Book Reviews

Commission of the European Communities (TII European Association) (ed.), *Partnership Between Small and Large Firms*, Graham and Throat, 1989. ISBN 1-85333-160-0.

This book is a compendium of papers presented at a conference held in June of 1988 on the theme of partnership between small and large firms. The conference was organized by the task force of small and medium size enterprises of the commission of the European Communities. The European Community has put increasing emphasis on the development of small and medium size companies as competition increases within the EC in line with the reduction of internal trade barriers. While the development of small firms is not a panacea for structural imbalances in economics or for significant, local regeneration, they nevertheless are a major and critical component in the structure of a country or region. This compendium of papers focuses upon the links or partnerships between small and medium size enterprises and large firms.

A wide range of topics is covered by the authors of the essays collected in this volume. The authors are policymakers, practitioners and academics. This makes it an extremely interesting collection of papers insofar as it covers a number of different topics within a single theme. The topics include a review of the situation in Europe, Japan and the Third World; the respective viewpoints of the large and small firm, the role of intermediaries and how partnerships work. This latter topic is covered in greater depth in the papers on subcontracting, financing, franchising, spin-offs, training, technology cooperation and "piggy backing" where a smaller company uses the distribution networks of a larger company to access a market. Most of the material in the book relate to case studies under each topic. Unfortunately, these case studies are descriptive rather than analytical and leave the reader in a position of wanting more information about whether the partnerships have worked in terms of meeting their objectives.

There are interesting nuggets of wisdom and information contained in the papers. For instance, the interesting contrast between the attitude towards subcontractors in Japan and Germany, on one hand, where they are seen by large companies as integral components of their competitive advantage, and the United Kingdom, on the other hand, where larger firms still see smaller companies as rivals and competitors rather than as opportunities for cooperation and partnership.

The paper by Mari Sako on partnerships between small and large firms in Japan stands out for its approach. Sako's piece assists the reader in understanding more fully the degree of integration between firms in Japan and the extent to which there is a genuine appreciation of how long-term relationships with larger companies can assist smaller companies to improve their operations.

The international experience with partnership initiatives by public bodies is enlightening if only to illustrate the similarity of initiatives in different countries and the sad lack of hard evidence that the public bodies are cost effective when they produce benefits. Few initiatives appear to have been evaluated to determine their impact on the economy.

A number of papers offer typologies of the types of partnerships between small and large firms. In summary, the typology includes industrial partnerships which come in the form of subcontracting, co-contracting, franchising and enterprise networks; mobility partnerships that occur when there is an externalization of resources in the form of shaving off parts of a business into smaller units; local partnerships where direct suppport is given for business start-ups and indirect support in the form of contributions to local development agencies and programs.

The presentation of the papers on the links between small and large firms gives the subject "topical" status. However, this approach leads to a number of fundamental issues not being tackled. They include:

1. The need for a clear articulation of the benefits derived from partnerships and the distribution of these benefits. For instance, there are commercial benefits which will arise from partnership situations between small and large companies and, in the the case of local partnerships, wider social benefits as value added within the local economy.
2. Also, there is evidence that companies are not always best positioned to search for partners, and there is a clear role for public sector or quasi public sector organizations. This suggests that there is market failure that needs addressing. This could have been usefully explored in more depth, particularly given the fundamentally different roles of the private and public sectors. For example, among smaller companies, partnerships often involve a considerable amount of time, and the opportunity cost of that time is high for the small business owner and manager. In part, this is where there is a role for the public sector to assist smaller companies minimize the risk of partnerships by assisting them with an assessment of their feasibility.
3. Another problem is the rather loose definition of the term "partnership." It was perplexing to have presented almost any commercial relationship between the small and the larger company as a "partnership." A partnership would occur where there is a significant, mutual sharing of risks and benefits in a relationship, and clearly there is a point at which the sharing of these risks and benefits moves from the purely arm's length, commercial relationship between two firms into a true, workable partnership. The real question is where does this occur?
4. Increasingly, in the European Community, commercial partnerships are being promoted for wider, political objectives. In many of the EC programs of assistance to companies there is a requirement to form a partnership with a company or organization in another EC member country. This is to promote wider integration and understanding between companies in member countries. To an extent this objective overrides commercial objectives.

Overall, the collection of papers from the conference is an excellent potpourri of research, case studies and material which will assist the reader's understanding of the linkages between small and large companies and how these work. However, it falls short of being a guide to the practitioner or policymaker on where these relationships can be most beneficial, both commercially and for the wider objective of economic development.

TIM WILKINSON
KPMG Management Consulting, Glasgow, Scotland

M. Abramovitz, *Thinking About Growth*, Cambridge University Press, 1989. 337 pp. ISBN 0-521-33396-2.

Moses Abramovitz is one of the greatest scholars in our field who combines a sophisticated knowledge of economic theory with the potential for and actual realization of empirical research. In particular, his contribution to growth theory, based on sound, statistical analysis, is highly regarded by the profession. Through the so-called *Abramovitz-residual*, his name will be forever linked to the development of growth theory after World War II. The book under review presents an overview of his papers since the fifties. Several of them are classics, as is his article in *The American Economic Review* of 1956, "Resource and Output Trends in the United States since 1870."

I would like to concentrate my review on Abramovitz's recent contributions and on the lengthy introduction to the present volume. In his opening essay Abramovitz presents an overview of the classical thinking about growth and of Schumpeter's well-known analysis. He goes on to indicate the postwar revival of interest in growth and the response of economics. Three large branches of research have been opened. First, the study of secular development in countries that were already advanced on the path of industrialization and were operating at high level of technology. Abramovitz deals, in particular, with the analytical aspects of the growth process in these