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The Prosperity Paradox: How Innovation Can Lift Nations Out of Poverty. Clayton M. Christensen, Efosa Ojomo, and Karen Dillon, Harper Business, 2019, 282 PP, ISBN 9780062851826

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Clayton M. Christensen and his co-authors, has written a fascinating account of the prosperity paradox, and titled their book "**The Prosperity Paradox: How Innovation Can Lift Nations out of Poverty".** In this book, the authors has concerned with the importance of innovation in creating prosperity and how a particular type of market creating innovation serves as a strong foundation for generating and sustaining lasting prosperity. Hence, the book is focused on the innovation contribution for America's economic development using innovators such as Ford, Eastman Kodak, Singer Sewing Machines, and how similar models have worked in other regions such as Japan, South Korea, Nigeria, Rwanda, India, Argentina, and Mexico. And also, the Prosperity Paradox describes the failures of typical development aid efforts to fight poverty and the effectiveness of market-creating innovations. Corrected

The Prosperity Paradox holds interesting stories and offers clear recommendations for innovators, entrepreneurs, government, and business, leaders on how to do. The book demonstrates with keen clarity how business innovation can combat poverty; solve prevalent corruption and infrastructure miseries. All the states in the developing countries have one common denominator, which are development problems. The degree and extent of development problems may vary, but all of them have an inherent weakness to meet the basic demands of their people. The logical question to be raised here is what is at stake? What went wrong? No single answer can be provided, but the authors attempted to provide synthesized analysis based on innovation which we will review in the following paragraphs.

The Prosperity Paradox authored by Clayton M. Christensen and his co-authors is one of the relatively comprehensive books in articulating "why do some countries find their way to

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prosperity, while others suffer in deep poverty". Claiming innovation and non-consumers for progress, authors persuasively attempted to provide conceptually original and empirically rich analysis of Prosperity Paradox. Christensen has hands-on experience for almost two years in the early 1970s serving as a Mormon missionary in South Korea, one of the poorest nations in Asia at the time, witnessed the devastating effects of poverty; for decades, and also he has studied how to stop poverty and create economic growth in poor countries.

Efosa Ojomo, the coauthor of this book also tests the pain of failing regardless of well-intended project efforts to bring better living and working conditions to impoverished economies in Nigeria. Such participant observations, research and policy involvement by the authors allowed them to closely observe "Why do some efforts succeed and not others? Why some countries do better than others? It is evident; then, the book contains an incredibly detailed description of the chain of events that shaped the prosperity history of the well-off countries through a careful analysis of its most relevant turning points as displayed in the chapters, topics and sub-topics. Indeed, authors' analysis of market creating innovation and non-consumers, produce some of the book's most memorable insights.

The book is well structured in to four sections. The first section (chapter one to four) is an eye opening to the concept of innovation. The conceptual framework on which the entire arguments are based is well rooted in the first section where they skillfully substantiated the concept of innovation with actual practices on the ground. The second section (chapter five to seven) is devoted to analysis of historical trajectories by providing examples of how innovation, and the culture it creates, have impacted the United States, Japan, South Korea, and Mexico. Under the third section (chapter eight to ten), the book revealed the perceived hindrances to development by focusing on the relationship between market-creating innovations and the development of good institutions, the reduction of corruption, and the construction and maintenance of a nation's infrastructures. In the last section (chapter eleven), the authors attempted to link prosperity paradox into a prosperity process and review some key principles of the book.

Much of authors' analysis relies on the conceptual frameworks of what they call **'innovation',** and contends as the dominant system that determines the sustainability of progress and prosperity. The concept of **innovation** is neither new nor confined to the poor nation, but no one, other than Christensen and his co-authors, employed this theory in an innovative manner to grasp the causal interactions between prosperity and innovation. The authors contend that they have written this book with four stakeholders in mind;

> *First, for those in the development industry who are working diligently to rid the world of poverty; second for investors, innovators, and entrepreneurs; third, for the policy makers; fourthly for the ten-year-old children all over the world, like Amaretch, for residents of the villages in Nigeria, for the fathers and mothers who work tirelessly to provide for their families, but are unable to rise above a life of subsistence; and finally, for the increasing number of youth (pp. 11).*

Clayton M. Christensen and his co-authors began to coin their thesis in the first chapter. In this chapter, the authors linked prosperity with innovation and attempts to justify their claim by citing what they calls "market creating innovation". Innovative entrepreneurs can create new markets even in dire circumstances. For example, the explosion of mobile communications in the late 20th century in Africa by Mo Ibrahim illustrates how an innovation can create a market where none existed before by targeting non consumers. In the chapter two, the authors' classify innovation into three types-sustaining, efficiency, and market-creating and explain the different impact each has on an organization and an economy. Every business has competition if it has to survive, it must aim at satisfying the customer. This can be done either by offering new products or by improving the existing products.

