, respectively, whereas developing countries have a mean and median of 86.44% and 95.44%. Table 1.1 provides the indicators for each income group and indicates that the middle class grows in size and weight as development progresses. According to Birdsall's (2010) methodology, the size and economic weight of the middle class is considered separately, as they are two distinct but complementary measures of inclusive growth. Aside from that middle-class depth reflects the average wealth of a country's middle class. The average yearly consumption per capita of the middle class as a measure of its depth, shall be used. As previously stated, the distribution data are based on either consumption or income. In the case of income-based statistics, consumption per capita is computed using the WDI consumption share of GDP.

UNDERSTANDING THE PROVISIONS IN THE NDS1 DOCUMENT

Prosperity is a consequence of an economy's ability to both generate and keep value/ Well-functioning institutions (North, 1990), solid institutional infrastructure, capital accumulation, free trade, efficient markets, personal initiative and an acceptable role for government, have been cited as key drivers of national success. The extent to which a country is open to trade and integrated with the rest of the world, the quality of a country's institutional infrastructure, and the success of its policy-makers in implementing the measures necessary for macroeconomic stability, are three of the most important factors influencing growth today (Greenspan, 2002). There are other factors that contribute to economic growth via competitiveness, such as a highly and appropriately educated labour force which, when combined with the proper infrastructure and clusters, may innovate and produce untradable spill-over effects.

PLANNING, MONITORING AND EVALUATION

Pursuant to the visions of attaining middle-income status by 2030 and “Towards an Empowered Society and a Growing Economy” as espoused by the national socio-economic blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) 2013-2018, the Government of Zimbabwe is committed to ensuring a strong culture of monitoring and evaluation of all its policies, programmes and projects. This would be underpinned by the Management for Development Results, an approach that adheres to the principles of Integrated Results Based Management system. This system ensures government endeavours to manage public resources professionally and guarantee accountability, transparency and quality service delivery.

A robust monitoring and evaluation system in government is imperative for successful the implementation of national development policies, programmes and projects and to ensure efficient and effective service delivery. The development of a National Monitoring and Evaluation Policy for Zimbabwe is, therefore, critical to provide the necessary framework to institutionalise monitoring and evaluation (M&E) in the public sector. The National Monitoring and Evaluation Policy thus aims at providing a systematic, coordinated, simplified, results-oriented, reliable and effective mechanism through a consultative process. The development of the policy, therefore, involved extensive research and drawing lessons from experiences of other countries. It also involved stakeholder consultations, led and coordinated by the Office of the President and Cabinet.

DISCUSSION

An operational and connected sequence of activities is needed to make sustainable development an achievable goal. These actions must integrate the many areas of prosperity that have been examined in this concept paper, because of innovation, creativity, empowerment and entrepreneurship. Productive cities provide a favourable climate for economic growth. Sustainable and productive nations actively attempt to maintain a locally based economy, safeguarding assets and resources and building a strong sense of place that prioritises local competitive advantages, while integrating regional and global markets (Estrada *et al.,* 2017). Quality of life allows individuals to live a more sustainable lifestyle by improving ecological, cultural and social circumstances without putting future generations at risk. Cities that effectively begin on the path to local sustainable development focus on ensuring the well-being of all citizens today and in the future. This presupposes the development of an inclusive society in which the advantages of greater economic prosperity are widely distributed across all aspects of human life. Equity is inextricably tied to long-term viability. It is a moral and people-cantred philosophy that assures a reasonable and equitable allocation of resources and wealth through time (Birnbaum *et al.,* 2018). Cities that strive for equality are interested in expanding freedoms and various types of social, cultural and political involvement to guarantee that no one falls below a certain level of income, welfare or environmental quality.

Infrastructure development is a critical component of long-term growth of a nation. If cities are to develop and offer a reasonable quality of living for their citizens, they must have effective transportation, sanitation, energy and communications infrastructure (Ekeh, 2010). Cities that place a high priority on infrastructure development, generate circumstances for increased growth, productivity, employment and access to market opportunities and critical services, particularly those needed to speed up progress and reduce poverty. Rather than being related to, environmental sustainability, it is nested inside sustainable development. It has to do with how resources are exploited, investments are directed, technical progress is oriented and institutional adjustments are made to meet future and current demands. The process by those cities to produce and distribute prosperity, should not damage or degrade the environment but, rather, aim to safeguard the city's environmental assets, while also contributing to the goals of sustainable urbanisation through the use of clean energy (Roos, 2017). Cities are where problems and solutions for sustainable development may be found. Cities which have the capacity to balance these spatial dimensions with different components of a sustainable city, have more chances to also become prosperous cities

In general, some countries are more prosperous than others because they either have abundant natural resources or have mastered the ability to trade them for other goods, or they have a mix of cultural, economic and human capital that allows them to gain a competitive advantage in value-added activities (the majority of the European countries). Natural resources are a hard factor that will be relevant to the economy's productive capabilities (Estrada, 2017). The ability to trade with others is a crucial source of competitive advantage for a country (Vittal, 2003).

