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João J. M. FERREIRA, Mário L. RAPOSO, Cristina I. FERNANDES and Marcus DEJARDIN (eds) (2016), “Knowledge Intensive Business Services and Regional Competitiveness”, New York, Routledge, 331 pages.

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The literature has repeatedly highlighted the role of knowledge-intensive business services (KIBS) as a provider of knowledge and information for other businesses and industrial firms, promoting and increasing the innovation capacity of its customers (Hsieh, Chen, Wang, & Hu, 2015; Hu, Lin, & Chang, 2013).

Knowledge services is a field that is expected to greatly invigorate the innovation of the business fabric, actively contributing to the economic growth of economies where they are inserted (Byun, Park, & Hong, 2015). In summary, in the ‘knowledge economy’, knowledge-intensive business services (KIBS) are a key driver for innovation and regional competitiveness, contributing to the job creation and wealth (Abecassis-Moedas, Ben Mahmoud-Jouini, Dell’Era, Manceau, & Verganti, 2012).

The book edited by João J. Ferreira, Mário L. Raposo, Cristina I. Fernandes and Marcus Dejardin, which brings together more than thirty internationally recognized experts in the field of knowledge intensive business services, clarifies that among the factors that have helped service firms faster growth rates than all sectors are outsourcing of such services by other sectors, including the development of information and communication technologies (ICT), and changes to the regulatory, legal and market frameworks as well as globalization and internationalisation. This book is suitable for researchers and policy makers interested in the development of these ‘KIBS ecosystems’ and their impact on the regional competitiveness.

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Besides an introduction by the editors, which is actually an overview of the notion of KIBS and their impact on regional competitiveness and a conclusion which synthesizes the entire research script, the book is divided into four parts, congregating among themselves the thirteen chapters of the book.

The first part of this book covers KIBS and industrial dynamics, incorporating three initial contributions. The first chapter of the book, *Knowledge Intensive Business Services Research: a bibliometric study of leading international journals (1994-2014)*, by A. Braga and C. Marques, presents a bibliometric analysis of the scientific production within the field of knowledge Intensive Business services (KIBS), over the past 20 years. The second chapter of B. Desmarchelier, F. Djellal and F. Gallouj, *KIBS and the dynamics of industrial clusters: a Complex Adaptive Systems approach*, argues that KIBS are an explanatory factor of these dynamics, requiring an alternative and integrative approach: the Complex Adaptive Systems. The third chapter in Part I, *Bad news travels fast: the role of informal networks for SME-KIBS cooperation*, by D. Feser and T. Proeger, based on interviews with SMEs, aims to analyse the role of KIBS in the context of informal networks for innovative cooperation in peripheral regions in Germany.

The second part of the book, KIBS and its context, also includes three chapters. The fourth chapter by D. Doloreux and R. Shearmur, *Does the geographic distribution of Knowledge Intensive Business Services affect the use of services for innovation? Empirical evidence from Quebec KIBS manufacturers*, proposes to analyse how the use of KIBS is associated with the local presence of KIBS providers. The fifth chapter, *Institutions and spin-offs: determining factors for establishment and early market entry success of innovation based spin-offs from KIBS-firms*, by K.V. Meland and T.A. Iakovleva, explores the role of institutional factors on the early market-entry success of corporate innovation based spin-offs from KIBS firms. A corporate spin-off is defined by authors as a firm established by a parent company to implement a new activity or a new product. The sixth paper, *Survival of Knowledge Intensive Business services firms: the role of agglomeration externalities*, by S. Tavassoli and V. Jienwatcharamongkhon, analyses the role of various types of agglomeration externalities on the survival rate of newly established firms in Sweden.

