

WHAT FIRMS ARE REWARDED AFTER GLOBAL FINANCIAL CRISIS? THE ROLE OF INNOVATION AND GLOBALIZATION STRATEGIES IN RECOVERY

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ABSTRACT

The aim of the research is to conduct an empirical investigation and reveal what types of globalization and innovation strategies in turbulent and unfavorable regional institutional environment are most likely to be associated with different trajectories of Russian manufacturing firms' performance in 2007-2012. We employ the results of empirical survey of 1000 medium and large enterprises in manufacturing (2009) linked to financial data from Amadeus database and the data on the regional institutional environment. We test that (1) introduction of innovations before the crisis ceteris paribus helped the firms to successfully pass the crisis and recover. We expect that (2) companies that became globalized before the crisis (via importing of intermediate and capital goods; exporting; FDI; establishment of partner linkages with foreign firms) ceteris paribus are more likely to successfully pass the crisis and grow. And (3) propose the positive effect of synergy of innovation efforts and globalization strategy of the firm. We expect that the abovementioned factors are complimentary and reinforce the ability of the firm to recover after crisis shock. We found strong support for the hypothesis that firms financing introduction of new products before the crisis and simultaneously managed to promote and sell them on the global market were rewarded by quick return to the growing path after global crisis. Other strategies, i.e. solely innovations without exporting play insignificant role while exporting without attempts to introduce new products contribute even negatively to post-crisis recover. Institutional environment also matters: in the regions with less level of corruption firms were more likely to grow after the crisis.

Keywords: firm performance; globalization; innovation; manufacturing firms; strategy