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DOES HIGH INNOVATIVENESS ALWAYS LEAD TO HIGH PERFORMANCE? A LONGITUDINAL INVESTIGATION OF THE NECESSARY CONDITIONS (SUMMARY)

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≈ SUMMARY ≈

DOES HIGH INNOVATIVENESS ALWAYS LEAD TO HIGH PERFORMANCE? A LONGITUDINAL INVESTIGATION OF THE NECESSARY CONDITIONS*Artur Baldauf, University of Bern, Switzerland**Tatiana Romanova Stettler, University of Bern, Switzerland***Principal Topic**

Prior research has suggested that outcomes from firm's innovativeness might be both positive and negative (Simpson, Siguaw, & Enz, 2006). The benefits from being innovative are widely discussed and documented in the literature (e.g., Claycomb & Miller, 1999; Hult, Snow, & Kandemir, 2003; Luo, Sivakumar, & Liu, 2005). However, departing from established routines and products implies substantial resource commitments (Miller & Friesen, 1982) and these can be futile taking into account high failure rates of new products (Pombriant, 2006). In the current study, we compare short and long-term effects of innovativeness on firm performance. Specifically, we argue that firm's learning orientation (LO) expressed in its propensity to question long-held assumptions about organizational norms (Baker & Sinkula, 1999b; Senge, 1990) plays an important role in this relationship and can potentially offset the negative effect from innovativeness.

Method

We surveyed firms from the German-speaking area at two points in time using a standardized questionnaire. Our data-collection efforts resulted in 244 responses in 2006 (*T1*) and 64 repeated responses in 2012 (*T2*). Beside that we collected secondary performance data for a subset of our sample ($n = 94$). To test our research hypotheses, we applied cross-lagged autoregressive structural equation model analysis. Additionally, we controlled for sampling bias using logistic regression.

Results and Implications

Our findings reveal that the relationship between innovativeness and subjective firm performance is positive in *T1* and negative in *T2*. Thereby, we undermine the long-held assumption about the exclusively positive performance effects of firm innovativeness. Further, we find support for our mediating model and show that over time the negative effect of innovativeness on firm performance can be offset by a stronger orientation toward learning. In this sense we establish temporal embeddedness of these relationships and contribute to the research on entrepreneurial strategy. Finally, we assess validity and measurement invariance of the key constructs across the two observation time points and establish the impact of environmental dynamism and economic crisis, thereby adding both to the corporate entrepreneurship and organizational learning literature.

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