The authors' describes the efficiency innovations as it aimed at making the product cheaper or to produce longer lasting products. The efficiency may be due to better human input, better technology or it also may be due to better service center. It does increase the customer base as satisfied consumers recommend the product to others. They added that, if the supply has become regular and timely, consumers will be attracted but once again the field is limited to those who are using the product. The third type of innovation according to the authors classification is that market creating. Accordingly, a new product or service is launched which is aimed at people who were not using it before.

The concept of market creating innovation is supported by extensive description of the story of specific events from field observation in different companies and areas. Thus, the author concludes "market-creating innovation plays a significant role in providing a strong foundation for sustained economic prosperity". The crucial insight from this chapter is that in order to create new markets, entrepreneurs and managers should identify five fundamental attributes like business models that target non-consumption, an enabling technology, a value network, an emergent strategy and lastly executive support. The authors disclose that every successful new market that is created, regardless of the product or service being sold, has three distinct outcomes: profits, jobs, and the most powerful one, cultural change. Together, these create a solid foundation for future growth.

In chapter three entitled "In the Struggle Lies Opportunity", the authors' presented "to see opportunity in non-consumption, you have to change what you're looking for". A case in point is Richard Leftley like Mo Ibrahim, who move to Zambia and sell insurance to people who had HIV with lack of finance, lay the opportunity to build innovative insurance business model- "Micro Ensure" to serve the country's million people. In short, Leftley saw his way to address by innovating in areas where no programs of insurance available. This is what sets market-creating innovators apart-the ability to identify opportunities where there seem to be *no customers* (pp, 49).

The authors noted that **"**from an innovation point of view, countries are made up of consumers (consumption economy) and non-consumers (non-consumption economy)". Accordingly, the consumption economy is composed of customers who have the income, time, and expertise to purchase and use existing products or services in the market and non-consumption is simply a clue that there is enormous potential to solve a struggle with innovation. Consider the billions of dollars of investments that flowed to the mobile telecommunications industry in Africa after Mo Ibrahim created a market and turned millions of non-consumers into consumers.

Christensen and his co-authors sharply identify four barriers that prevent people from consuming a solution that will help them make progress. They are: skill, wealth, access, and time. Identifying the barriers that lead to non-consumption is a vital *clue*, but it's not the only thing innovators should be looking for. People are non-consumers because they're struggling to accomplish something. Successful market-creating innovations emerge from unfulfilled Jobs to be done; they solve problems that formerly had only inadequate solutions—or no solution at all.

To the authors, innovators need to walk in the shoes of their prospective customers. Once innovators understand the Job to be done well enough, they will be able to create a solution that will cause non-consumers to "fire" apathy or whatever workaround they have created, and hire their solution instead. They contends that there are always two opposing forces battling for dominance- the forces compelling change to a new solution and the forces opposing change, both play a significant role in our decision to "hire" something. The chapter's thesis focus on non-consumption that provides what we believe to be the best opportunity to ignite new growth engines for companies and countries.

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Push strategies are often driven by the priorities of their originators, typically experts in a particular field of development as many of these resources are good things and are often welcome by people in poor countries. By the contrast, push strategies tend to be driven by economic forces that push knowledge and skills into a society as a response to demand. For example, Tata Consultancy Services (TCS) is one of the world's largest IT companies that has trained two hundred thousand employees on more than six hundred thousand competencies in digital technologies.

Pull strategies, over time, are far more effective at triggering sustainable prosperity because it is originated by innovators on the grounds who are responding to the struggles of everyday consumers or specific market demands; it has more of an investigative or inquisitorial approach to problem-solving as opposed to a more advocacy or assertive approach and it emerges from a need by a market to make something work as the market creating demands breathe life into a pulled in solution to take the root. The main criticism on this chapter is more focused on pulling strategy is more important for the prosperity but several scholars agree on hybrid push-pull strategy.

