Toward behavioural innovation economics – Heuristics and biases in choice under novelty

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Abstract

A framework for 'behavioural innovation economics' is proposed here as a synthesis of behavioural economics and innovation economics in the specific context of choice under novelty. We seek to apply the heuristics and biases framework of behavioural economics to the study of the innovation process in order to map and analyze systematic choice failures in the innovation process. We elaborate the distinction between choice under uncertainty and choice under novelty, as well as drawing out the 'efficient innovation hypothesis' implicit in most behavioural models of innovation. The subject domain of a research program for behavioural innovation economics is then briefly outlined in terms of a catalogue of characteristic ways in which choice under novelty renders innovation processes subject to failure.

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