

INNOVATION AND PERFORMANCE: THE IMPACT OF RESEARCH AND DEVELOPMENT RESEARCH ON THE ECONOMIC AND STOCK MARKET PERFORMANCE OF EUROPEAN COMPANIES

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Abstract

The research paper consists in analyzing the impact of investments in research and development on the economic and stock market performance of European companies. Several studies have shown that investments in research and development have a direct and positive impact on financial performance at the level of a company, supporting the theory that investments in innovation have a long-term effect on performance.

The aim of the paper is to study the existence and intensity of the link between investment in research and development and the economic performance of European companies.

The study is developed based on the EU 2020 Industrial Research and Development Investment Scoreboard (IRI), using data from 535 companies in Europe for the period 2016-2019. The statistical research method involves regression analysis using panel data, the statistical processing being performed using the statistical program EViews, version 7.0. The research results indicate that investments in research and development have a stronger impact on performance in companies that invest more in this area than in those that invest less.

Keywords

research and development expenditure, stock market performance, economic performance, innovation and performance

JEL Classification

M41, O16

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