America was also poor country as the average life expectancy is just forty-five years, infant mortality is a staggering two hundred deaths per one thousand births, and fewer than 5 percent of people have access to indoor plumbing; average American spends 52 percent of their hard-earned income on food, little help from the government, and corruption at all levels. America's transformation from desperately poor to an economic powerhouse is remarkable. At the heart of America's transformation story is the same force that has driven many economies from poverty to prosperity by market creating innovations. Hence, a generation of American innovators and entrepreneurs began to change America's circumstances for instance; pioneering market-creating innovations such as Henry Ford, Isaac Singer, George Eastman, Amadeo Giannini were some of the most influential innovators of their day.

There are many great stories of innovators whose work played a role in America's march to prosperity. However, Thomas Edison failed many more times than he succeeded, but he got some spectacularly right. For example: Samuel Insull, a colleague of Thomas Edison, developed a way to deliver inexpensive electricity throughout America; Sarah Breedlove Walker, popularly known as "Madam C.J.," was the first African-American woman to become a millionaire; Charles Goodyear gave us vulcanized rubber when many said it was dead in America; Georges Doriot institutionalized America's innovation culture when he founded American Research and Development Corporation. , the main strong side of this chapter is no one innovator single-handedly changed America's fate, but the ripple effects of their work certainly did. These innovators have wisely managed their time, financial resources, patience, and resilience through a fixer-upper, trial and error, and investments in market-creating innovations collaboratively. This chapter tells us even we are too poor now, we can transform the country by market creating innovations.

Similarly, Japan, South Korea, and the East Asia region have achieved prosperity due to the efforts of entrepreneurs and companies leveraging their low-cost advantage to target export markets. Successful prosperity is a process, not an event, and requires a continuous commitment to innovation. For example, Tokyo Tsushin Kogyo cofounders Akio Morita and Masaru Ibuka developed low-quality Japanese products despite lack of government support and consumer demand, leading to the creation of Sony Corporation and the world's third-largest economy. Local entrepreneurs can translate struggles into viable innovations and economic opportunity, and instill a sense of pride in their citizens.

Initially Japan was focused on the nonconsummation in both Japan and neighboring Asian countries before focusing on exporting to more advanced countries. Toyota was able to create a local market in Japan by investing heavily in the Chubu Nippon Drivers' School and creating an education and training department and trade school. Targeting nonconsummation also helped create a more relevant and contextual regulatory and institutional framework, and the proliferation of vehicles led to policies that made sense in Japan's specific circumstances. Toyota's success has had a significant impact on other Japanese companies, including Nissan, Honda, Mitsubishi, Suzuki, and Mazda. The same is true for the Japanese motorcycle industry as it emerged due to the need for Japanese people to move around more freely and cheaply, and the Hamamatsu Motorcycle Manufacturers' Association was formed to promote the industry for example, Honda, Kawasaki, Suzuki, and Yamaha emerged to dominate the motorcycle industry in the 1950s by targeting nonconsummation then started to export the motorcycles to US and Europe.

In addition to innovation, the prosperity of South Korea is attributed to culture, visionary leadership, heavy industries, foreign trade, aid from the United States, and geography that have played an important role for the country's transformation. Similar to America and Japan, the Innovation has played a critical role in the development of South Korea and Taiwan by prioritizing investments for instance, companies such as Samsung, Hyundai, LG, and Kia Motors have played great roles of South Korea Development. In this chapter, really we understood the roles innovation, culture, visionary leadership, heavy industries, foreign trade and others factors by targeting nonconsummation and jobs to be done theories for the prosperity of South Korea and Japan.

Mexico overreliance on efficiency innovations as the companies has done more with less resource and an enabling technology Javier Lozano is an innovator who discovered that the newly introduced iPhone could work with a device to monitor blood sugar, the crucial measure of health for type 2 diabetes.