The third part, entitled KIBS and their contribution to regional competitiveness and economic development, collects five chapters aligned

with the core of this book. In chapter seven, *Entrepreneurship and KIBS: key factors in the growth of territories*, by J. Alcazer, N. Roig-Tierno, A. Mas-Tur and B. Ribeiro-Navarrete, the KIBS are studied as tools that enhance entrepreneurship, analysing their potential contribution to increasing the competitiveness of the territories. Chapter eight, *Contribution of knowledge intensive activities to regional competitiveness: production function approach*, by A. L. Asikainen and Mangiarotti, empirically analyses the relationship between high-tech knowledge intensive business services and regional competitiveness across the productivity distribution in Europe. Chapter nine, *KIBS as a factor in meetings industry competitiveness creation in Krakow, Poland*, by K. Borodako, J. Berbeka and M. Rudnicki, aims to inquire if event-oriented KIBS can be included in the standard classification of KIBS and how they support the increased competitiveness and innovation into the meeting industry in Poland. The last chapter in part III, *Regional competitiveness and localised Knowledge Intensive Business Services: the case of the Gold Coast, Australia* by V. Ratten, has a purpose to analyse KIBS and regional innovation in Australia, using a case study methodology from the Gold Cost region.

The last part is referent to KIBS and public policy. It brings together two contributions able to clarify the reader's reasoning on the policy decision to be applied to KIBS. The twelfth chapter undertaken by J. Bryson and P. W. Daniels, *Skills, competitiveness and regional Policy: Knowledge Intensive Business Services in the West Midlands, UK*, points out that KIBS companies play an important role in the field of consultancy by transacting expertise. In this area of knowledge, skills, capabilities and competencies are critical for the competitiveness of KIBS firms. The last chapter of this book, *Prospects and policies in the development of Intensive Business Services in Europe*, is developed by M. Toivonen and A. Caru and it analyses the current and future opportunities and challenges of KIBS. Four scenarios are presented on the basis of the work of the High Level Expert Group on Business Services, for the European Commission.

Certainly this book brings together the most recent advances on the dynamics of KIBS firms and their contributions to increasing the competitiveness of economic geographies. With a focus on economic growth from KIBS activity and territorial competitiveness, this book is a critical reference for business leaders, policy makers, and students of economic theory.

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Faiz GALLOUJ and Faridah DJELLAL (Eds) (2015), "Services and Innovation", Cheltenham, UK and Northampton, MA, Edward Elgar, 784 pages.

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SERVICES AND INNOVATION: TAKING STOCK OF THE LITERATURE

*Introduction: the Lille School*

This timely collection gathers over forty seminal pieces of scholarship that have contributed to the emergence and development of the field of innovation in services.

The selection comes from Editors that have a long-standing high profile expertise in the field, and have contributed to what is currently recognized as the “Lille School” on the economics of services, founded by Jean Gadrey in the 1980s. Indeed, one of the most comprehensive accounts of services in the history of economic thoughts remains Jean-Claude Delaunay and Jean Gadrey’s forerunner 1992 book on “Services in Economic Thoughts. Three Centuries of Debate”<sup>1</sup>. The research group in Lille then extended what was a prominent interest in services from the perspective of economics to the realm of innovation studies<sup>2</sup>. Along a few others, all included in this collection, they have proved to be forerunners too, as their first contributions on innovation in services have emerged towards the second half of the 1990s, when both measurement and conceptualization of innovation was still very much a manufacturing affair.

Gallouj and Djellal themselves have produced seminal typologies of innovation in services, especially by reflecting on its evolution within innovation studies, a field traditionally centered on the manufacturing activities (Gallouj and Djellal, 2010). Theirs too is one of the first attempts to look at innovation in public services, focusing on hospitals (Djellal and Gallouj, 2007). More generally, the value chain of public health is a fascinating case – in the best Schumpeterian tradition – of how scientific progress translates into novelty, in terms of new treatments, new ways of delivering, new business models, and higher welfare for patients, yet within a high degree of organizational and institutional complexity that scholars of innovation in services could tackle more in depth.

