

Theory of Failure in Innovation Projects: Specificity per Different Industries and Implications for Organizational Behaviour of Firms and Sectoral Innovation Policy

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Abstract ID: 139

Inviato: 27/03/2023

Evento: XXI Workshop Annuale SIEPI

Argomento: 6. Innovazione, cambiamenti tecnologici e politiche connesse

Parole chiave: Economics of Innovation, Goal Failure, Innovation Failure, Innovation Model, Innovation Risks, Innovation policy, Learning., Task Choice, Technological Uncertainty

In markets having innovation-based competition and market turbulence, one of the fundamental problems is the high risk of failure in new innovation projects that generates negative effects on firm and sectoral performance. A vital aspect is the categorization and explanation of different failure types in innovation model and how they can slow down or spur technological change. The study confronts this problem here by developing a technology analysis of different failures in innovation projects in order to detect differences between specific industries. Three basic types of failure in innovation projects are proposed: a) achieving-goal failure; b) planning process failure; c) execution failure. Case study research verifies proposed taxonomy in practical contexts, revealing that pharmaceutical sector is prone mainly to achieving-goal failure in innovation projects, whereas aerospace and aircraft industries are affected mainly by planning process and/or execution failure in innovative projects. Hence, this study seeks to provide a general theoretical framework, supported by a case study research, which may guide R&D managers, policymakers, etc. to strengthen best practices to face complexity and uncertainty in markets, reducing innovation failure.