

Overconfidence and R&D cooperation

by *Iacopo Grassi | Maria Grazia Romano | Dipartimento di Scienze Economiche e Statistiche (DISES) - Università degli studi di Napoli Federico II | Università di Salerno e Csef*

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The importance of innovation for firms' competitiveness has been widely acknowledged by scholars. Research and development (R&D) cooperation among firms is considered a means of enhancing productivity and innovation, yet it remains subject to theoretical and empirical debate. In addition to R&D cooperation, a growing body of research has examined the impact of behavioral biases, such as overconfidence, on firms' investment decisions. This paper extends the theoretical literature on R&D cooperation by exploring the role of overconfidence in shaping the outcomes of R&D cooperation, including firms' willingness to collaborate, the benefits of collaboration, and the impact of collaboration on innovation, competition, and social welfare. The study aims to provide new insights into the factors that influence the success of R&D partnerships and to help firms make more informed decisions about their R&D investment strategies. The findings suggest that addressing the issue of overconfidence among managers is critical to improving corporate decision-making and promoting innovation.