The book offers a well-structured systematization of published seminal contributions around several topics, that can be summarized as follows: (1) conceptual and typological approaches to innovation in services; (2) sectoral specificities of industry and innovation dynamics; (3) measurement of innovation in services and methodological approaches

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- 1 Delaunay and Gadrey’s 1992 book, in reviewing three centuries of economic thought, shows where services have traditionally been standing (or indeed being overlooked) within economic theory – i.e. spanning from the theory of value, growth theories, structural change, to sectoral division of labour. In what follows we auspicate that this ambition should be revived by service scholars, to account for the latest development of both economic theory and real world trends.
  - 2 As the editors admit, “The collection probably has a certain economic bias. While not ignoring management literature, particularly New Service Development (NSD), it does focus on economics. (Gallouj and Djellal, 2015, p. xiii).

to the assessment of its economic impact. In doing so, not only it takes stock of the evolution of the field, but, most importantly, allows identifying areas where: (i) there is a significant potential for advances that could be made by building upon the bases laid out over the past decades and collected here; (ii) a saturation of evidence or data has been reached; (iii) major research efforts are still needed, on topics that the scholarship has not fully covered at all, confirming that this field of studies has not yet reached its full maturity. I will attempt articulating more on these aspects in what follows.

*Taking stock of theory and methods: a selected map of potential advances in the innovation in services field*

As mentioned, considerable advances in the conceptualization of innovation in services have been possible, thanks to some of the contributions included in this collection (Barras, 1986; Miozzo and Soete 2001 and Miles, 2000, among others). A further, interesting scholar that would deserve a renewed attention is Jonathan Gershuny<sup>3</sup> for his long-standing research on the use of time, technology and the future of work, based on the collection and analysis of historical household data. After all, technical change in services can first and foremost be thought of as being of a time-saving nature<sup>4</sup>. Besides providing a valuable background to look at how innovation increasingly becomes a co-production matter, or jobs and tasks are changing with a redistribution of innovation gains, the use of time-saving technical change might have potential to assess the environmental impact of tertiarisation of economies, as people spend less time producing or consuming<sup>5</sup>. This is a fertile line of research that would deserve more analytical effort.

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3 See for instance his classics on the self-service economy (Post-Industrial Society: The Myth of the Service Economy on Futures, DOI: 10.1016/0016-3287(77)90003-9). Gershuny is Director of Research Centre for the Use of Time at the University of Oxford and has recently received a CBE for services to the social sciences and sociology in the Queen's Birthday Honours 2017.

4 For an application of time saving technical change and productivity, see Savona and Steinmueller, 2013, based on seminal contributions by Lancaster, 1966 and Gallouj and Weinstein, 1997.

5 An interesting stand is offered by Gadrey, 2010, who looks at the actual trends of energy saving based on long-term structural change and concludes that tertiarisation has not really brought about substantial gains for the environment.

As mentioned, Gallouj and Djellal have largely contributed to typologies of approaches to innovation in services (see for instance the classics in Gallouj 1994, 1998). One of the most well-known systematizations is the one between *assimilation, demarcation and integration approaches* to innovation in services, which has then been adopted in successive contributions (Coombs and Miles, 2000 among others). This three-fold classification has been useful over the past decades, when the dichotomy between “hard” technological innovation in manufacturing, based on formal R&D and patents, and “soft”, non-technological innovation in services, by exclusion based on unmeasurable ways of customizing solutions and delivery, was particularly hard to confute. It also partly reflects the fact that service scholars – for no particular reason other than perhaps a certain form of territoriality – felt somewhat obliged to “rescue” the special nature of innovation in services, in a context that would still measure innovation in terms of R&D and patents.

However, the articulation of innovation in services only in terms of this dichotomy risks today to be much less fit to reflect on and incorporate the changing nature of technology itself. For instance, Information and Communication Technologies have traditionally been the Trojan horse to include services into the innovation realm (Barras, 1986; 1990; Gallouj, 1998), with new services emerging from applications of ICTs. The latest generations of digital technologies, such as Robots and Artificial Intelligence (R&AI), are having a paradigmatically different impact on services: if automation via machines has been replacing routinized manufacturing jobs, new forms of automation seem to now be replacing non-routinised and creative jobs, among which some services. The ensuing increasing blurring of the boundaries between goods and services, put forward by Quinn *et al.* (1990) almost twenty years ago, is changing nature and would deserve a renewed attention by service scholars.

