PERSISTENCE IN INNOVATION – AN INVESTIGATION INTO THE PERSISTANCE OF INNOVATION ACTIVITY IN IRELAND, 1991 TO 2003

Dr Nola Hewitt-Dundas* and Professor Stephen Roper**

***School of Management & Economics**
25 University Square
Queen's University Belfast
Belfast
BT7 1NZ, UK

****Aston Business School**
Aston University
Birmingham
B4 7ET
UK

Corresponding Author:
Dr Nola Hewitt-Dundas
E-mail: nm.Hewitt@qub.ac.uk

Successful innovation in new products and processes is increasingly being regarded as the central issue in economic development with empirical studies demonstrating that innovating firms grow faster, have higher productivity and are more profitable than their less innovative counterparts. This tends to be a short-term advantage however, at least until competitors erode market share or profit. Proponents of the resource-based view of the firm suggest that what is more important to sustained competitive advantage is the ability of firms to constantly change (or innovate) over time, with the reconfiguration of resources, capability and competences providing temporary advantages. It follows therefore that firms, which reconfigure their resources, gain not only in terms of their short-term competitive position, but also by enhancing their ability to learn and adapt to changing market conditions.

METHODOLOGY

This paper presents an empirical assessment of the extent to which firms constantly reconfigure their resources and competencies over time, as manifest in product, process and organizational innovation. Drawing on longitudinal data on innovation activity in Irish manufacturing firms over the past 12 years, the paper examines the persistence of different types of different of innovation activity and their inter-relatedness over time, by developing a non-parametric approach, drawing on Transitional Probabilities Matrices (TPMs).