

Exploring the nexus between appropriability and productivity in highly innovative and globalised companies

by Randolph Luca Bruno | Università Cattolica del Sacro Cuore

Abstract ID: 365

Inviato: 15/04/2024

Evento: XXII Workshop Annuale SIEPI

Argomento: 1. Analisi sull'industria italiana e internazionale

Parole chiave: appropriability, panel data, productivity, time-invariant variables

The role of appropriability conditions, such as Intellectual Property Rights protection, as "Schumpeterian" incentive to innovation has been largely explored in the empirical literature. In this paper, we contribute to this strand and explore the role of appropriability conditions on firm labor productivity under different configurations of R&D activities in highly globalized companies. In line with the literature, we show that labor, capital and R&D investments lead to productivity gains, and that the strength of the patent system the firm is embedded into is positively linked to the firm's labor productivity too. We call this the bright side of IPR. However, stronger intellectual property rights might have a detrimental effect on the R&D returns, which appear to be maximized around the median level of IPR protection. In other words, too much protection might actually reduce R&D returns, again in line with the "Schumpeterian prediction". Then, we call this the dark side of IPR. This is one of the first paper highlighting such dichotomy on a purpose-built high-quality database of globalized firms, which tend to be the most innovative firms in the world.