



University of Sussex

Business & Management

# Seminar series

**Date:** Wednesday 10 April

**Speaker:** Giovanni Valentini (Bocconi University, Milan)

**Title:** What is open innovation, really?

**Abstract:** The open innovation paradigm involves the internal and external organization of the innovation process of firms. Proponents and opponents have different views on the actual contribution of this paradigm to the research community. We argue that given the prior literature on the subject, the main conceptual contribution of the open innovation paradigm is the claim that firms with a successful innovation process are simultaneously active on both sides of the market for technology by buying and selling technology. We derive a testable implication that buying and selling technology should be complementary in the production of innovations but find no evidence for such complementarity in a data set from the Community Innovation Survey for Belgian firms. The productivity of R&D for firms active in selling technology, buying technology, or doing both is not significantly different. Notably, firms moving toward both buying and selling increase their sales of new or improved products, but their R&D costs increase more than proportionally. The results suggest that more research is needed into the costs of organizing for open innovation to establish its actual contribution.