He used nonconsummation and Jobs to be done theories to create Clinicas Del Azúcar, a one-stop shop to deal with all issues related to caring for diabetes. Hence, Overreliance of efficiency innovations has not brought sustained and widespread prosperity to Mexico is because these investments are often too easily moved elsewhere, especially as lower wages emerge in other regions or as mounting political pressure in other countries to curb outsourcing prevails. Therefore, the footloose nature of efficiency innovations does not enable Mexico to create vibrant markets that can pull in other components of a thriving economy, such as good schools, good roads, or a good health-care system, which can all be sustained by the local economy. The main message of the author is overreliance on efficiency innovations led the Mexico has not yet developed as of America, Japan and South Korea.

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In chapter eight the authors suggest that legal problems, systemic problems and institutional problems cannot be solved simply by adding another law, systems, or institution. Moreover, effective institutions are not just about rules and regulations. Ultimately, institutions are about culture and how local people solve their problems and progress. People's values are reflected at the core of the system. And it turns out that it should be local & home grown& innovation can play a key role in this process. The writers have pointed out that many of the overcrowded institutions fail to deliver on their promises of efficiency and transparency without an understanding of the complex community structures in which these societies have evolved over time. Instead, they often unknowingly cause chaos and corruption. The problem is that society's institutions reflect that value rather than create it. So building strong institutions that shape and sustain national values across generations is not as simple as "export what works elsewhere, add water and stir.

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Even well-intentioned institutional reforms are difficult to sustain if they are not coupled with innovations that create or connect markets that serve as many people in the region as possible. "If you place a cart in front of a horse, neither the cart nor the horse will move." In considering institutions and innovation, the authors arrive at three important lessons. The first is that innovation, especially innovation that creates new markets, usually precedes the development and maintenance of good institutions. Second, institutions must be built with local conditions in mind. Because if an institution does not solve local problems, it is almost always rendered useless by the people for whom it was designed. And third, innovation acts as the glue that holds institutions together.

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In chapter nine, the authors considered the corruption problem in a different way. They believed that corruption lay not only in basic moral flaws, but in understanding why many people "adopt" corruption. History has shown that prosperous economies develop in spite of widespread corruption. Looking through a new lens will hopefully help us better understand corruption and start finding new ways to curb it.

In today's wealthiest countries, proper enforcement of anti-corruption laws follows investment in innovations that either create new markets or grow and blend with existing ones. If order is right, even the most corrupt nation can begin to make progress. For people, corruption is the solution to their struggles and often the least expensive way to move forward in society and provide for their families. The authors stressed that simply passing new laws or imposing harsher penalties will not persuade corrupt people to change their behavior rather it will only drive corruption underground.

However the writers are not saying that corruption can be completely eradicated from any society, but the author believes it can be greatly reduced. And this is about the growth potential of society. Limiting corruption creates room for predictability and ultimately increases trust and transparency like wealth, achieving transparency is a process. Investigating the widely held belief that building sound institutions and eradicating corruption are prerequisites for economic development; the authors consistently find that innovation, especially market-creating innovation, is the catalyst for change.

They discovered that it can be an important catalyst. Market-creating innovations have the ability to gather what they need regardless of the presence of sound institutions or the level of corruption. These are also the most visible pieces of the development puzzle. The authors also say that to begin the process of building trust and transparency, we need to understand why people hire corruption to solve their problems in the first place.

Three strong reasons emerged. First, the majority of individuals in society want progress. From the poor looking for work to the wealthy looking for more status, most of us want to improve our economic, social and emotional well-being. Corruption becomes more attractive when it gives little legitimate opportunity for individuals. Second, individuals also have a cost structure of how much money they spend to maintain a particular lifestyle. This includes things like rent and mortgage payments, school fees, hospital bills, and groceries. Understanding this simple revenue-to-expense ratio helps predict situations where corruption is likely and the effectiveness of anti-corruption efforts. Unless anti-corruption programs fundamentally impact the revenue-cost equation, they are inherently unsustainable.

The third reason is that people hire corrupt people are because most people, regardless of their level of income, seek to subvert common law enforcement strategies for profit. The basis for this discovery is very simple. It takes effort to live according to the laws of the country. Thus, the average sensible person weighs the benefits of obedience against the consequences of disobedience. When the scales tip in the direction of disobedience, it is actually irrational for individuals to obey the law, even if it seems "good for society." According to the writers, society evolves. But the journey from a society riddled with corruption to one where trust and transparency thrive usually follows a predefined and often predictable pattern in three stages. 'Overtly unpredictable corruption' followed by 'covertly predictable corruption' ultimately transitioning to what we will call a "transparent" society.

