







Q

Home ► All Journals ► Economics, Finance & Business ► Economics of Innovation and New Technology ► List of Issues ► Volume 17, Issue 6 ► IMPACT OF FINANCIAL CONSTRAINTS ON INNOV

Economics of Innovation and New Technology > Volume 17, 2008 - Issue 6

3,491 280

15

Views CrossRef citations to date Altmetric

Original Articles

IMPACT OF FINANCIAL CONSTRAINTS ON INNOVATION: WHAT CAN BE LEARNED FROM A DIRECT MEASURE?

Frédérique Savignac

Pages 553-569 | Received 26 Apr 2006, Published online: 15 Aug 2008

Sample our
Economics, Finance,
Business & Industry Journals
>> Sign in here to start your access
to the latest two volumes for 14 days

Full Article

Figures & data

References

66 Citations

Metrics

Repri

Abstra

This pap firms. W

obtained

the distinguishment

are simu endoger

significa to encou

econom

We Care About Your Privacy

We and our 899 partners store and access personal data, like browsing data or unique identifiers, on your device. Selecting I Accept enables tracking technologies to support the purposes shown under we and our partners process data to provide. Selecting Reject All or withdrawing your consent will disable them. If trackers are disabled, some content and ads you see may not be as relevant to you. You can resurface this menu to change your choices or withdraw consent at any time by clicking the Show Purposes link on the bottom of the webpage .Your choices will have effect within our Website. For more details, refer to our Privacy Policy. Here

We and our partners process data to provide:

Use precise geolocation data. Actively scan device

This is a roxies (like

I Accept

Reject All

stablished

Show Purpose ints

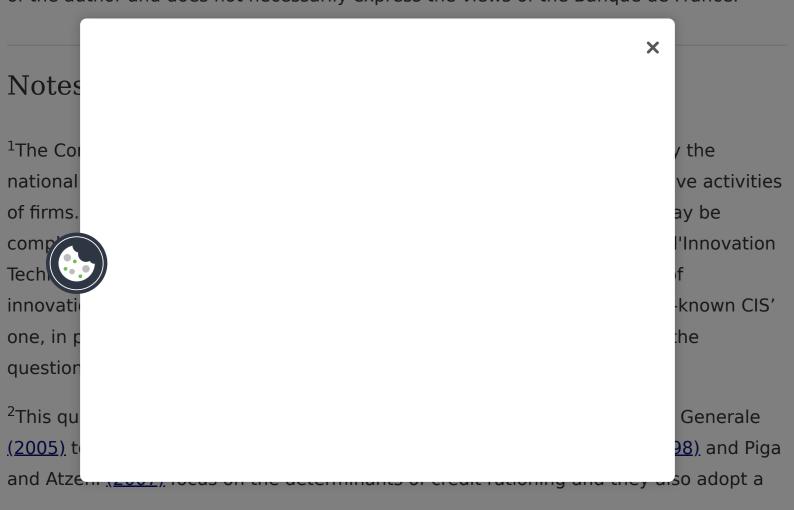
The constraints ting for the raints probability

ructure and



Acknowledgements

I thank P. Sevestre for his helpful suggestions and advice. I am grateful to the referees for their constructive comments and suggestions as well as to E. Avenel, D. Czarnitzki, J. Mairesse, P. Mohnen and to the participants at various conferences (AFSE annual congress, 2nd ZEW conference on Innovation and Patenting and REPERES, EUREQua, ERUDITE, INRA-GAEL seminars). A previous version circulated under the title "The Impact of Financial Constraints on Innovation: Evidence from French Manufacturing Firms". I also thank the Sessi (French Ministry of Industry) for providing the data of the survey "Le financement de l'innovation technologique". This paper reflects the opinions of the author and does not necessarily express the views of the Banque de France.



direct indicator of financing constraints taken from a survey. They consider that firms are financially constrained when they applied to bank credit but failed to obtain it.

³Our dataset is presented in the appendix.

⁴See the details of the identification of innovative, non-innovative firms in the appendix.

⁵Firms were allowed to provide multiple answers.

⁶More recently, Aghion et al. <u>(2005)</u> proposed a model with an inverted U-shape relationship between innovation and competition. In this model, competition may increase innovation profit margin but strong competition may also reduce incentives to innovate for laggards.

'The importance of technological opportunities is given by a qualitative measure issued from the FIT survey. The same indicator was used in previous works such as Crépon et al. (1998) or Barlet et al. (1998). In the survey, the firms are asked: "Do You consider that Your market is technologically: not innovative? weakly innovative? moderately innovative? or strongly innovative?". We take the first level "not innovative" as reference and include in the regression three dummies TP2, TP3, and TP4 for the other levels.

⁸See the us remind that in t possible sistency in constrai ken at their the defir value m ⁹In the F tor as it was ve have done we did not intro obtain a ecific demand ¹⁰There on (1983, p. 222). He f there is no exclusio Wilde where x 2i (2000) s

and x 1i are both constants. Wilde shows that identification in the simultaneous probit case is achieved as soon as both equations of the model contain a varying exogenous regressor. However, as examined by Monfardini and Radice (2004), without instruments, the identification of the parameters of the first equation strongly relies on the functional form of the distribution of errors and in practice, availability of instruments help to obtain results which are more robust to distributional misspecification.

- ¹¹See the details of these definitions in the Appendix.
- ¹²The univariate probit regression on the subsample of 'potentially innovative' firms is given in the Appendix (Table I).
- ¹³Such a test have been made with cash flow or profit margins and the results can be obtained from the author.
- ¹⁴We have also checked for nonlinear effects by introducing the square of firm size but it does not change the results.
- ¹⁵The 'Centrale de bilans' dataset.

¹⁶The manufacture of coke, refined petroleum products and nuclear fuel has been deleted because only two firms were present in the merged dataset. In addition, the firms wit nave been excluded

Addit

Notes



Tel.:+3

frederic

Relate

Information for

Authors Overview

R&D professionals

Editors Open Select

Librarians

Societies

Help and information Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Keep up to date

Register to receive personalised research and resources by email















Open access

Open journals

Dove Medical Press

F1000Research

Newsroom

Books

X

or & Francis Group