Culture is a particularly important aspect for a country. The degree of national intelligence is determined by cultural exposure (access to education and knowledge, level of corruption, work ethics, freedom of mobility and support systems). For example, the United Kingdom is now ranked 6th in the sub-index of Entrepreneurship and Opportunity, up from 8th last year. The country is now ranked first in Europe for newcomers. The majority of Britons (88%) feel that if one works hard, one can succeed in life, up from 84% and 78% in in the previous two years (Roos, 2017). The entrepreneurial spirit in the UK is on the rise. Growing confidence in the UK market and future economic growth may be explained by an increase in start-ups, creative enterprises and more traditional types of self-employments in recent years. According to Rega *et al.* (2017), "in the span of only two years, the number of new firms being established in the UK has increased by 20% because of empowerment and national prosperity".

MICs are necessary for global economic growth and stability to persist. Sustainable growth and development of MICs, according to the Globe Bank, has good spill over to the rest of the world. Poverty alleviation, international financial stability and global cross-border challenges, such as climate change, sustainable energy development, food and water security, and international commerce are just a few examples. They have a combined population of five billion people, accounting for more than 70% of the world's seven billion people and 73% of the world's poor. MICs account for around one-third of the global GDP and are a significant driver of global economic growth (Takaya *et al.,* 2020).

Although numerous management academics have explored empowerment, few conceptual studies have been conducted (Conger and Kanungo, 1988). This might be due to the uncertainty of empowerment's meaning and its connotations with other terms. This study may serve as a good starting point for further thought. For further theoretical development and practical implementation of empowerment, conceptual separation of empowerment from related notions is critical. Empowerment theories, based on contingencies, are frequently explored because of the expenses, and the control method is more beneficial than the empowerment approach (Bowen and Lawler, 1992). Nonetheless, this chapter argues that the restricted application of empowerment does not negate the need of defining the term. This is because empowerment is a very novel and unique notion, and that its uniqueness precludes substitution with any of the aforementioned nouns, thought to be quite exhaustive. Boren's (1994) article, titled "Don't delegate empower", eloquently expresses the appropriateness of adopting the new phrase, ‘empowerment’.

When evaluating growth from the middle-class perspective, the specificity of each development level in a preliminary study is looked into. Available results show that most countries, including low-income ones, have all four middle-class sub-categories and account for more than two-thirds of total consumption/ There is a significant gap between developed and developing countries whose average consumption is at least three times lower than that of developed countries (Attanasi, 2012). This chapter’s empirical findings are consistent with its hypothesis and descriptive statistics in middle-income nations, the size of the middle class is not the most important factor for growth. A richer middle class has a favourable influence on growth, and the benefit is magnified when paired with size (Chun, 2010, Chunlin, 2010). Given the low percentage of the upper middle class in middle-income nations in particular, upward mobility between middle-class subcategories appears to be difficult in middle-income countries since there are also the chances of a negative trend. Furthermore, an increase in the size of the floating class, made up of fragile middle-class households who have barely avoided poverty, has a negative influence on growth (Chunlin, 2010). This implies that to fully capitalise on the dynamics behind the growth of the middle class, middle-income nations should create policies that are compatible with the demands of middle-class households and improve their resilience.

CONCLUSION AND OPTIONS

In the final analysis, innovation is a key factor in each and every sector of the economy that leads to fast technical advancement, and is a major component that has enabled developed countries to attain high and consistent growth. For example, the case of the Republic of Korea, and Taipei, China, maintained productivity improvements through the development of new technologies by local businesses, and so advanced to greater income levels (Agenor, Canuto, and Jelenic, 2012; Cherif and Hasanov, 2015). The desire for invention was aided by strict intellectual property rights protection. In 1990, five years before the Republic of Korea achieved high income status, the country's number of patent applications per 100 000 inhabitants was equivalent to that of Germany and the

United States (Cherif and Hasanov, 2015). Support from the government had a crucial role in encouraging innovation among less developed countries. A spin-off system in Taipei was a direct result of government involvement, with returnees providing valuable expertise and connections.

To achieve national goals of sustainable national prosperity, empowerment and attaining middle-income status, this chapter recommends that the government should rely on the following strategies: small- and medium-sized enterprises and multinational corporations; focusing on public and quasi-public research institutes to spin-off firms and create new technologies; technological leapfrogging at an early stage of development that is decided and led by the government; large amounts of money to be spent on educating engineers. In other countries, for example, the Republic of Korea, the government has forced numerous large conglomerates to join multiple industries at once and export almost immediately to build worldwide brands. Access to financing from the government was tied to specific and quantifiable export objectives that drove firms, such as Hyundai, to accelerate their research development and technical upgrading.

Besides facilitating innovation, advanced infrastructure networks also helped developed countries to change at a faster speed than they otherwise would have. The deregulation of communications networks and accompanying regulatory reforms made it easier to set up high-speed communication and broadband technology. Countries like the Republic of Korea and Taiwan, with major export-oriented information equipment industries, were compelled to establish powerful broadband and multimedia businesses in their own domestic markets because of the strong drive toward global competitiveness. Large global multimedia businesses now have regional offices in Singapore and Hong Kong, China, thanks to improved infrastructure networks (Agenor, Canuto and Jelenic, 2012).

Because of this, the NIEs were able to become knowledge-based economies through the accumulation of human capital. Investing in human capital can lead to better-trained personnel who can utilise and generate new knowledge. Because knowledge-based economies require more investment in science and technology R&D, countries must adopt a development strategy that places higher priority upon excellent education. Asian economies, on average, outperform middle-income nations in terms of research and knowledge generation. In conclusion, the NIEs' experience demonstrates that combining R&D and human capital expenditures with a strong institutional framework that encourages efficient knowledge use, may transform an economy from investment-led to innovation-led growth.