The authors call the first stage overt and unpredictable corruption, and this is where many poor countries find themselves & corruption scandals are a daily occurrence. Many of the countries at this stage score low on Transparency International's Corruption Perceptions Index. Allocating capital in such an environment is very difficult. Naturally, investors shy away from this kind of unpredictability and lack of transparency. At this first stage of societal development, especially when the country is poor, anti-corruption strategies, mainly focused on introducing new laws, are not really enough to curb corruption. It could make things worse, given the focus on finding ways to circumvent laws that prevent; also, many poor countries are unable to properly enforce their laws. It happens that law enforcement is economically, socially and politically costly.

The second stage of corruption is covert and predictable corruption. In this phase, corruption was more or less an overt secret. People know that there is corruption, but it is already embedded in the system. Because development happens in tandem, corruption is seen as a necessary cost of doing business. The transition from unpredictable to predictable corruption can be very expensive economically and politically and primarily requires the creation of new markets, not laws. The new law only helps to solve the problem when there is confusion about what to do and when the government has the ability to enforce the law.

For the authors corruption is widely opposed in many countries and is frequently prosecuted at its root as well as prosecuted to the fullest extent of the law. In this phase, contracts are easy to enforce and government institutions are trustworthy. Corruption scandals are not tolerated and the government is capable of enforcing laws and regulations. Many countries during this period scored well on Transparency International's Corruption Perceptions Index. This is also a very easy source of capital to deploy in this environment and attract foreign direct investment. Just because a particular country is classified in phase one does not mean that it does not have certain components of phase two. Instead of treating these three phases as absolutely separate things, think of them as three points on a spectrum. The authors hypothesis is that all nations want to end up as close to stage three as possible, a society where trust and transparency are valued.

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In chapter ten, the authors have explored the relationship between market-generating innovation and infrastructure. The writers found that without a serious commitment to driving innovations that create new markets or support existing ones, many infrastructure projects are prone to failure. According to a report by the United Nations Conference on Trade and Development (UNCTAD), weak infrastructure is one of the most visible signs of poverty and one of the main reasons poor countries cannot afford to be poor & does not escape the cycle of poverty.

It is assumed that if poor countries could simply improve their infrastructure, investment would flow in and prosperity would follow. While it is true that investors and entrepreneurs, developers and multinational corporations are frustrated with the lack of reliable infrastructure in many low income countries around the world, that Prosperity comes after investing in infrastructure.

As economic development actors, including entrepreneurs, development practitioners, and policymakers, work to develop markets that require infrastructure, infrastructure can create more opportunities to not only survive but also grow. Just as early innovations are often of poor quality, innovations that have identified a promising market opportunity often get better and better. The same is true for infrastructure. The infrastructure mobilized for urgent innovation creates markets that are often just “good enough” to survive.

The paths to prosperity are differs from country to country and ultimately depends on current economic conditions. The writers believe that the Prosperity Paradox can be a prosperity process sustained by a continued commitment to increased innovation. Market-creating innovations can ignite the economic engines of many countries currently struggling to prosper and begin to solve many of our biggest problems & create jobs, attract infrastructure and institutions, and serve as a strong foundation and catalyst for future growth. As a result, it could change the dynamics of many poor countries today.

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In general, any country has extraordinary growth potential. The author calls this "nonconsummation", which itself is a signal that there is opportunity within. Nations were once impoverished, and just as the situation has changed, so may the situation of many of the world's poorest countries today. Many entrepreneurs who believe there is opportunity in not doing it are often questioned, but scholars in this literature hope that these stories demonstrate the power, potential and opportunity inherent in their decisions. Moreover, market-creating innovation is more than products and services. This is system wide, often with new infrastructure and regulations, and potentially creating new local jobs.

Countries should also focus on pulling rather than pushing institutions. Strengthening institutions, anti-corruption measures and infrastructure can provide temporary solutions, but usually lead to unpredictable long-term changes. Development and prosperity can take hold more easily in many countries if they develop market-generating innovations and attract the necessary resources that society needs. Additionally, scaling is cost-effective even when not consumed. Once non-consumer opportunities are recognized and business models are devised that make products and services available to large populations without consumers, scale is relatively cheap to achieve.

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