One of the most theoretically refined tools to conceptualise and measure innovation in services has been the *characteristics based approach*, originally devised by Lancaster (1966a and 1966b) within his contribution to consumer theory, and then reprised by Saviotti and Metcalfe (1984) and Gallouj and Weinstein (1997). The unpacking of the mechanisms of co-production based on different user and producer competences, and determining the



distribution of value resulting from innovation, might allow fruitful directions of research on the economic implications of innovation. One of such directions is a contribution to the theory of value (as hinted in Savona and Steinmueller, 2013). Another one is the understanding of innovation in complex value chains such as health (see Windrum and García Goni, 2008). Finally, the characteristics based approach can ground the modelling of public and private partnership for innovation in the delivery of public and social services. This is a much-overlooked area of investigation, which might help filling existing gaps in the contributions on the public policies for services, as we will argue below.

This collection also includes a number of contributions to areas that, unlike the ones mentioned above and in the next section, seem to have reached their maturity, as data and methodological advances (or perhaps creativity) have not lately led to substantial novelty. These include for instance measurement issues (Part III), which – both conceptually and empirically – do not seem to have gone much further than what allowed by innovation surveys questionnaires.

Also the literature on KIBS (Part V) has been much populated over the last two decades, and a conspicuous sample of it is included in this collection. The role of KIBS is indisputably important, as they are the most dynamic, value adding branch of services. However, as we have said in previous occasions (Meliciani and Savona, 2015; Di Meglio et al., 2015), their emergence and growth has historically been dependent on prior presence (and location) of the manufacturing sectors that are their main destination markets. This evidence challenges much of the narrative around the demarcation/integration equivalent in innovation studies, and identify a whole new area of investigation, to which we turn in the next section.

### *New directions of research: a selected to do list*

There are several areas that would deserve a more in depth research effort to make sense of the most recent global changes, which the field has not yet fully incorporated. It is outside the scope of this brief review to go much further into these, yet worth listing them here, as a way to contribute to the direction of the field of the economics of innovation in services.

The first one should look at new innovation opportunities to explain the increasing tradability of services, and the international fragmentation of production involving services. Trade economists have been looking at servitisation and increasing trade in services for a while, but innovation scholars seem they have yet to do so.

Relatedly, since the widely-cited contribution by Dani Rodrik (2015), the role that services play to facilitate (or hamper) catching up in developing countries is in need of more attention. Development policies based on the understanding of structural transformations should start looking at the role of services. Again, development economists focus mainly on the productivity impact of technology transfer, although they tend to overlook services as a potential recipient of it and the consequences for catching up. This is an area that innovation scholars might usefully contribute to.

The third area is a much-needed revisitation of industrial policy that takes into account servitisation; the rejuvenation of mature manufacturing activities that incorporate services; and, more generally, the redefinition of an industrial policy agenda that incorporates services. This collection includes in Part VI a series of contributions that look at “Service innovation beyond service sectors”, i.e. the benefits that a higher incorporation of (business) services in other sectors entails. We auspicate that such reflections are incorporated in the narrative of policy makers, within the most recent tendencies to advocate an industrial *renaissance* for European countries<sup>6</sup>. It seems that reflections on the future of industrial, innovation and environmental policies that aim to maximize the (inclusive) benefits of servitisation are still far from being included in an established field such as innovation in services. Indeed, this book includes only two contributions on topics of policy in Part VII. There is still a substantial room for improvement and service scholars are invited to reflect on this gap. This book provides a valuable stock of knowledge to start from.

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6 This emerges in the Juncker Plan, launched in 2014, and the recent “Industrial Strategy for the UK” launched in 2016 (for a review, see Savona, 2017).

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