OLDER BUT NOT ALWAYS WISER: THE DISORDINAL IMPLICATIONS OF FIRM AGE AND EXPERIENCE FOR LEVERAGING CAPABILITIES FOR INNOVATION (SUMMARY)

Michael C. Withers
Arizona State University, USA

Paul L. Drnevich
The University of Alabama, USA, dren@ua.edu

Recommended Citation
Available at: http://digitalknowledge.babson.edu/fer/vol29/iss17/7

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
SUMMARY

OLDER BUT NOT ALWAYS WISER: THE DISORDINAL IMPLICATIONS OF FIRM AGE AND EXPERIENCE FOR LEVERAGING CAPABILITIES FOR INNOVATION

Michael C. Withers, Arizona State University, USA
Paul L. Drnevich, The University of Alabama, USA

Principal Topic

Innovation requires the entrepreneurial capabilities to recognize opportunities and to exploit them. Such capabilities generally accrue over time from a firm’s cumulative learning and experience. In this study, we examine the linkage between a small and medium-sized enterprise’s (SME) innovation capabilities and the level of innovation activity. We then examine the moderating role that firm age and experience has over the innovation capabilities-innovation activity relationship. Specifically, we believe this moderation relationship may be in the form of a disordinal interaction such that when both younger and older firms have high levels of innovation capabilities, we expect older firms to have higher levels of innovation activity than younger firms do. However, when both younger and older firms have low levels of innovation capabilities, we expect younger, less experienced firms to have higher levels of innovation activity than older, more experienced firms do.

Method

We examine hypotheses for the linkage between a firm’s innovation capabilities and innovation activity, and the proposed moderating effect of firm age/experience, with a stratified random sample of 677 SMEs from the 2005 National Small Business Poll on Innovation provided by the National Federation of Independent Businesses (NFIB). For our analyses, given the binary nature of our dependent variable and some of our other measures, we utilized logistical regression analysis using SPSS version 16.0. Further, we control for industry group, firm size, technological propensity, and industry dynamism.

Results and Implications

In support of our initial hypothesis, firms with higher levels of innovation capabilities are more likely to produce higher levels of innovation activity. Additionally, contrary to prior research, we found that younger, less experienced firms appear more likely to have higher levels of innovation activity than more experienced firms do, when neither firm has highly developed innovation capabilities. However, when both firms have highly developed innovation capabilities, older firms appear more likely to have higher levels of innovation activity than younger firms do. Finally, we also hope that this study may serve to motivate further research and improve practice in this area.

CONTACT: Paul L. Drnevich; dren@ua.edu; (T): 205-348-0153; The University of Alabama, Department of Management & Marketing, 361 Stadium Drive, Box 870225, Tuscaloosa, AL 35487-0225.