
Research Paper No.6

EXECUTIVE SUMMARY
June 2013

(full paper link: <http://enterpriseresearch.ac.uk/publications/erc-research-papers/>)

Paradigm Shift or Business as Usual?
Dynamic Complementarities in Innovation
Strategies

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We investigate claims of a 'paradigm shift' towards firms using open innovation as a conscious strategic choice. Such a claim implicitly involves two elements: first, there should be some evidence that firms are increasingly likely to use a combination of internal and external knowledge in their innovation activity, and second, there

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should evidence that firms derive a systematic advantage from so doing. Using a panel of Irish manufacturing plants over the period 1991-2008 we develop four archetypal innovation strategies. We find little evidence, either from considering successive cross-sectional waves of comparable surveys, or in terms of the strategy switch choices of specific plants, that there has been a systematic move towards the use of an 'open' innovation strategy. We then test for the presence of complementarities in the joint use of internal R&D and external innovation linkages. In static terms we find no evidence of complementarity, but in dynamic terms find evidence that strategy switches by individual plants towards an open innovation strategy are accompanied by increased innovation outputs.

Keywords: Innovation strategies; dynamic complementarities; open innovation; Ireland