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This paper aims to further our understanding of how the degrees of innovation novelty and innovation failure are connected. It argues that a better understanding of the specific predictors of innovation novelty and failure would improve our understanding of the innovation process and inform R&D managerial interventions to reduce the occurrences of failure and enhance radical innovation. This investigation draws on data on 5387 Spanish manufacturing firms from the 2009 Spanish Community Innovation Survey (CIS). Unlike prior studies which examine product innovation, degree of innovation novelty, and innovation failures in separate models, this study relies on a multivariate model to account for the extent to which these outcomes are interdependent. Overall, the results indicate that innovation effort and innovation failure are closely linked, especially if the innovation involves a significant level of novelty. These interdependencies are problematic since firms aspire to higher propensity for innovation and novelty; however, this higher propensity is accompanied by a higher probability of failure. Our empirical results identify a number of factors that contribute to enhancing innovation novelty while also attenuating the probability of innovation failure. These factors are: (i) R&D employees, (ii) research and institutional sources of information, (iii) contracting external R&D, and (iv) corporate social responsibility practices.

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